

Round up of Economic and Commercial Developments in East China

(23-29 August 2009)

Culture industry, Shanghai's new economic drive

Shanghai's gross output of cultural industry amounted to 330.48 billion yuan in 2008, up by 14.1%, according to Shanghai municipal government. While gaining momentum, Shanghai's cultural industry achieved an added-value of 78.011 billion yuan, increasing by 11% last year. It accounted for 5.7% of local gross output and contributed 6.5% of Shanghai's economic growth. The new industry also helped to reduce employment pressure. In 2008, nearly 570 thousand people worked in cultural industry in Shanghai. Last year, Shanghai had 5.72 billion U.S. dollars as a favorable Balance of trade relating to the cultural industry. The total volume of import and export reached 15.60 billion U.S. dollars, of which 4.94 U.S. dollars was import, 10.66 billion U.S. dollars was export. Earlier on July 22 this year, the Chinese government adopted a plan to promote the country's cultural industry, which encourages more efforts to be put to develop key sectors such as cultural innovation, film production, publication, advertisement, entertainment, exhibition, digital content and animation. Now, Shanghai is making policies to further promote the cultural industry in trans-regional and trans-industry developmental pattern. (*People's Daily*)

BP divests Ningbo LPG assets

British oil major BP has sold its LPG assets in the port city of Ningbo to a local trader Oriental Petroleum (Yangtze) Ltd, the latest move by the oil giant to slim its LPG business in China. Ningbo BP LPG Co operates a 500,000 cubic meters LPG terminal on Daxie Island, Ningbo. The terminal, the largest in China, has two refrigerated caves each with a capacity of 250,000 cubic meters and a dock capable of berthing 50,000 dwt vessels.

Even though BP said the deal will not affect its commitment on China's LPG market, The Ningbo deal has come on the heels of another BP asset sale. Last month BP signed a conditional agreement with the Hong Kong-based Friendly Energy to divest its refrigerated tanks and some related facilities in BP's LPG terminal in Suzhou, Jiangsu. The Suzhou LPG terminal has a capacity of a 68,000 cu m and consists of two refrigerated storage tanks both with a capacity of 31,000 cu m and six pressurized storage tanks with a capacity of 1,000 cu m. (*China Daily*)

Xinhua, China Telecom launch TV news channel in Shanghai

Xinhua News Agency and China Telecom, on 28 August launched a Xinhua TV News channel through the high-speed third-generation network (3G) in Shanghai. Subscribers in Shanghai can get multimedia news services of Xinhua with their "e surfing" cell phones provided by China Telecom. Xinhua will provide China Telecom Shanghai Branch with exclusive news about the Shanghai Expo, analysis reports and various news items, while the latter will offer telecommunications services, according to the deal.(Xinhua)

Chinese cable TV operator wins broadband license

Jiangsu Cable, China's largest pay TV operator, has won the right to provide telecom services. Jiangsu Cable operator has the right to deliver broadband access and other "value-added telecom services" but cannot provide voice or other data services. Right now, "Three-network integration" between the telecom, cable and internet sectors does not exist, despite official prodding from the highest levels. China's State Council last year issued a call for broadcasters to provide value-added telecom services and telecom operators to construct digital TV access networks.

More than 20 Chinese cable operators have ISP licenses, yet very few of these deliver commercial broadband and those that do are mostly niche players. James Fu, an independent telecom analyst, said the competitive environment in telecoms was extremely hostile to newcomers. However, consolidation of cable operators is underway. Jiangsu Cable was founded just a year ago through the merger of ten city-level cable players and has approximately 10.66 million subs, the largest of any Chinese cable operator. Analysts have said that telecom operators will call for more leeway to penetrate into the broadcasting market when such consolidation nears completion. (Asia Telecom)

HSBC enters China's life insurance market

HSBC Life Insurance Company Limited, a joint venture set up by HSBC and the Beijing-based National Trust, opened for business in Shanghai on 27 August. The joint venture, headquartered in Shanghai, has registered capital of 500 million yuan (\$73.2 million). HSBC and the National Trust each hold a 50 percent stake. The company will focus on the sector of China's population that has rapidly-growing discretionary income and will offer life, pension and medical insurance products. HSBC also holds 16.78 percent of Ping An Insurance (Group) Co of China. (Xinhua)

Baosteel may buy 15% stake in Aquila

Baosteel's plans to buy a minor stake in an Australian iron ore miner Aquila. The company had earlier said it plans to invest \$240 million to purchase a 15 percent stake in Aquila Resources, to develop its iron ore, coal and manganese projects. The deal will enable Baosteel to further diversify the importing channels of raw materials, but it won't change the overall landscape of the iron ore trade and Baosteel still needs to rely heavily on the "Big Three" iron ore miners, Australia's Rio Tinto, BHP Billiton and Brazil's Vale, for iron ore imports, according to experts. The deal, however, would raise the bargaining power of Baosteel in negotiating with these companies on the final price. (China Daily)

A-Power Energy Generation Systems Ltd. Forms JVs with Jiangsu Miracle Logistics System Engineering Co.

