

## China Economy

### China's economy grew by 65.5% in five years - Wen

China's economy grew by 65.5% over the past five years at an average of 10.6% per annum to become the world's fourth largest economy. Premier Wen said that country's GDP reached US\$3.425 trillion last year, while total government revenue reached US\$712 billion, a 171% rise in five years. In the meantime, China's foreign exchange reserves topped US\$1.52 trillion. Last year, china became the third largest trading nation in the world with US\$2.17 trillion of foreign trade ([More](#)).

### China's fiscal revenue hits record high in 2007

China's fiscal revenue in 2007 hit 5.13 trillion yuan, an increase of 1.25 trillion yuan, or 32.4% year on year ([More](#)).

### China's foreign trade (January-February 2008)

The total foreign trade of China reached \$365.93 billion, up 23%, in first two months this year. Exports accounted for \$196.99 billion and imports \$168.94 billion.

### Yuan rises to new high against dollar after Fed rate cut

The central parity rate of the yuan, or Renminbi (RMB), jumped by 222 basis points to 7.0648 yuan against the US dollar on March 18 ([More](#)).

### China produced 2.52 billion tons of raw coal in 2007

China produced 2.52 billion tons of raw coal in 2007, up 8.2% from 2006. The output volume increased by 78.3% compared to that of 2002, when the volume stood at 1.42 billion tons. ([More](#))

### Shipbuilding tonnage up 30%

China's shipbuilding tonnage jumped 30% to 18.93 million tons in 2007. China, the world's third-largest shipbuilder after the Republic of Korea and Japan, grabbed 23% of the world's market share ([More](#)).

### Edible oil trade hits 8.6m tons in 2007

China's edible oil trade hit 8.6 million tons in 2007, up 20.5% year on year. The trade was valued at \$6.4 billion, an annual surge of 87.2%. China imported 8.4 million tons of edible oil in 2007, up 25.2%, and exported 166,000 tons, down 58.3% ([More](#)).

### China feels inflation pressure

The consumer price index (CPI) reached 11-year-high in January to 7.1%. In February it further went up to 8.7%. The increase is largely attributed to structural price hikes caused by growing food and agricultural prices ([More](#)).

### China's reveals provincial economic competitiveness

According to the evaluation of the comprehensive economic competitiveness among China's 31 provincial-level administrative regions, Shanghai, Beijing and Guangdong were reelected as the top three in 2006. In 2006, Shanghai, Beijing, Guangdong, Jiangsu, Zhejiang, Shandong, Tianjin, Liaoning, Fujian and Hebei were ranked the top ten, in that order ([More](#)).

### FDI

Foreign Direct Investment in the first two months this year climbed 75.19% to US\$18.13 billion ([More](#)). In 2007, China absorbed \$74.7 billion overseas investment. Foreign-funded enterprises paid 990 billion yuan in taxes in 2007, about 20% of national tax revenues. China's overseas investment is expected to reach \$20 billion in 2007, a seven-fold increase from \$2.5 billion in 2002.

To date, the number of overseas Chinese-funded enterprises is about 120,000, double the 2002 number ([More](#)). Foreign-funded enterprises have invested a total of \$2.11 trillion in China from 1978 till the end of 2007 ([More](#)).

### Foreign investments, hot money come to China

Foreign investments and international hedge funds, some of which are speculative hot money, are now elbowing into the China market. They're lured by the Chinese people's emerging consumption power, and expectations of the Chinese yuan appreciating higher. China's total foreign exchange reserve has reached nearly \$1.59 trillion by the end of January ([More](#)).

According to a report, acquired by 21st Century Business Herald, over US\$460 billion worth of speculative money from overseas poured into China last year ([More](#)).

### **China's \$2 trillion forex assets to prop up more M&A overseas**

China has accumulated at least \$2 trillion of foreign exchange assets over the past 30 years, which is expected to stimulate more mergers and acquisitions (M&A) overseas, China Construction Bank (CCB) Chairman Guo Shuqing said on March 22 ([More](#)).

## **Government & Politics**

### **Leaders elected to top posts in China**

The 11th National People's Congress made the following important appointments, in March 2008:

- [Hu Jintao](#): President and Chairman of the Central Military Commission (CMC) (second term).
- [Xi Jinping](#): Vice President
- [Wu Bangguo](#): Chairman of the NPC Standing Committee (second term)
- Wen Jiabao: Premier (second term). Li Keqiang, Hui Liangyu, Zhang Dejiang and Wang Qishan were elected as vice premiers. Liu Yandong, Liang Guanglie, Ma Kai, Meng Jianzhu and Dai Bingguo were appointed as state councilors. The new state council has 27 ministries ([More](#)).

