



China Pulse



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China's Economy

China's key economic Indicators

CPI (Aug. 2008)	4.9%
PPI (Aug. 2008)	10.1%
Urban fixed-asset investment (Aug. 2008)	up 27.4%
Industrial output (Aug. 2008)	up 12.8%
Domestic retail sales (Aug. 2008)	up 23.2%
Total foreign trade (January-August 2008)	\$1723.3 billion, up 25.7
Exports (January-August 2008)	\$937.69 billion, up 22.4%
Imports (January-August 2008)	\$785.69 billion, up 30%
Trade surplus (January-August 2008)	\$151.99 billion, down 6.2%
FDI (January-August 2008)	\$67.73 billion, up 41.6%
FDI (2007)	\$83.5 billion

Sino-African trade to reach \$100 billion in 2008

Bilateral trade between China and Africa will exceed \$100 billion in 2008, two years earlier than expected ([More](#)). More Chinese enterprises are investing in Africa with their technological and personnel advantages and the abundant resources in Africa ([More](#)).

China has world's largest domestic tourism market

In 2007, China's total tourism revenue reached 1.09 trillion yuan, exceeding one trillion yuan for the first time. China now has one of the largest tourism markets in the world. By the end of 2007, China had 18,000 travel agencies, 13,000 star-rated hotels and over 20,000 scenic spots ([More](#)).

Government & Politics

China launched third manned spacecraft Shenzhou VII for 1st spacewalk

China's third manned spacecraft Shenzhou VII, carrying astronauts Zhai Zhigang, Liu Boming and Jing Haipeng, blasted off at 9:10 pm on 25 September from the Jiuquan Satellite Launch Center in Gansu province. The astronauts orbited the Earth for three days and one of them walked in space about 343 km above the Earth on Saturday. It has made China the third country after the former Soviet Union and the US to conduct extra-vehicular activity (EVA) in space ([More](#)). The three astronauts after completing China's first human extravehicular activities in space and a few scientific experiments, landed on September 28 afternoon in north China's Inner Mongolia. Since 2003, China has sent a total of six astronauts into space ([More](#)).

Tainted baby milk powder in China

More than 53,000 infants had developed various urinary track problems including kidney stones and four infants died in China till September 23, after drinking baby formula tainted with melamine, a chemical illegally added to give false protein readings in tests. Melamine, was found in 69 batches of baby milk powder produced by 22 companies nationwide. The seized items included well-known brands like Sanlu, Mengniu, Bright Dairy, Yili and Yashili, among others. Chinese government has vowed to overhaul the country's milk collection system. Many officials have been removed from their positions and some arrested. In New York, Chinese Premier, Wen Jiabao said that China would "draw a lesson" from the milk scandal and seize the opportunity it had presented to overhaul food safety controls and promote better business ethics. Many countries across the world, including the US and European nations, have banned import of milk products from China after the widespread contamination scare in China. India has also prohibited the import of dairy products including milk and milk products from China.

Senior Chinese official calls for government reform

State Councilor Ma Kai on Thursday called for the advancement of the administrative system reform to build a service-oriented government. He stressed that the core of the administrative system reform is to abandon the "omnipotent" government and build a limited government. The role of the government must change from administration and control to service ([More](#)).

China may cut its dollar holdings

China, which holds a fifth of its currency reserves in Fannie Mae and Freddie Mac debt, may cut the portion held in US dollars, according to China International Capital Corp (CICC), one of the nation's biggest investment banks. The US government this week seized control of the two mortgage-finance companies, which account for almost half of the home-loan market in the world's biggest economy, to prevent defaults from crippling them.



China holds up to \$400 billion in the two firms' debt, CICC Chief Economist Ha Jiming said in a report Thursday. "The crisis has made Chinese officials realize it's a bad idea to put all their eggs in one basket," wrote Hong Kong-based Ha ([More](#)).

Third Gas pipeline feasibility in spotlight

China National Petroleum Corporation has begun a feasibility study on the third west-east natural gas pipeline, after work started on the second gas pipeline in February. The pipeline will start from the Xinjiang and end in Fujian province ([More](#)).

Zardari to hold strategic talks with China

President Asif Ali Zardari will visit China in the mid of October. It is reported that Zardari, during his visit to China, will negotiate a nuclear deal similar to the one between India and the US, besides discussing ways and means to enhance bilateral trade as well as Chinese investment in Pakistan ([More](#)).

Hangzhou named top business city

Hangzhou was named as the best place to do business in China for the fifth consecutive year in a Forbes survey. Other cities are Shanghai, Wuxi, Nanjing, Ningbo and Beijing in order of ranks ([More](#)).

Shenzhen plans to build 6 new ports

Shenzhen will accelerate its integration with Hong Kong with the construction of another six ports linking it with the Hong Kong. The proposed six ports are Liantang Port, Longhua Railway Port, Fujian Guangzhou-Shenzhen-Hong Kong Passengers Port, Dachan Gulf Harbor Port, Nan'ao Tourists Port and a port connecting the airports in Shenzhen and Hong Kong via an undersea tunnel ([More](#)).

