

China's Economy

China's economy grows 11.5% in first 9 months

The Chinese economy continued its robust growth driven by rapid expansion in investment and credit, while inflation pressure eased slightly. The GDP increased 11.5% in the third quarter from a year earlier. This puts China's aggregate growth for the first nine months at 11.5%, following a growth of 11.9% in the previous quarter, the highest in a decade ([More](#)). Consumer price index rose by 4.1% in the first nine months over the same period last year ([More](#)).

China's trade (Jan-Oct 2007)

Trade	Value \$ Billion	Increase
Exports	985.84	26.5%
Imports	773.48	19.8%
Total trade	1760	23.5%
Trade surplus	212.36	59%

FDI reaches US\$ 47.2 billion, Foreign exchange reserve hits US\$1.43 billion

China's actual use of FDI reached US\$47.2 billion in the first nine months, up 10.87% ([More](#)) and the foreign exchange reserves expanded to \$1.43 trillion at the end of September with an increase of 45.1% ([More](#)).

Yuan breaks 7.48 mark against USD

China's Renminbi (yuan) broke the 7.48 mark to reach a new central parity rate of 7.4718 yuan to one US dollar on October 29. The accumulative appreciation since July 21, 2005, has exceeded 8.3%.

China's total trade volume may exceed \$2.1 trillion this year

China's total volume of foreign trade is expected to exceed US\$ 2.1 trillion in 2007, up 20% over last year. The export volume will reach US\$1.2 trillion and the import volume US\$ 950 billion, with a trade surplus of 250 billion. ([More](#))

China to cut red tape

Government red tape will face further cuts after the State Council decided to scrap or amend another 186 administrative procedures. The decision includes the cancellation of 128 and amendment of 58 administrative procedures ([More](#)).

\$200 billion investment firm starts operation

The \$200 billion sovereign wealth fund of China Investment Corporation (CIC) officially started operating on September 29, 2007, but analysts said it is set to face major challenges. One of the world's largest sovereign funds, the new company has triggered sentiment of protectionism in some Western countries fearing it may bloat prices in their capital markets ([More](#)).

11% of China's fiscal expenditure goes to social security

China used 11.5% of its annual fiscal expenditure for social security purposes in 2006, double the 5.52% in 1998. China earmarked 436.2 billion yuan (US\$58.2 billion) for social security undertakings in 2006, up from 59.6 billion yuan in 1998, with an annual growth rate of 28.3% on average. Of the total, 147.5 billion yuan was used for the laid-off workers from state owned enterprises, retirees, low income earners and job hunters, 11.3 times the 1998 level, and 132 billion yuan went to health and medical care projects, up from 41.4 billion yuan in 1998 ([More](#)).

China's net imports of crude oil up 18%

China's net imports of crude oil in the first eight months rose 18.1% from the same period last year to 108.2 million tons. From January to August, China imported 110.4 million tons of crude oil and exported 2.18 million tons ([More](#)).

China's external debts reach \$327.8 billion by June

China's outstanding external debts rose by US\$4.8 billion in six months to US\$327.8 billion by the end of June 2007. Meanwhile, China has paid 11 billion dollars of debt principal and 1.74 billion dollars of interest, up 31.76% and 55.64% compared with the corresponding period last year, respectively ([More](#)).

China to give more support to hi-tech sector

China will implement more favorable policies to support the domestic hi-tech sector, especially for small and medium, Zhang Xiaoqiang, vice chairman of the NDRC said. He said that as the private sector was playing an increasing role in the national economy, more emphasis would be put on building home grown brands ([More](#)). China has allocated 80 billion yuan (US\$10.5 billion) within the next five years to prop up improvements and innovations of high-tech enterprises ([More](#)).

