

China's Economy

China's trade in 2007

- Total trade reached \$ 2.17 trillion, up 23.5%.
- The exports increased by 25.7% to \$1.22 trillion, and import by 20.8% to \$955.8 billion.
- Trade surplus increased by 47.7% to reach a record \$262.2 billion in 2007, compared to US\$177.47 billion in 2006.
- Swelling trade surplus is triggering conflicts with other countries.
- There is emerging a tendency in international trade protectionism for product quality issues being increasingly used as technical barriers.
- Official figures show that about 3 in 10 Chinese export firms suffered as a result of foreign technical trade regulations in 2006, with direct losses of \$36 billion.

Forex reserve tops \$1.53 trillion

China's foreign exchange reserve reached US\$1.53 trillion by the end of 2007, up 43.32% from 2006. US\$461.9 billion were added to the China's foreign exchange reserve in 2007 ([More](#))

China's per capita GDP to hit \$3,000 by 2010

China's per capita GDP will reach \$3,000 by 2010, a decade ahead of the schedule set by the 2002 Communist Party National Congress, Lu Xueyi, an expert with the Chinese Academy of Social Sciences (CASS), said. The figure would reach 6,000 U.S. dollar in 2020 if it maintained the current growth rate ([More](#)).

China's trade of electronic information products up 24%

China's foreign trade of electronic information products has climbed 23.6% year-on-year to \$727.49 billion from January to November. Exports of electronic information products rose 26.2% to \$414.48 billion and imports jumped 20.3% to \$313 billion. China's electronic information industry was still largely dominated by foreign players despite the growth in trade volume. Solely foreign-invested companies and Sino-foreign joint ventures in China contributed to 83.8% of the total electronic information products exports. The exports and imports of electronic information products accounted for 37.6% and 36.2% of China's total exports and imports in the first 11 months of 2007, respectively ([More](#)).

National electricity generating capacity reached 10 billion kWh for the first time

China's installed capacity of electric power surpassed 700 million kilowatts by the end of 2007, with an additional capacity of over 100 million kilowatts in one year ([More](#)).

Military industrial groups 2007 profits up 78%

According to the China Securities Journal, China's major military industrial groups were forecast to have harvested a 78% profit jump in 2007 following three years of "unprecedented" growth. Profits of the 11 groups reached 43 billion yuan (\$5.89 billion), more than triple the 2005 figure ([More](#)).

China imports record 163 million tons of crude oil in 2007

China's crude oil imports rose 12.4% in 2007 over the previous year to a new record of 163.17 million tons. Crude oil imports for 2006 was 138.8 million tons. The exports, however, fell 38.7% to 3.89 million tons last year. Crude oil exports were valued at \$79.77 billion, 20.1% more than a year earlier amid international oil price hikes ([More](#)).

Government & Politics

China closes more than 10,000 coal mines in last three years

China closed 10,412 coalmines in the last three years amid efforts to improve workplace safety and to check extravagant use of natural resources, Li Yizhong, head of the State Administration of Work Safety, said. China, world's largest coal producer, produced 2.4 billion tons of coal ([More](#)).



National highway target set for 2008

China will build at least 5,000 km of expressways in 2008, bringing the total length of expressways in the country to almost 60,000 km by the year-end. There are currently 53,600 km of expressways traversing the country - the second longest in the world behind the United States, which has 89,000 km ([More](#)).

China shuts down 14.4 million kw of thermal power capacity in 2007

China shut down 553 small thermal power generators in 2007, with a total capacity of 14.38 million kilowatts, or 44% above the annual goal. Closing down small thermal power plants is part of the nation's energy saving and pollution reduction efforts. The State Council set the annual goal of shutting down 10 million kilowatts thermal power capacity at the beginning of 2007, which had been achieved by October 26, 2007 ([More](#)).

Securities firms set sail for overseas investment

Three Chinese securities firms have acquired the status of qualified domestic institutional investors (QDII), becoming the fresh force that analysts say might rekindle local residents' enthusiasm for investing abroad. The license from the China Securities Regulatory Commission for Everbright, Orient and Huatai has given rise to a new contingent of seven securities firms, which are yet to design and release their products targeting overseas capital markets. The other four are CIC, CITIC, Guotai Junan and China Merchants Securities firms ([More](#)).

China auto production, sales hit record 8.8 million units in 2007

Auto production and sales in China both surged more than 20% to a record 8.8 million units in 2007. Production of passenger vehicles - including sedans, sport utility vehicles and minivans - went up 21% to 6.38 million. Output of trucks and buses reached 2.5 million ([More](#)).

China lays out plan for 2nd West-East gas pipeline

China laid out a primary plan for its second pipeline of the West-East natural gas transmission project. According to the plan, construction of the 8,794 kilometers gas pipeline, which consists of one major line and eight sub-lines, will involve an investment of approximately 143.5 billion yuan (\$19.8 billion) ([More](#)).