Iraq approves \$3 billion oil deal with China

Iraq on 2 September cleared a plan to develop an oil field by China National Petroleum Corp (CNPC) at a service fee of US\$ 6 a barrel. Iraqi cabinet had approved the \$3 billion deal that will see CNPC developing the Al-Ahdab oil field in the central Shiite province of Wasit ([More](#)).

Chilean copper mining giant seeks joint venture with Chinese company

The Chilean state-owned copper firm Nacional del Cobre (Codelco) is seeking a joint venture with Chinese company MinMetals to explore minerals in African and Asian countries. Coldeco, the world's largest copper producer, produces one third of the mine output in Chile. In 2005, the two companies signed a long-term copper supply agreement and the preference option of selling half of the Gaby deposit, located in the north of Chile, to MinMetals ([More](#)).

World's first AP1000 nuclear unit planned in Zhejiang from March 2009

China is to begin construction of the world's first nuclear plant using the AP1000 technologies, considered as the third-generation nuclear technology, at Sanmen Nuclear Power Project (NPP) in Zhejiang Province in March 2009. The first phase of the project will be put into commercial operation in November 2013. (Source: [China Daily](#))

China to boost service industry in Yangtze River Delta

The Chinese government plans to make the service sector a leading part of the Yangtze River Delta area by 2020. The strategy will deal with rising labor and environmental costs, together with the appreciation of Chinese money, which are causing a major industrial shift. Some manufacturers are moving out of the region to make ends meet. (Source: People's Daily)

Tibet plans huge industrial investment

Tibet plans to invest \$3 billion in 22 industrial projects to stimulate comprehensive economic development ([More](#)).

Shanghai has the biggest pay packets in mainland

Shanghai tops all other cities in China in terms of income, according to a study conducted by human resource website Zhaopin.com. Employees in Shanghai earned between 20,000 (\$2,900) and 540,000 yuan a year, said the report, which also investigated earnings in Beijing, Shenzhen, Guangzhou, Hangzhou, Nanjing and some other cities between August 2007 and July this year. Shenzhen, Beijing and Guangzhou follow Shanghai in the income ranking, but the difference is not as large.

World's widest tunnel completes digging in Shanghai

The world's widest tunnel with an inner diameter of 13.7 meters completed its excavation here under the Yangtze River. The 8.9-km tunnel is part of a \$1.84 billion bridge and tunnel project to link Shanghai with Chongming Island, China's third largest after Taiwan and Hainan.

Quake-hit Sichuan faces large financial gap for reconstruction

Sichuan province of China needs 1.67 trillion yuan (about \$245.6 billion) for reconstruction after the devastating earthquake in May ([More](#)). The direct economic losses due to this earthquake hit 845.1 billion yuan (\$121 billion) ([More](#)).

China's railway investment hits \$19.6 billion in first 7 months

China's railway investment soared by 37.5% to \$19.6 billion from January to July. It is attributed to a building boom of high-speed lines and the country's desire to link together poor regions. China has planned to invest \$182.6 billion in railway building and renovation through 2010 extending the train network by 17,000 kilometers ([More](#)).

China becomes first nation to halve poor population

China halved its impoverished population over the past three decades, which makes China the first nation to fulfill its objective under the Millennium Development Goals (MDG) framework ([More](#)).

China makes more overseas investment in 2007

China made \$26.51 billion of direct investment overseas in 2007, up 25.3% over 2006. Non-financial investment accounted for 93.7% of the total and rose 40.9% year on year. Financial investment contributed to the remaining 6.3%. By the end of 2007, some 7,000 domestic entities in China had set up more than 10,000 enterprises in 173 countries and regions around the world. That leads to \$117.91 billion of stock of China's outbound investment, of which 85.8% was under the non-financial category ([More](#)).

Business & Industry

Chinese company launches \$3.5 billion housing project in Angola

China International Trust and Investment Corporation (CITIC) has started the construction of a housing project valued at \$3.535 billion in Angola. The housing project, the largest of its kind China has ever contracted abroad, will turn a backward rural area into a modern satellite town of Angola's capital Luanda with a population of over 200,000 ([More](#)).

Steel giant unveiled in China after major merger

China has launched a steel-making project in Guangxi Zhuang Autonomous Region that will have an annual production capacity of 30 million tons, with the formal establishment of the Guangxi Iron and Steel Group, a joint venture between Wuhan Iron and Steel Group and Guangxi regional administration of state-owned assets ([More](#)).

Baosteel plans to lower most prices in Oct

Baosteel, China's largest listed steel mill, announced that it would lower most of its steel products prices in October after it raised prices in three consecutive quarters this year. This may be the result of weakened downstream demand and a new round of economic adjustment, analysts said ([More](#)).