Government & Politics

17th Congress of Chinese Communist Party

The 17th National Congress of the Communist Party of China (CPC) was held in Beijing from 15 to 21 October 2007. General Secretary, Hu Jintao delivered the inaugural speech. The focus of his speech was on no tolerance to corruption, collective decision-making, building a harmonious society etc ([full text of speech](#)). The congress elected members for the Central Committee (CC). The CC of the 17th CPC has 371 members (204 members and 167 alternate members) and its politburo 25 members. The standing committee of the politburo has nine members: Hu Jintao (64), Wu Bangguo (66), Wen Jiabao (65), Jia Qinglin (67), Li Changchun (63), Xi Jinping (54), Li Keqiang (52), He Guoqiang (63) and Zhou Yongkang (64). Hu Jintao would continue as General Secretary of the party and Chairman of the CPC's Central Military Commission. Last four members are the new entrants of the standing committee. Xi Jinping and Li Keqiang belong to the fifth generation leadership and one of them would take the charge of the party leadership in 2012 after the retirement of Hu Jintao. Important development of this congress is that Zeng Qinghong, Vice President of China and a powerful member of standing committee in the 16th congress has retired from the party posts. The 17th National Congress introduced three amendments in party constitution: incorporation of Hu's thoughts on scientific development, fostering of private sector and mentioning of religion.

CPC publishes changes in party constitution

The Communist Party of China (CPC) published on October 25, its newly amended party constitution, revealing for the first time many landmark changes in its major political, economic and social guidelines and policies. Scientific Outlook on Development, a new theoretical development of the Party in the past five years, as well as policies to boost democracy at intra-party and government sphere and expand democracy, are enshrined in the constitution adopted by the CPC national congress on October 21, 2007([More](#)).

New public security minister and party chiefs of shanghai and Hubei

China appointed Meng Jianzhu, former Party chief of Jiangxi Province, as the country's new minister of Public Security, replacing Zhou Yongkang who was elected earlier as Politburo Standing Committee member of the CPC Central Committee. Yu Zhengsheng, former Party secretary of Hubei Province was appointed as Shanghai Party chief, replacing Xi Jinping and Luo Qingquan, governor of Hubei as province's new Party chief ([More](#)).

China to insist on reform, opening-up for harmonious society: Premier

Chinese Premier Wen Jiabao stressed the government's determination to advance reform and opening-up on the eve of the 58th founding anniversary of the People's Republic of China. The premier pointed out that China would become a prosperous, democratic, culturally advanced and harmonious modern socialist country if it adheres to the path of scientific development ([More](#)).

China launches lunar orbiter, one step closer to moon

China took a big step forward in space exploration on October 24, after launching its first lunar orbiter, Chang'e I. It was blasted off from its launch pad in the Xichang Satellite Launch Center atop a Long March 3-A carrier rocket in Sichuan Province on October 24, 2007. Developed with indigenous technology, the \$186 million mission is considered the third milestone in the China's space venture, following the launch of the first satellite in 1970 and two manned missions in the past five years ([More](#)).

Over 20% of land acquisitions in China's cities illegal

Almost a quarter of new land acquisitions in Chinese cities are illegal. A survey using remote sensing satellite technology showed that 22% of new acquisitions in 90 medium-sized and large cities were illegal. The data collected from October 2005 to October 2006 also showed more than 80% of acquisitions were illegal in eight cities ([More](#)).



China-EU summit to bridge gaps

Chinese and the EU negotiators are working intensively towards a new strategic partnership pact ahead of next month's China-EU summit. The EU's stance on China's market economy status and lifting of arms embargo are likely to emerge as major points in the pact ([More](#)).

China in midway of industrialization

National Bureau of Statistics (NBS) of China said that over the past five years China's industrial economy has been developing in a healthy, fast and steady way amid structural adjustment, and the country is in the midway of industrialization. In its latest report, the NBS said that since the 16th National Congress of the Communist Party of China in 2002, China's industrial economy has reinforced its leading position in national economy. In 2006, the industrial added value hit 9.04 trillion yuan (about US\$1.2 trillion), up 57.9% from 2002 in constant terms ([More](#)).