(Xi Jinping and Li Keqiang are expected successors of Hu Jintao and Wen Jiabao respectively.)

NPC has also approved setting up of five new '[super ministries](#)': Ministry of Industry and Information, Ministry of Human Resources and Social Security, Ministry of Environmental Protection, Ministry of Housing and Urban-rural Construction and Ministry of Transport.

Jia Qinglin was reelected Chairman of the 11<sup>th</sup> CPPCC ([More](#)).

[Report on the work of the government delivered at the First Session of the Eleventh National People's Congress on March 5, 2008 by Premier Wen Jiabao](#)

**Facts & Figures: China's 2008 draft budget report** ([More](#))

**Facts & Figures: annual report on China's development plan** ([More](#))

**China continues to lift restrictions on citizens' overseas investment** ([More](#))

**China to keep unemployment at 4.5%, create 10 million jobs in cities** ([More](#))

**Reform, opening policy to continue** ([More](#))

### **China's state sector robust**

Chinese Premier Wen Jiabao voiced satisfaction over the vitality of the state sector. The total value of assets of the state owned enterprises in 2006 grew by 60.98% compared to 2002, their total profits increased by 223% and their tax contributions grew by 105% ([More](#)).

### **China reports drops in energy consumption, pollution**

China reported reductions in energy consumption as well as chemical oxygen demand and total sulfur dioxide emission in 2007, Premier Wen Jiabao said at the annual parliament session. In 2007, China saw a 3.27% year-on-year drop in energy consumption for each unit of GDP. For the first time in recent years, China reported a reduction in both chemical oxygen demand and the total emission of sulfur dioxide, by 3.14% and 4.66% respectively ([More](#)).

### **Renewable energy plan unveiled for 2006-2010**

NDRC released China's renewable energy plan for 2006-2010 on March 18. China's annual consumption of renewable energy will reach the equivalent of 300 million tons of standard coal by 2010, which would be 10% of its total annual energy consumption, under the renewable energy development plan for 2006-2010 ([More](#)).

### **China's defense budget to grow 17.6% in 2008**

China plans to increase its defense budget by 17.6% in 2008 to 417.769 billion yuan (\$57.229 billion), an increase of 62.379 billion yuan from the actual military spending in 2007. The increased budget will also be used to upgrade the military equipment "moderately" so as to enhance the troops' capability of combating a defensive war based on information technologies ([More](#)).

### **China sets up fund for national key labs**

China has decided to set up a special fund for national key laboratories. The initial \$ 195.8 million will be in place by March 2008. This would enable the country's 220 national key laboratories to get access to "stable financial support" ([More](#)).

### China's funding for rural fixed assets investment to exceed 152 billion yuan

China plans to earmark 152.1 billion yuan in agriculture-related fixed assets investment from its central budget this year as part of its bid to promote food security and raise farmers' income ([More](#)).

### Natural gas output to double in 10 years

China's natural gas output would at least double the present volume in the coming decade to reach 150 billion to 200 billion cubic meters. PetroChina, the country's leading natural gas producer, alone has reported an annual output rise of 10 billion cubic meters for two consecutive years ([More](#)).

### Social security fund assets top \$70b by 2007

China's social security fund (SSF) has seen an increase of sevenfold in its assets in the last six years to reach over \$70 billion by the end of 2007. The assets of the fund were less than \$10 billion at the end of 2001 ([More](#)).

### Three-way economic zone under discussion

A large-scale investigation is under way to consider the establishment of an economic cooperation zone encompassing Guangdong, Hong Kong and Macao. The zone is expected to eliminate barriers to the flow of capital and personnel across the three regions ([More](#)).

### Chinese patent applications increase sharply in 2007

The latest statistics from the World Intellectual Property Organization (WIPO/OMPI) reveal that the number of Chinese patent applications in 2007 totaled 5,456, up 38.1% ([More](#)).

### China to establish 30 high-tech industrial bases, NDRC

China will establish 30 high-tech industrial bases, according to a circular of the NDRC. Six bases, known as all-rounders, in Beijing, Shanghai, Tianjin, Shenzhen and Xi'an, as well as the Zhuzhou and Xiangtan regions in Hunan Province, will focus on information, biological technology, civil aviation, the astronautical sector, new materials and new energy ([More](#)).