ICBC's overseas assets exceed \$43 billion

By the end of June 2008, the foreign institutional assets of the Industrial and Commercial Bank of China (ICBC) had already exceeded \$43 billion, an increase of 22% from the early time this year ([More](#)).

GE to launch 5 regional headquarters in China

General Electric Co. will soon set up five new regional headquarters in China in Shenyang, Wuhan, Chengdu, Xi'an and Guangzhou, to further tap a huge market that boasts huge business potential. GE presently operates two regional headquarters in Shanghai and Beijing ([More](#)).

Government urged to help out exporters

China's GDP grew 10.4% in the first half of the year. It is expected to decline to around 9% in the coming months. Making it worse, policymakers have tightened credit since second half of last year. As a result, many enterprises, including those from the Pearl River Delta to the Yangtze River Delta, China's major economic powerhouses accounting for about 30% of the GDP, have been pushed to the wall. In the Pearl River Delta, about a third of private enterprises are facing the danger of closure while a third are in serious difficulty, said Liu Pin'an, Director of the macro-economy institute of the Guangdong Academy of Social Sciences ([More](#)).

China's army issues five-year plan for fighting corruption

The Central Military Commission (CMC) of China has issued a five-year plan (2008-2012) on punishing and preventing corruption in the army ([More](#)).

Joint fund, energy deals inked with Venezuela

China and Venezuela on September 24, signed a dozen agreements, including one on doubling a joint investment fund to \$12 billion and another on extending energy cooperation ([More](#)).

Bank of China to buy into Rothschild venture

The Bank of China is to buy a 20% stake in La Compagnie Financiere Edmond de Rothschild for 236 million euros (\$342 million). The firm managed 29.6 billion euros in assets at the end of 2007.

Laws, Rules & Regulations

China begins 150% special export tariff on fertilizers ([More](#))

- China cuts rates, lowers reserve ratio ([More](#))
- China to ease control over share repurchase to boost stock market ([More](#))
- China issues regulation to clear labor contract law ([Detail](#))
- Local officials face penalties over pollution ([Detail](#))
- China cancels stamp tax on stock buying ([More](#))
- Measures designed to assist SMEs ([Detail](#))

China cuts import taxes on large equipment spare parts to support domestic manufacturing

China has cut back on import taxes on spare parts of large equipment and canceled the import tariff exemption on some complete sets to support the domestic manufacturing of large equipment. Taxes levied on domestic enterprises for importing key spare parts of large equipment, including ultra- and extra-high voltage transmission equipment and transformers, large petrochemical equipment and large coal-chemical equipment, would be refunded and injected into the enterprises as investment from the nation. The policy applied to imports after Jan. 1, 2008, depending on the date of declaration of imports.

India & China

Huawei India-China Foundation donates to Indian NGO

Huawei India China Foundation on 28 August donated one million rupees (about RMB 170,000 yuan) to the Deepalaya foundation, one of the largest NGO in New Delhi. Delhi's Chief Minister Sheila Dikshit, and Chinese Ambassador Zhang Yan attended the ceremony ([More](#)).

Delegation of Indian leather enterprises attends ACLE under ITPO banner

The All China Leather Exhibition (ACLE-2008), China's premier leather event, was organised at the Shanghai New International Expo Centre (SNIEC), Pudong from 3 - 5 September 2008. The event was attended by nearly 1,126 exhibitors from 36 countries and regions, representing all the major global players in the leather industry. A delegation of 14 Indian companies under the aegis of ITPO-Leather Trade Division participated in the Event as part of the Indian Pavilion.

Senior CPC official calls for deeper ties with Communist Party of India

Senior official of the Communist Party of China (CPC) Li Yuanchao on 18 September called for increased exchanges between the CPC and the Communist Party of India (CPI) to deepen the relations between the two parties in a meeting with his Indian counterpart C. K. Chandrappan and his delegation ([More](#)).

CII & China

CII North Bengal Mission visits China

An 18-member delegation of North Bengal Members of CII led by Mr G.S. Hora, Chairman North Bengal Zonal Council, visited Shanghai and Beijing from 15 to 21 September. In Shanghai, the delegation visited Yangshan Deep Water Port. Mr. Richard Xia, Vice President of the port gave a brief presentation on Yangshan Deep water port and invited the Indian delegates for a tie up in Prologis Park. The delegates had meetings with Mr. C. R. Srikumar CEO SBI Shanghai Branch, Mr. Prakash Gupta, Indian Consulate General, Shanghai, Mr. Jonathan Chan, Senior Manager Sales & Marketing Leasing, Shanghai Tea Traders Association, Mrs Lee Vice President Fudan University, Shanghai Dehua -Pharmaceutical Co Ltd, and others. In Beijing the delegates held meeting with Mr Amit Kumar, Commercial Consul and Mr Abhishek Singh, Second Secretary (Commercial) at the Indian Embassy.



CII North Bengal Zonal Council Members during the visit to China

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