

Round up of Economic and Commercial Developments in East China (03-09 August 2009)

Shanghai's industrial output climbs for 2nd month in July

Shanghai's industrial production grew for a second consecutive month in July, reflecting a continued rebound in the city's economy following a decline for the previous seven months. The industrial output rose 2.1 percent from a year earlier to US\$28.9 billion last month, according to the Shanghai Statistics Bureau. July's increase followed a gain of 2.4 percent in June, after posting declines of 2.1 percent in May and 5.2 percent in April. Wang Zehua, a bureau analyst said that the result in July shows the stimulus package and a relatively easy monetary policy have started to take effect and helped manufacturers overcome the difficulties during the global economic meltdown. Shanghai's gross domestic product gained 5.6 percent on an annual basis in the first six months, rebounding from a record low of 3.1 percent in the first quarter. Shanghai has targeted a growth of 9 percent for 2009, and Mayor Han Zheng said in July he was confident the city can achieve the goal. Shanghai's exports fell 22.3 percent year on year in the first half of the year, but the pace has moderated to 14.8 percent in June, according to Shanghai Customs. The city's six key industries - electronics, auto making, fine steel, petrochemical processing, machinery equipment and biomedicine - posted a combined output of 128.6 billion RMB last month, up 7.9 percent from a year earlier. The production of vehicles jumped 71.5 percent to 22.1 billion RMB, thanks to rising demand after the central government provided subsidies to new car buyers. Petrochemical processing was the only sector which declined among the six industries when its output fell 6.9 percent to 21.8 billion RMB. (Xinhua)

Disney and Shanghai government reach agreement

According to the Shanghai Securities News, Liu Zhengyi, Deputy Director of the Pudong New Area in Shanghai, Shanghai government had reached agreement with Disney Inc. on principle issues of Shanghai Disneyland. However, it still needs the approval by the central government. Once the Disney program is approved, its investment scale will exceed 10 billion RMB. The Shanghai Disneyland will become the second one in China and the sixth around the globe. (People's Daily)

First unsecured online financing launched in Shanghai

Small businesses can gain the loan of e-bank without collateral. If they can not pay back, "risk pool" will afford it. China National Investment & Guaranty Co., Ltd. and other two companies signed "co-operation on Internet banking business agreement" in Shanghai recently to start the e-banking credit business to provide comprehensive services for network consumers. According to the agreement, the Shanghai Municipal Government, China Construction Bank and Alibaba.com Limited, the world's leading B2B e-commerce Company, jointly form the risk pool to supply the risk compensation for credit business under the operations of e-bank. So it might alleviate the risk of credit business in e-bank on the basis of balancing risky benefits reasonably. (People's Daily)

Mayor: Shanghai to cool soaring property prices

Shanghai will take steps to cool the city's real-estate market as housing prices in China's financial capital are "too high," Mayor Han Zheng said. The city government will increase the supply of land for property development and speed up construction of affordable housing for low-income families in the second half of this year. Shanghai's property market will probably be the strongest in the country and residential prices may

climb as much as 20 percent over the next year compared with the final quarter of 2008, according to Stanley & Partners Investment Management Co, citing recent land-option contracts and commodities.

Xinjiang migrant workers arrive at coastal factories

The first batch of migrant workers departing China's western Xinjiang autonomous region since the July 5 riot in Urumqi arrived at factories in the eastern province of Zhejiang. 189 female workers, all Uygurs from Jiashi County, Kashgar, left Urumqi for two textile companies in Shaoxing city, Zhejiang. These workers have received preliminary work and language training in their hometown. (Xinua)

Location of oil complex in China not decided yet: Shell China

The location of a planned refining and chemical complex, a joint project between PetroChina, Shell China Exploration and Production Ltd. (Shell China) and Qatar Petroleum (QP) has not been decided yet, according to Mr. Li Lusha, spokesperson of Shell China. Li made the comment in response to media reports saying the complex would be built in Taizhou of East China's Zhejiang Province. PetroChina has submitted the project plan to the National Development and Reform Commission for approval but had not received any reply. The three parties signed the investment agreement in Doha, capital of Qatar, in June 2008. Under the agreement, PetroChina would hold 51 percent of the complex's total stake, while Shell China and QP would get 24.5 percent each. The planned investment on the project was 80 billion yuan (11.71 billion U.S. dollars), and the complex would include an oil refinery with capacity of 20 million tonnes annually, an ethylene unit of 1.2 million tonnes per year and a 300,000-DWT crude oil wharf. (Xinhua)

