

## China Economy

### China revises 2007 GDP growth upward to 11.9%

The National Bureau of Statistics (NBS) on April 10 released an upward revision of 2007 GDP that showed growth of 11.9%. The GDP for 2007 was 291.1 billion yuan (about \$41.63 billion), larger than originally estimated. The GDP was 24.953 trillion yuan in 2007. The NBS also released its final figures for 2006 GDP, and put it at 21.1923 trillion yuan, up 105.2 billion yuan. The GDP rate was 11.6% ([More](#)).

### China foreign trade Q1

Trade	US\$ Bn	% Increase
Total trade	570.38	24.6
Exports	305.90	21.4
Imports	264.48	28.6
Trade surplus	41.42	-10.6

The growth of exports from China's labor-intensive industries is slowing, and the trend is set likely to continue, the Ministry of Commerce said in a report on April 30 ([More](#)). The rapid appreciation of Yuan against the dollar is also affecting Asian companies using China as base for exports to the United States. Yuan has risen 18% against the dollar since China abandoned a peg in July 2005. It breached a key psychological level of 7.0 yuan to one dollar on April 10 ([More](#)).

### China's fixed asset investment up 24.3% in 1st two months

China's fixed asset investment totaled 812.1 billion yuan in the first two months, up 24.3% year on year ([More](#)).

### China gives greater support to agriculture to cool inflation

China promised to increase financial support for agricultural production as part of a larger effort to cool an inflation surge blamed on food shortages ([More](#)). A sum of 25.25 billion yuan has been increased as subsidies to farmers ([More](#)).

### Forex reserves hit \$1.68 trillion

China's foreign exchange reserves reached \$1.68 trillion by the end of March, an increase of \$153.9 billion from the end of last year ([More](#)). Speculative fund inflows into China were accelerating as investors bet on a stronger yuan and rising domestic interest rates. The first-quarter speculative inflow exceeded \$80 billion compared with \$120 billion for all of 2007 ([More](#)).

### China's first-quarter FDI

China utilized \$27.41 billion worth of FDI in the first quarter, up 61.26% ([More](#)).

### China's oil consumption hits record high in first quarter

China's apparent consumption of oil products composed of gasoline, diesel and kerosene rose by 16.5% year on year to 52.73 million tons in the first three months, and crude oil rose by 8% to 91.8 million tons ([More](#)).

### China's steel product demand may top 520 million tons in 2010

China's demand for steel products may top 520 million tons in 2010. The home-made steel products occupied 95.8% of the domestic market in 2007 ([More](#)). The net foreign sales of crude steel came down 37% year-on-year in the first quarter in 2008. Rolled steel exports stood at 11.38 million tons, down 19.47%, and billet exports totaled 90,000 tons, down 94.95% ([More](#)).

### China to become world's leading gold producer

China is expected to become the world's leading gold producer in 2008 with output reaching 300 tons. Recent years have seen a continuous drop in gold output in South Africa and the United States, while China maintains an annual growth rate of 5%. The gold output of South Africa, which has led output since 1905, was 272 tons in 2007, while that of China was about 270.5 tons ([More](#)).

### Energy-saving tech trading

China's first specialty market for trading energy-saving and environment-friendly technology opened on March 31 in Jiaying, Zhejiang province ([More](#)).

### Government plans to find oil, mineral reserves

China is making efforts to search for domestic reserves of key resources, such as iron ore and crude oil to reduce dependence on imports. By 2010, China aims to find 10 new oil fields, each with a reserve of at least 100 million tons, and 8 to 10 new gas fields, each with a reserve of more than 100 billion cum of natural gas ([More](#)).

### China has 163 million motor vehicles

China had 163 million motor vehicles by the end of March, up 1.85% from the end of 2007. Automobiles and motorcycles accounted for 90.60% of the total, with tractors, trailers and other motor vehicles accounting for the rest ([More](#)).

### Industrial output up 16.4% in Q1

China's industrial production rose 16.4% year-on-year in the first quarter of 2008. Economic growth slowed to 10.6% in the first quarter, compared with 11.7% in the same period of last year ([More](#)).

### Economic boom to last until at least 2020

The cycle of economic boom in China would last until at least 2020, said Chen Dongqi, vice president of the NDRC's Academy of Macroeconomic Research. The cycle, which started in 1978 when the reform and opening-up drive was launched, saw the country's economy grow 9.88% annually during the past 30 years ([More](#)).

### Banks report lowest ever NPL ratio in 2007

The non-performing loans (NPL) ratio of Chinese commercial banks fell to its lowest ever level of 6.2% in 2007. Total assets of the banking sector were \$7.5 trillion, an increase of 19.7% ([More](#)).