A-Power Energy Generation Systems Ltd., a leading provider of distributed power generation ("DG") systems in China and a manufacturer of wind turbines has announced that it will form two JVs with Jiangsu Miracle Logistics System Engineering Co. Ltd. The JVs will mainly engage in manufacturing and sales of key wind turbine components in China. A-Power will invest \$1.5 million in cash for 51% of the JV, and the rest. In second JV, A-Power will invest \$359,000 in cash for 49% of the JV. (PR Newswire)

LDK Solar agrees to develop solar power projects for China's Yancheng City

LDK Solar Co. said on 26 August 2009 that it formed an agreement with Yancheng City in Jiangsu Province to develop several photovoltaic power projects, including ground-power stations and roof and building integration systems. The solar cell wafer maker, which is based in Jiangxi Province, said the projects will total up to 500 megawatts over the next five years. (AP)

Siemens buys two Chinese metal companies

Siemens AG bought majority stakes in two small Chinese metal companies based in Hangzhou on 27 August. One is Yangtze Delta Manufacturing, a metalworking company, and the other is aluminum foundry GIS Steel & Aluminum Products. Siemens made these two acquisitions to expand its global production network for high-voltage circuit breakers in China and its foundry capabilities from machining through final product assembly, according to the local media reports, as China is now the world's largest market for power transmission equipment. (Xinhua)

SAIC net income dips 26%

SAIC Motor Corp, China's largest domestic automaker, said first-half profit fell 26

percent after 1.18 billion yuan (\$173 million) of write-offs eroded gains from surging sales of General Motors Co and Volkswagen AG cars. Net income declined to 1.45 billion yuan from 1.97 billion yuan. Sales rose 6.9 percent to 61.6 billion yuan. The automaker booked write-offs after Korean unit Ssangyong Motor Co entered receivership on tumbling sales of sport-utility vehicles. The loss eroded the benefit of a 24 percent surge in vehicles sales caused by Chinese tax cuts, government subsidies and economic growth. (China Daily)

Nanjing tunnel joined

Workers completed the connection of a six-lane traffic tunnel under the Yangtze River in Nanjing, Jiangsu Province on 28 August .It is the third traffic tunnel built under the Yangtze. The 3.3-billion-yuan (US\$483 million), 6,042-meter-long tunnel is expected to open in June next year. Cars will be able to travel at up to 80 kilometers an hour in the tunnel and traffic flow will be double the capacity of the Nanjing Yangtze River Bridge. Another tunnel in Shanghai was built last September and is expected to be ready for traffic at the end of the year in time for 2010 World Expo.(Shanghai daily)

Opinions divided over Party's training of private tycoons' successors

A program to train the successors of major private business tycoons in Jiangsu Province has sparked debate on whether it was an abuse of government resources. The program is designed to equip 1,000 potential leaders of private businesses with management ability and entrepreneurial virtues& strengthen their loyalty to the country. Half of them are successors of major family-owned companies, said a spokesman with the Jiangsu Provincial Committee of the CPC, which initiated the training. Start-up of the training program has drawn wider public concerns especially over the government's interference in the operation of private businesses. 80% of China's more than 6.8 million private businesses are family-owned.. The number of private companies in Jiangsu has accounted for 12.4 percent of the total, ranked first in the eight years up to 2008. Most private businesses in Jiangsu were transformed from state-owned enterprises. According to a survey on 250 major and 100 fast-growing private businesses, 85.4 percent of the offspring and relatives of the owners were willing to participate in the training program. (Xinhua)

Financial crisis weighs heavily on Shanghai female workers

Most female workers in the city suffer from anxiety connected to the global financial crisis, according to a recent survey. The majority of the 1,173 female respondents from 108 city businesses said they had worried in the past three months because of the crisis. Many said they had more pressure than their male co-workers. Female workers in the electronics, garment and food industries suffered most, with 80.3, 71.9 and 52.3 percent worrying about their jobs.(Shanghai Daily)

EXPO RELATED NEWS-

China to hold biggest maritime rescue drill for World Expo

China's maritime rescue services will stage their biggest ever rescue drill in the East China Sea next month, an official with Zhejiang Provincial Maritime Bureau said on 24 August. The drill, jointly held by the Ministry of Transport and east China's Zhejiang Province, will involve 35 ships, three aircraft and more than 1,000 personnel. No exact timetable was given. The 90-minute exercise would simulate a collision between a passenger ship and a cargo vessel loaded with chemicals, and a fire on the passenger ship and a benzene leak. Rescuers would search for people in the water, put out the fire and evacuate 16,000 people living along the coast.(Xinhua)

X-Ray vision: beef-up for rail security

On 26 August, 2 X-ray scanners were put into use at the Metro Line 1's Shanghai Railway Station in a pilot test to beef up security for 2010 World Expo. About 30 such devices and 90 portable detectors will be put into use for the city's 280 Metro stations

and 5,000 more cameras will be installed. Metro security guards and volunteers are now carrying out spot checks at some stations using portable detectors. This year, more than 2,000 people have been found carrying dangerous goods and 7,500-plus banned goods have been seized, according to Metro police. People carrying banned items face up to 15 days' detention and other penalties.

Malaysia tees off for Expo success

Construction began yesterday on the Malaysia Pavilion for the 2010 Shanghai World Expo where there will be something for golfers, lucky draws and a focus on social harmony. The 3,000-square-meter pavilion will be like a traditional and high Malaysian hut. The facade of the pavilion will be made from a combination of palm oil and plastic, which will be recycled for other constructions after Expo. The country will showcase its natural landscape and the solidarity of its different ethnic groups with the theme "One Malaysia -- City Harmonious Living." (Shanghai Daily)

Bosnia And Herzegovina Pavilion

The Shanghai Expo organizer on 27 August handed over a rented pavilion to Bosnia and Herzegovina for its 2010 World Expo showcase. The 1,000-square-meter pavilion will highlight the culture and history of the country on a ramp. The European nation's theme is "Whole Country-One City." (Shanghai Daily)

With warm regards.

Ninad S Deshpande
Consul (Commercial & Consular)
Consulate General of India
1008, Shanghai International Trade Center
2201, Yan An West Road, Shanghai
Ph: 0086-21-6219 9234
Fax: 0086-21-6275 8881
E-mail: ccom@indianconsulate.org.cn
Website: <http://www.indianconsulate.org.cn>