WORLD EXPO RELATED NEWS-

Interns join Expo Cause-

The 2010 World Expo organizers recruited 130 interns from the city's university graduates to assist in operations for the event , on 10 August 09. They will begin to work in the Bureau of Shanghai World Expo Coordination from September to the end of the Expo in October next year. A three-week training program from the Expo organizer will include Expo general knowledge, Chinese and English writing, etiquette, group working, fire fighting and emergency aid. The organizer will recruit about 1,000 more interns at the end of the year to work in the Expo bureau, national pavilions or government institutions at the Expo site. Wages are about 576 RMB (US\$84.27) per month with the bureau paying other expenses. (Xinhua)

Interpretation Service Starts-

The interpretation hotline 960690 was launched by the Shanghai Committee of China Youth League on 5 August 2009. Locals can call the hotline to inquire about translation of daily talks in nine languages including Japanese, Spanish and French to help foreign visitor during next year's World Expo. Foreigners can also call the hotline for translation. The hotline runs from 7am to 10pm every day until the end of next year. (Shanghai Daily)

Shanghai to restore historic Bund buildings before World Expo-

Restoration of historic "Bund Origin" buildings, including the recently saved Shanghai Rowing Club, has started and is expected to be finished before the 2010 World Expo starts in May. The buildings will be also developed to improve their function. The former British Consulate, built in 1873, will be turned into a public place that can hold

major events and art exhibitions. A total of 18,000 square meters of insignificant buildings around the former consulate will be demolished to make a public park on the Bund.(Xinhua)

Supplying India's power plants

On the desk of MV Rabade, the chief representative for Indian power developer Adani Power Ltd in China, there are photographs of the company's power generation projects in India. Interestingly, all the workers featured in the photos are Chinese.

Currently, about 1,000 Chinese workers are working at different Adani power plants in India, Rabade said.

The company, which belongs to Indian tycoon Gautam Adani, is one of the first privately owned companies in India to enter the power sector.

So far, all main power equipment supplies, including boilers, turbines and generators, have been imported from China, Rabade said.

Chinese companies are building \$7 billion of power plant equipment for Adani Power and other customers in India, according to a recent report from the Financial Times.

Chinese manufacturers are processing orders from India for boilers, turbines and generators with a total capacity of 20,000 megawatts, the Financial Times reported, citing sources with Lloyd's Register.

Trade opportunities

There's huge demand from India and a huge supply available in China, creating enormous opportunities for trade, Swaminathan Krishnaswamy, a Lloyd's Register vice-president for India Chemicals and Power and Sino-India business development, said in the report.

The main Chinese suppliers to India include Shanghai Electric, Dongfang Electric and Harbin Electric.

Major Indian customers include industrial groups Reliance, Essar, KSK Industries, JSW Energy, Jindal Steel & Power and Adani Power.

In the past three years, Adani Power has signed agreements with its Chinese partners to import 14 sets of power generating units with a combined capacity of 7,920 megawatts, Rabade said.

The latest order was placed in July, when the company signed a letter of intent with Sichuan Machinery & Equipment Import and Export Co Ltd, or SCMEC, for two 660-megawatt units.

Rabade said other Chinese companies contributing to the 7,920 megawatts of capacity include the country's three main suppliers: Shanghai Electric, Dongfang Electric and Harbin Electric.

"We have chosen Chinese-made products for two primary reasons: short delivery times and cheap price," Rabade said.

Time and price

Compared with their Western counterparts, Chinese companies can deliver their products in much less time, and their price is always about 30 percent lower, Rabade said.

Adani Power in 2007 opened its first representative office in Beijing.

This year the company opened its second office in Chengdu, the capital of Sichuan province.

Rabade said he was optimistic about future deals with Chinese companies.

"India will see rapid development of its power industry in the next few years. It is a promising market," he said.

The Indian government's target for the five years ending 2012 is to build power plants with a capacity totaling 78,000 megawatts.

But because of the limited production capacity domestically, undoubtedly there will be more imports from China in the future.

Rabade said there are challenges in dealing with Chinese companies.

"Chinese companies always use their own standards, but we are using Western standards, so sometimes it is hard for us to understand theirs," he said.

Adani Power is focusing on thermal power, but the company also is considering the development of hydropower plants in India.

Rabade said the company is now in talks with firms in China to import hydropower equipment.

Many domestic companies have looked to the Indian market for business expansion.

SCMEC Chairman Yao Yunning told China Business Weekly that India accounts for nearly half of SCMEC's overseas markets.

This year the company has seen its first 330-megawatt power unit supplied to Adani Power begin operations.

Yao said SCMEC has sent more than 400 workers to India for power projects.

Source:China Daily