## Politics & Government

### Hu Jintao, Vincent Siew's meeting significant

The latest meeting between Chinese President Hu Jintao and Vincent C. Siew, chairman of the Taiwan-based Cross-Straits Common Market Foundation on April 12, is significant in promoting the development of cross-Straits relations. (Vincent Siew is the Vice President Designate of Taiwan, ROC. This is the first high-level contact between China and Taiwan since 1949.) ([More](#)) Hu Jintao on April 29 also met with Lien Chan, honorary chairman of the Kuomintang Party (KMT) in Beijing ([More](#)).

### Political Bureau ratifies CPC's five-year anti-corruption plan

The Political Bureau of the Communist Party of China passed a five-year plan (2008-2012) for the Party's prevention and punishment of corruption in a meeting on April 28 ([More](#)). Premier Wen Jiabao also called for strengthening the corruption fight and promoting a clean government in an article, which outlines the anti-corruption work for the year ([More](#)).

### Iran welcomes China's participation in IPI gas pipeline

Iranian President Mahmoud Ahmadinejad said April 28 that his country would welcome China's participation in the Iran-Pakistan-India (IPI) gas pipeline project ([More](#)).

### China, Pakistan to strengthen economic and trade ties

According to the joint statement signed during Pakistani President Pervez Musharraf's six-day state visit to China, China and Pakistan have vowed to enhance economic cooperation and to accelerate the achievement of US\$ 15 billion worth of bilateral trade ([More](#)). The Chinese Foreign Minister Yang Jiechi also paid a visit to Pakistan in April and discussed possibilities to expand cooperation between the two countries ([More](#)).

### China Mobile's Zone launched in Pakistan

China Mobile unveiled its new Zone brand in Pakistan on April 5, signifying the formal beginning of a serious upheaval in the Pakistani mobile market. Since China Mobile acquired Paktel, the fifth largest player in Pakistan's mobile market in February 2007 from Millicom, it has invested a total of \$ 860 million ([More](#)).

### GMS countries step up cross-border power trading

The six nations sharing the Mekong River (Laos, China, Vietnam, Myanmar, Cambodia and Thailand) signed on March 31 an MoU on the road-map for implementing the Greater Mekong Subregion (GMS) cross-border power trading ([More](#)).

### Oil majors to get monthly grant

China Petroleum and Chemical Corp (Sinopec) and PetroChina Co said that the Ministry of Finance would provide a monthly subsidy to compensate their losses from processing expensive imported crude oil ([More](#)).

### Chinese cities introduce reforms to promote private economy

Local governments in China are improving business regulation and making it easier for the private sector to grow ([More](#)).

### Chinese people are self-sufficient in food

Premier Wen Jiabao said that China was fully capable of feeding its people as it has abundant grain reserves, which stand at 150 million to 200 million. China's grain output grew four consecutive years to reach 500 billion kilograms in 2007 ([More](#)).

### Mergers approved to consolidate steel sector

NDRC has approved two mergers involving major steel producers to further consolidate the sector. The approval includes Baosteel's acquisition of two steel makers in the southern Guangdong Province, Shaogang Iron and Steel Co Ltd and Guangzhou Iron and Steel Co Ltd ([More](#)).

### China, New Zealand sign FTA pact

China and New Zealand signed a free trade agreement (FTA) ([Text](#)), the first such pact between China and a developed country, on April 7 during the visit of New Zealand Prime Minister Helen Clark ([More](#)).

### Commercial banks allowed to invest in US stocks, funds

Chinese commercial banks have been allowed to make investment for their wealth management clients in US stock markets and public funds selected by the US regulator. To date, 23 commercial banks in China have acquired the license ([More](#)).

### Arable land reserves continue to decline

China's arable land fell by 40,700 hectares last year, to 121.73 million hectares, still above the government's 120 million "critical" mark ([More](#)).

### Over 3 million trademarks registered in China

By the end of 2007, China's registered trademarks have surpassed 3 million. In 2007 alone, the Trademark Office received 708,000 trademark registration applications. Of these, 405,000 have been examined and 263,000 ratified ([More](#)).

### China opens one of world's largest bridges

China inaugurated one of the world's longest bridges, Hangzhou Bay Bridge, on May 1, 2008. The "world's longest sea bridge", the 36-kilometre (22-mile) structure connects Jiaxing city near Shanghai to the port city of Ningbo in Zhejiang province ([More](#)).