Foreigners to face restrictions in Guangdong

Guangdong Province is drafting a regulation to restrict the employment of foreigners and to ban them from certain jobs. The jobs would be divided into three categories -- "encouraged", "restricted" and "forbidden" ([More](#)).

China faces rising US trade protectionism

On September 14, China requested the WTO to settle its dispute with the United States over Chinese coated paper after negotiations with the US failed. China is seeking WTO help following a preliminary decision by the US Department of Commerce to impose duties on coated paper imported from China. It is the first time that China has filed a WTO case against the US since its entry into the world trade body in 2001 ([More](#)).

China propels global growth

China contributed to 13.8% of the world economic growth during the 2003-05 period, according to the National Bureau of Statistics (NBS). The US contributed to 29.8% of world growth in the same period. This shows China's increasing role in global economic growth, as it has become a major engine of the world economy. China's GDP grew by an average of 10.4% during the 2003-06 period, much higher than the world average of 4.9%. The proportion of China's GDP to the world's total rose from 4.4% in 2002 to 5.5% last year. In 2002, China's GDP accounted for 13.9% of that of US; four years later, the ratio rose to 20%. China's per capita gross national income broke the \$1,000 line in 2002 and reached \$2,010 in 2006 ([More](#)).

4 million more people to be moved from gorges area

At least 4 million people from the Three Gorges Reservoir area are to be relocated to cities in the next 10 to 15 years. Chongqing Municipality Vice-Mayor Yu Yuanmu said. Chongqing's 2007-20 rural and urban development plan describes the resettlements as necessary to protect the ecology of the reservoir area ([More](#)).

Business & Industry

CNPC to invest in refinery in Chad

China National Petroleum Corporation (CNPC), China's largest oil producer, is planning to invest in a joint venture refinery in Chad. The CNPC Service and Engineering Ltd, a wholly-owned subsidiary of CNPC, has signed an agreement with the Chadian government to jointly invest in a refinery company to the north of N'Djamena, the capital of Chad. Chad began to produce oil in 2003 and has found 13 oil fields so far. It has no refineries in the country and has to import refined oil from overseas. The CNPC's subsidiary has inked overseas service contracts worth US\$ 3.09 billion in 2006, up 22% from the previous year. Since its first cooperation in oil exploration with Sudan in 1996, China had invested in 27 major oil and natural gas projects in 14 African countries by the end of 2005, including Sudan, Algeria, Angola and Nigeria. ([More](#))

New offshore targets

China's top offshore oil producer CNOOC said it will investigate both shallow-water and deep-sea opportunities for exploration of oil. It has set new production and exploration targets. China's offshore region boasts untapped resources of up to 7.2 billion tons of oil equivalent, with only one-third of that (2.5 billion tons) discovered ([More](#)).

China's mobile phone users top 515 million by August

China's mobile phone users exceeded 515 million by the end of August this year, with a monthly rise of 6.8 million on average. The number of fixed-line subscribers remained almost the same as last month's 372 million and the number of newly-added fixed-line users averaged only 579,000 per month ([More](#)).

Patent applications exceed 268,000 in H1

China received 268,926 patent applications in the first six months of 2007, up 7.3%. These patent applications involved inventions, utility models and designs. China's patent applications had exceeded 3 million by the end of June 2006 ([More](#)).

Major Xinjiang gas field found

PetroChina has discovered another major gas field in western Xinjiang. The gasfield, known as Dabei III, boasts an estimated reserve of as much as 130 billion cubic meters ([More](#)).

Minsheng Bank to buy up to 20% of US bank

China Minsheng Banking Corp, China's 7th-largest bank by market value, will buy up to 20% of UCBH Holdings Inc - the biggest bank serving the Chinese community in the United States ([More](#)).

ICBC buys a 20% stake in African bank

The Industrial and Commercial Bank of China (ICBC) has entered into a deal to invest US\$5.46 billion to take a 20% stake in Standard Bank Group Ltd, Africa's largest bank. The deal is the biggest overseas investment by a Chinese company so far. It will make the ICBC the largest shareholder of the South Africa-based bank. This is the third deal the ICBC has concluded in less than a year and the first in Africa ([More](#)).