Record number of students to travel abroad

The number of students going abroad for studies is estimated to reach 200,000 this year. The number of such students has been rising in recent years, with about 150,000 traveling overseas last year. The US, Britain, Australia and Canada are the top choices of the students eager to study abroad ([More](#)).

Business & Industry

China to build 1st 3G nuclear plant in March

The construction of China's first third-generation nuclear plant, the Sanmen power plant in Zhejiang Province, is set to begin in March. It is likely to commence production in 2013 and become the world's first AP1000 nuclear plant ([More](#)).

China's first homemade trillion-bit computer successfully developed

According to China Youth Daily, China's first high-performance general-purpose processor, the trillion-bit computer "KD-50-I" using homemade "Godson-2 F" chip technology, was developed at China Science and Technology University, and passed authentication by the Committee of Experts on December 26, 2007 ([More](#)).

Xinjiang leads China in oil, gas production for the 1st time in 2007

Xinjiang Uygur Autonomous Region has for the first time outstripped Heilongjiang Province as China's top natural gas and oil producer. Latest data from four major northwestern oil and gas bases revealed that Xinjiang produced 26.4 million tons of crude oil and 21.2 billion cubic meters of gas last year, or 43.3 million tons of oil equivalent. The latter figure represented a rise of 13.6% from 2006 ([More](#)).

Over 70% of business in Beijing is service industry

The proportion of service industries in Beijing exceeds 71%, the average level among developed countries and 30 percentage points higher than the national average. Beijing has taken the lead in establishing a service industry-led economy in China, according to the Beijing Municipal Development and Reform Commission ([More](#)).

Laws, Rules & Regulations

Brakes put on frenzied investment

The Chinese government on December 25, pressed provincial and local officials to curb rampant investment and control new projects amid fears of economic overheating and higher inflation ([More](#)).

Government mulls tax plan for environmental protection

Chinese government departments of tax and environment will try to work out a taxation plan to promote environmental protection in 2008 and the candidate plans are now under appraisal. The environment tax, one of the key taxation policies China plans to push forward this year, is going through careful study and appraisal by the Ministry of Finance, State Administration of Taxation and State Environmental Protection Administration (SEPA) ([More](#)).

China revokes export licenses of over 600 toy enterprises

China hikes bank reserve ratio to 15%

CSRC issues rule on securities brokers' information disclosure

China to relax laws on mutual funds

China to announce revised resource tax system in 2008

India-China

Prime Minister's visit to China

Dr Manmohan Singh, Prime Minister of India paid an official visit to China from 13 to 15 January. Chinese Premier Wen Jiabao and Dr Singh signed a joint document - A Shared Vision for the 21st Century of the People's Republic of China and the Republic of India - to promote the building of a harmonious world of durable peace and common prosperity through developing the Strategic and Cooperative Partnership for Peace and Prosperity between the two countries. Dr Singh said the "Shared Vision of the 21st Century" document was an important milestone in the evolution of our relations. He said that India has recognized that our strategic and cooperative partnership should be based on strong, diversified and mutually beneficial economic ties.

Addressing the 'India-China Economic, Trade and Investment Summit', Dr Manmohan Singh said that the two economies were becoming engines of economic growth and must use their natural and human resources, technology and capital for the common benefit of the region. He said the challenge before India was to diversify export basket to China. He said entrepreneurs should explore opportunities in new areas such as biotechnology, advanced materials, renewable energy and low carbon technologies. The two leaders also set the bilateral trade target of \$60 billion by 2010.



Indian Business delegation with Dr Manmohan Singh, Prime Minister of India, during his recent visit to China



CII Mission in Beijing during Indian Prime Minister's visit to China

Kamal Nath, India's Minister of Commerce and Industry asked the industry associations to host the promised Chinese missions and find suitable areas where Indian companies have core competencies with a globally competitive edge.

CII organized a high-powered fifteen-member industry delegation led by Mr. Sunil Bharti Mittal, President, CII to accompany the Prime Minister of India to Beijing. Mr. Sunil Bharti Mittal speaking at the summit said that the Indian industry has established a global footprint and was set in a position of strength for its entrepreneurial skills, managerial expertise and innovation. Mr. Mittal suggested that India and China would engage more profitably in areas like tourism, better air connectivity, cultural exchange, entertainment and television



(Lto R) Mr Kamal Nath, Commerce Minister of India, Mr Chen Deming, Commerce Minister of China and Mr Sunil Bharti Mittal, President, CII (12 January 2008 :Beijing)

"We are making efforts to expand and deepen economic and trade ties between China and India. We also hope to develop new ways of cooperating," Vice-Premier Hui Liangyu said.