## Business & Industry

### Overseas direct investment in Latin America

China has invested 25% of its total overseas investments in Latin America. In 1978, China's investment in Latin America was only \$200 million, which reached \$10 billion in 2000. The Chinese enterprises are engaged in 30,000 projects in Latin America ([More](#)). China initiated the "going global" strategy for domestic companies in 1998 ([More](#)). Overseas direct investment (ODI) in the non-financial sector reached \$18.7 billion in 2007, up 6.2%. Cumulative ODI in the non-financial sector amounted to \$93.7 billion by the end of 2007. ODI in the financial sector was \$3.53 billion in 2006. By the end of 2007, more than 12,000 enterprises had a presence in 172 countries and regions ([More](#)).

### Rhodia starts R&D project

French chemical firm Rhodia on April 22 launched its global R&D center project in Xinzhuang Industrial Zone. It has set up 18 operations in Asia, including 13 in China, but has no R&D facility to serve them ([More](#)).

### Airbus to set up JV in China

Airbus industry expects to launch a joint venture in China to make aircraft components as part of its efforts to carve a larger slice of the world's fastest growing aircraft market. The deal is expected to be finalized by August. Airbus, which has also agreed to assemble its smaller A320 models in China, expects such moves will help it gain an edge over rival Boeing ([More](#)).

## Laws, Rules & Regulations

- Planning regulation ([More](#)).
- [China to continue tight monetary policy, central bank says](#)
- [China defines conditions for foreign takeovers of banks](#)
- [China issues draft regulations on supervision, risk handling at securities firms](#)
- [Oil wholesalers should have minimum 15 days reserve](#)
- [New energy consumption standards released](#)
- [Bank reserve ratio raised to 16%](#)
- [China publishes draft regulation on food safety](#)
- New information rules to promote transparency ([More](#))

## India & China

### India-China trade (Jan-Feb 2008)

Trade	US\$ Bn	% Increase
Total trade	8.6690	66.0
Imports by India	4.4839	45.3
Exports to China	4.18514	95.8
India's deficit	0.29876	

Source: Mofcom, PRC

In the first two months this year, India was China's 8<sup>th</sup> largest trading partner, 7<sup>th</sup> largest export market and 8<sup>th</sup> largest import source.



Mr. Tarun Das, Chief Mentor, CII with other eminent speakers at the Global Space Conference held in April in Beijing

### India set up tourism office in Beijing

In a bid to attract more Chinese tourists, India set up an Indian tourism office in Beijing on April 7, 2008, which was inaugurated by Tourism and Culture Minister Ambika Soni.

### Delhi-Shanghai direct flight launched

The four times a week direct flight between Shanghai and Delhi was launched by Air India over the weekend to meet the increasing demand from business travelers and tourists from the two countries ([More](#)).

### Shanda signs Indian tie-up

Shanda Entertainment on April 16, teamed up with Zapak Digital Entertainment to enter India's online computer game market as part of the Shanghai-based company's strategy to go overseas. Shanda tied up with Zapak, which is under Reliance Big Entertainment, to launch Shanda's online game Crazy Kart in India ([More](#)).

### Satyam Computer taps into grassroots IT expertise in China

Satyam Computer Services Ltd plans to triple its staff base to 2,500 in China within in next 2-3 years to penetrate into the growing domestic IT services market mainly in manufacturing and logistics sectors. Satyam, which has a staff of about 700 in China, will recruit people mainly for its Nanjing-based development center, the biggest outside India ([More](#)).

### Nine firms sign MoU at Sino-Indian meet

Nine companies from India and China signed separate agreements at the 'Mutual Benefits — Joint Development' meet held by the Suzhou Municipal People's Government (China) on April 4. The Indian companies included Zaza Technologies, Bangalore Chamber of Industry and Commerce, Standard Chartered, Capgemini Group, Sunpa Sobha Software, Patni Computer, Logistic Solutions, Hero Mindmine and Excelerate Technology.

### BEML inaugurates representative office in Shanghai

BEML Ltd Shanghai office was inaugurated on 30 April to source low-cost components as well as to market its own equipment in the region. The Shanghai sourcing and marketing office will be a launch pad to market BEML's high-end mining and construction equipment and spare parts to companies in China and the neighbouring countries such as Uzbekistan, Kazakhstan and Ukraine.

## CII & China

### Workshop: "Understanding and Engaging China"

CII for the first time conducted a unique one-day Immersion Programme on "Understanding and Engaging China" in Gurgaon on 2<sup>nd</sup> April. Senior executives from the industry, across various sectors, participated in the programme. The workshop was interactive, with breakout sessions, lectures and Chinese exercises focused on "Why Understanding China is Important", "Unraveling the Mind of China (a Psycho-social Model)" and "Developing a China Strategy".

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