Sino-American regional airlines set up in China

Kunping Airlines, a regional airlines in China, jointly invested by China's Shenzhen Airlines and the Mesa Air Group of the United States, officially went into operation in Xi'an capital Shaanxi Province on October 27 ([More](#)).

Laws, Rules & Regulations

China cuts tariff on electronic imports

China has reduced import tax from 17% to 13% on recorded cassettes, compact and digital video discs and floppy discs, effective September 15 ([More](#)).

China's landmark property law takes effect ([More](#)).

China amends law to make easier for lawyers to meet suspects ([More](#)).

How to start an enterprise in China

How to establish a foreign-funded enterprise in China?
How to set up a cooperative joint venture in China?
How to establish an equity joint venture in China?
How to establish a wholly foreign owned enterprise in China?
How to set up a resident representative office?

Preferential tax policies

What are the projects foreign investors are prohibited to invest in China?
What preferential taxation policies foreign-funded enterprise enjoy in China?

India & China

Chinese, Russian, Indian foreign ministers meet for trilateral co-op

Chinese, Russian and Indian foreign ministers on October 24 met in Harbin in northeast China, pledging to strengthen trilateral pragmatic cooperation. The three foreign ministers exchanged views on international and regional issues of common concern and reached key consensus on deepening trilateral pragmatic cooperation in the future. They agreed to strengthen collaboration in economic and cultural fields, strengthen cooperation in agriculture, disaster relief, medical services and healthcare, encourage cooperation between different localities and enterprises from the three countries, and establish a mechanism facilitating consultation and cooperation between experts from foreign ministries and relevant governmental organs of the three countries. The next meeting would be held in Russia.

Sonia Gandhi visits China

Mrs Sonia Gandhi, Congress President, paid a 5-day visit to China in the last week of October 2007. She described her visit to China as a "milestone" in Sino-Indian relations. During her visit, she met with Chinese leaders like President Hu Jintao, Premier Wen Jiabao, Minister of the International Department of the Communist Party of China (CPC) Wang Jiarui etc. Rahul Gandhi, General Secretary of the Congress party, senior Congress leader Karan Singh and Union Ministers Prithviraj Chavan and Anand Sharma accompanied Mrs Gandhi during her visit to China. She also met Politburo member Liu Qi and former Chinese Foreign Minister Huang Hua, who had played a major role in fostering bilateral ties in the early stages of Sino-Indian relations ([More](#)). She also visited Xi'an and Shanghai. In Shanghai she met newly appointed Party Secretary, Yu Zhengsheng

CII & China

Shanghai Federation of Industry & Commerce delegation visits CII Headquarters

A 13-member delegation from Shanghai Federation of Industry & Commerce visited CII, on 11th October 2007. The delegation was led by Mr. Ji Xiaodong, Vice President of Shanghai Federation of Industry and Commerce. Shanghai chamber of commerce has close working relationship with CII. The delegation comprised of senior representatives of various companies of China representing various sectors like services, IT, steel, infrastructure, financial investment, petroleum, wires & cables etc. A presentation on Indian economy was made giving a picture of various sectors of Indian Industry and opportunities available for enhancing cooperation. The delegation members showed keen desire to invest in India. The interactive session included various queries from the delegation ranging from taxation to laws to entry barriers in India.

"CII SME delegation visits China

An SME delegation of CII led by Mr. Shenava, MD of Industrial Tubes visited China from 29 October to 2 November 2007 to study the development of China's industries and their functioning. The delegation visited Beijing, Qingdao, Suzhou and Shanghai. The delegation held meetings with various industrial associations, Industrial Parks, CCPIT sub councils, SBI Shanghai and government officials during the visit. CII delegation was a part of MSME delegation, which was led by Mr. Mahavir Prasad, Minister, during the visit to Suzhou."



Delegation at Suzhou Industrial Park with
Mr. Mahavir Prasad, Minister MSME

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