

### **Maintaining monetary policy top priority in Shanghai**

The Shanghai headquarters of People's Bank of China said on 29 July 2009 that it will stick to its relatively easy monetary policy in the second half to consolidate local economic growth. Keep boosting the stable and relatively fast growth of the economy will be the priority of financial macro-measures, which is in line with the central government's stance on the loose monetary policy to boost economy rebound. Banks in Shanghai extended new loans of 383.12 billion RMB in the first half, up 198.17 billion RMB from a year ago. The new credit has fueled the local economy which expanded 5.6 percent on an annual basis in the first half, up 2.5 percentage points compared with the rate in the first quarter. The growth, better than expected, was mainly bolstered by a quick advance in the services sector, particularly the financial industry. Meanwhile, the central bank will deepen financial cooperation in the Yangtze River Delta region when building Shanghai as a global financial hub. Shanghai joined hands with provinces of Jiangsu and Zhejiang in the first half to trim financial risks by signing a MoU. The central bank also takes improving financial services to prepare for the World Expo 2010 as one of the priorities on the second half agenda. (Shanghai Daily)

### **Shanghai's FDI growth higher than national average in first half of 2009**

Recently, Shanghai Municipal Government issued certificates to the sixteenth batch of Shanghai-based regional headquarters of multinational companies. In the first half of 2009, foreign companies established an additional 31 economic institutions' headquarters, of which 16 were regional headquarters of multinational companies, five were investment-oriented companies and 10 were research and development centers. To date, Shanghai is home to a total of 707 economic institutions' headquarters. Of them, 240 are regional headquarters of multinational companies, 183 are investment-oriented companies and 284 are research and development centers. In the first half of this year, Shanghai attracted 5.15 billion USD of foreign direct investment (FDI), an increase of 2.5 percent year-on-year. This growth rate is higher than the national average. In the first half, 75.8 percent of Shanghai's gross contractual FDI came from the service sector, with considerable FDI growth seen in the modern service industries like science and technology services and commercial services. By the end of this year, Shanghai will expand the coverage of its online foreign investment service system to include local districts and counties, and further transfer the power of reviewing and approving foreign investment projects under national regulations, such as mergers and acquisitions, to lower level government departments. (People's Daily)

### **City increases credit to small business**

Banks in Shanghai have increased loans to small businesses by 20 percent in the first half of this year as the lenders seek to diversify income channels. Commercial banks in the city lent 4.2 bn USD to small businesses in the first six months, accounting for 17.96 percent of the total new credit in the period. The local banking regulator said the growth in loans to small businesses was higher than the expansion of other types of credit, without giving detailed comparison. The manufacturing, wholesale, retail and construction industries received most of the loans in the small business sector. Banks in Shanghai are increasing credit support to the small business segment amid a higher interest margin and also on the government's call to boost the local economy lending to small enterprises. Lenders such as the Bank of Communications and Ping An Bank have set up small business centers to cater to the needs of small, and mostly private, businesses. Other banks, including the Bank of Shanghai and Shanghai Rural Commercial Bank, are also awaiting regulatory approval to set up small business centers. The local regulator also noted the risks the small businesses face as the economic rebound has still not been cemented. The small firms also

bear higher risks for banks which are reluctant to offer them credit as their credit-worthiness is difficult to assess due to the lack of credit records.

#### **Spring Airlines plans Shanghai float next year**

Shanghai based Spring Airlines is taking steps to boost its market share by expanding its fleet, launching more outbound flights and also looking at a public float next year. Spring Airlines' net profit soared to 41.17 million RMB in the first half of this year. Spring Airlines plan to increase the fleet strength to 100 planes from the current 13 by 2015, and most of them will be Airbus A320s. It has also received final approval from Civil Aviation Administration to run outbound flights within a five-hour voyage. Mr. Wang, a former Shanghai government official, in 1981, founded Shanghai's Spring Travelling Agency. Based on the agency's outstanding performance and abundant resources, Wang later floated the low-cost carrier Spring Airlines. (China Daily)

#### **IBM, iPark announce Pangoosky software launch**

On 28 July 09, IBM and the Wuxi National Software Park (iPark) jointly launched Pangoosky, an IBM-powered software service innovation incubation platform. The new software will mainly target China's small and medium-sized independent software vendors (ISVs). The platform was introduced at a ceremony held at iPark's Jiangsu Software Outsourcing Industry Park. Jiangsu hopes to build iPark into a "pioneering park of software outsourcing in China". Initiated by the local government, investment in the platform totals 27 million yuan (\$4 million). Twenty-one enterprises have signed incubation agreements so far, five of which already have incubated projects in operation. The system, developed in China, has also been put into use in the USA. IBM named the new software after the Chinese legend Pangu, slightly changing the spelling. IBM will hold an equity stake in iPark in the future but details are subject to further talks. IBM says Pangoosky can help ISVs transform from software developers to software service providers faster and with lower costs than would otherwise be possible. The park's software output grew by more than 80 percent for four straight years to reach 21.2 billion yuan in 2008. It has set a target of topping 40 billion yuan this year (China Daily)

#### **Chile launches business platform to boost food exports to China**

The Chilean government has launched a business platform to promote food exports to China. The project would be co-financed with capital of 1.4 million U.S. dollars, with 60 percent of the money coming from the public sector. The platform, called FoodLinks, will be based in Shanghai. A commercial office will open here in September to help Chilean food exports adapt to the Chinese market. The platform will focus first on medium and big companies specializing in meat, sea products and wine processing. (Xinhua)

#### **EXPO RELATED NEWS-**

##### **Model of US pavilion at Shanghai Expo unveiled in US**

On 27 July 2009 four co-chairs of the ongoing China-US Strategic and Economic Dialogue (S&ED); Chinese Vice Premier Wang Qishan, State Councilor Dai Bingguo, US Secretary of State Hillary Clinton and Treasury Secretary Timothy Geithner unveiled a model of the US pavilion at the 2010 Shanghai World Expo. at the US State Department. (Xinhua)

##### **3G network to cover Expo 2010 Shanghai**

Nearly 3,000 new 3G base stations will be set up in Shanghai this year to form a citywide network. A "Handheld Expo 2010 Shanghai" project is also being carried out. Under China Mobile's plan, the Expo 2010 Shanghai Park will have 100 percent seamless TD network coverage. The first 4G network and its testing area will be also built in the park. Another first for the Expo will be the use of "cell phone tickets". Under this, cell phone ticket users will be allowed entry, pay for shopping and meals in the Expo area by using their phones. (People's Daily)

##### **Expo Metro tunnels completed**

The tunneling for the exclusive Expo Metro line was completed on 30 July 2009. 196 million US Dollars have been spent on the 5-kilometer line. The tunneling work started in January. The tunnels got as close as 7 meters to old residential buildings but no damage to the houses had been reported. (Xinhua)