### China-Myanmar pipeline under discussion

Construction of the oil pipeline from Myanmar to Yunnan is still under discussion, said Bai Enpei, secretary of the Yunnan Provincial Party Committee. The plan of the oil pipeline, linking Myanmar's deep-water port of Sittwe with Kunming, was approved by NDRC in last April. But many technical problems remain to be solved ([More](#)).

### China-made bullet train to link Beijing with Tianjin in August

According to Shao Liping, director of the railway authority in Nanning, the first China-made bullet train designed to run at 300 kilometers per hour has completed a test run and will be in service between Beijing and Tianjin in early August ([More](#)).

### Ma Yingjiu wins Taiwan's presidential election

Ma Yingjeou, Chairman Kuo Ming Tang (KMT-Nationalist Party) and his running mate Vincent Siew won Taiwan's leadership election on March 22 defeating Frank Hsieh of the ruling Democratic Progressive Party and his running mate Su Tseng-chang. In January, the KMT had won 81 of the 113 seats in Taiwan's "legislature" elections.

## Business & Industry

### Railway carries 196 million passengers during Spring Festival

Chinese railway carried a record of 196 million passengers during the Spring Festival travel season, an increase of 11.8% over the same period in 2007 ([More](#)).

### Airbus delivers more than 15% of its new aircraft to China in 2007

Airbus delivered 69 new aircraft to Chinese Mainland carriers in 2007, accounting for more than 15% of its total worldwide deliveries. In 2007, Airbus delivered 453 new aircraft to customers globally, setting a new industry record ([More](#)).

### Chinese motorcycle to enter Bangladesh's market

Chinese CNG run motorcycle is to enter Bangladesh's market from March 2008. Indian Hero Honda motorcycles are presently dominating Bangladesh's market, accounting for 60% of market share ([More](#)).

### Over 30 billion yuan invested in Big Plane R&D

China has launched the preliminary research of the Big Plane project, with an investment of over 100 million yuan. The total R&D investment in the Big Plane Project is expected to fall between 30 and 50 billion yuan and the project is expected to finish within 10 years ([More](#)).

### China leads the world in nonferrous metals output

The output of ten types of nonferrous metals - topping 20 million tons for the first time reached 23.6052 million tons with an increase of 23.44%. China's output ranks first in the world for the sixth consecutive year ([More](#)).

## Laws, Rules & Regulations

[China publishes draft regulation on lotteries to solicit public opinion](#)

[Regulations to clarify labor contract law](#)

[Listed firms ordered to submit green data](#)

[New individual tax threshold to go into effect March 1](#)

[China publishes draft regulation on lotteries to solicit public opinion](#)

[Regulations to clarify labor contract law](#)

## India & China

### India-China bilateral trade (January 2008)

The bilateral trade between India and China reached \$4.64 billion in January, up 76.3%. Indian exports accounted for \$ 2.15 billion, up 96.1% and the imports \$ 2.5 billion, up 62.8%. India was the 8<sup>th</sup> largest import source of China, 7<sup>th</sup> largest export market of China and the 9<sup>th</sup> largest trade partner of China.

### India-China JV steel enterprise lays foundation in India

Xindia Steels Ltd, the first Chinese-funded steel enterprise in India, laid down its foundation recently. Xindia will set up a steel plant with a 2.5 million-ton annual production capacity in Koppal district of Karnataka ([More](#)). The steel plant will also synthesize a 6 million-ton pellet plant. Xindia is a joint venture among Xinxing Group, China Minmetals Corporation, India's Manasara Investments, Kelachandra Group and another global company, Sigma Minmet Ltd ([Details](#)).

### China's ZTE plans to invest in India

ZTE Corporation, a leading telecoms manufacturer and service provider in China, is currently in its final stages of discussion for the construction of a manufacturing base in India, to serve the customers in the region. In 2007, ZTE's total revenue from India amounted to US\$600 million and this figure is expected to exceed US\$1 billion for this fiscal year. With a targeted production capacity of 30 million mobile phones this year, ZTE intends to export 10 million units to the Indian market, focusing on the low-end market. In order to reach out to the Indian consumers, ZTE entered into a global deal with Vodafone for low-cost bundled mobile phones ([More](#)).



Mr Madhav Sharma, CII Chief representative with Mr Gerhard Schroder, former Chancellor of Germany in Shanghai on 3<sup>rd</sup> March, 2008



Indian Industry interacts with Mr Shi Heping, Party Secretary, Zhenjiang and Vice Governor Designate, Jiangsu Province on 24<sup>th</sup> February 2008 in Shanghai

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