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National report

Political front

- Chinese leaders celebrate New Year with political advisors (1st January)

Chinese President Hu Jintao, along with other leaders, celebrated the New Year with political advisors Friday morning in Beijing, where he delivered an important speech.

Hu and Wu Bangguo, Wen Jiabao, Jia Qinglin, Li Changchun, Xi Jinping, Li Keqiang, He Guoqiang and Zhou Yongkang, all members of the Standing Committee of the Political Bureau of the Communist Party of China (CPC) Central Committee, attended the tea party held by the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

The party was presided over by Jia, chairman of the CPPCC National Committee.

The leaders were joined by members of the central committees of non-Communist parties, senior members of the All-China Federation of Industry and Commerce, personages without party affiliation, officials of the central government and representatives from all walks of life and all ethnic groups in Beijing.

- Chinese President Hu Jintao delivers New Year address (31st December)

Chinese President Hu Jintao urged maintaining steady and relatively fast economic development in a New Year address broadcast Thursday to domestic and overseas audience via state TV and radio stations.

He said in 2009, in the face of global financial crisis, Chinese people of all ethnic groups united together and firmly adhered to maintaining steady and relatively fast economic development as the primary task in economic work.

"People's life continued to improve and the society was kept harmonious and stable," said Hu in the address, titled "Jointly Create A Beautiful Future of World Peace and Development," broadcast by China Radio International, China Central Television, and China National Radio.

Hu said that the year 2010 is the last year of the country's 11th Five-Year Plan period and the country will continue to implement a proactive fiscal policy and a moderately easy monetary policy.

Hu added that the country will stick to the guidelines of "one country, two systems", "Hong Kong people governing Hong Kong", "Macao people governing Macao" and a high degree of autonomy to maintain long-term prosperity and stability of Hong Kong and Macao.

He said the policy of "peaceful reunification and one country, two systems" will be adhered to and exchanges and cooperation across the Taiwan Strait will be enhanced to bring more benefits to people on both sides.

"I'd like to solemnly reiterate that China will hold high the flag of peace, development and cooperation and firmly adhere to the foreign policy of maintaining world peace and promoting common development," Hu said.

He said China will develop friendly cooperation with all other countries on the basis of the five principles of co-existence and continue to actively participate in international cooperation on issues such as coping with the international financial crisis and climate change.

"We will work with people of all countries to jointly promote the construction of a harmonious world of lasting peace and common prosperity," said Hu.

He said at this moment, there are still people in the world who are suffering from war, poverty, disease and natural calamities. The Chinese people are deeply sympathetic and will continue to do all they can to help them.

An article by Hu on Party building in a new situation will be published in Qiu Shi (Seeking Truth), an official magazine of the Communist Party of China Central Committee, on Jan. 1, 2010.

- Senior Chinese leader urges nurturing high quality grassroots Party officials (31st December)

Chinese Vice President Xi Jinping Thursday urged improving the quality of Party officials at grassroots level.

Xi, who is also a member of the Standing Committee of the Political Bureau of the Communist Party of China Central Committee, made the remarks here while meeting with Wang Boxiang, former secretary of a county committee of the CPC, whom Xi described as the model of such officials in the new period.

Wang, born in 1943, has been a local official for more than 30 years and won praises for keeping a just and thrifty working style.

From 1986 to 1991, he was Secretary of the Shouguang County Committee of the CPC in east China's Shandong Province. He led local people to promote greenhouse vegetable production, develop alkaline soil, and launch industrial projects, which greatly boosted local economic growth and solved the imbalance of development between north and south of the county.

Xi said Wang helped build a solid material foundation for the county's development and won acclaim from both local officials and people with his hard work and uncorrupted behaviors.

Xi called upon other Party members and officials to learn from Wang and seek benefits for people while at the same time maintain a clean style in life and work.

- Mainland official expresses new hope for cross-Strait relations (31st December)

Chinese mainland's Taiwan affairs official Wang Yi expressed the hope that compatriots across the Taiwan Strait will promote mutual trust and strengthen cooperation in 2010 in an article to be published in the "Relations Across Taiwan Straits" magazine.

"In the upcoming year 2010, cross-Strait relations face new hopes for development. Compatriots across the Strait should strengthen confidence, get ride of obstacles and strengthen cooperation in order to create a new situation," said Wang, director of both the CPC Central Committee's Taiwan Work Office and the Taiwan Affairs Office of the State Council, in the article.

Wang said cross-Strait relations developed in a stable and all round manner in 2009. It has increasingly become the mainstream public opinion in Taiwan and the mutual understanding of people across the Strait to support more exchanges and cooperation and look forward to peaceful development of cross-Strait relations.

Amid the global financial crisis, the mainland issued a series of policies to help relieve the economic difficulties of the island. And people from all walks of life in the mainland lent their hands to Taiwan compatriots when Typhoon Morakot hit the island, said the article.

Wang said compatriots across the Strait are also expected to broaden cultural exchanges and deepen feelings.

- A miserable year for corrupt officials in China (30th December)

At least 15 governor and ministerial-level officials, a record high in 30 years, have been brought down this year, many for allegedly trading their power for money in the country's economic boom, driven by mammoth investment in infrastructure construction and the real estate industry.

"We must be sober enough to see that the anti-corruption work still faces new problems, and the situation is still serious," an anti-corruption meeting of the Political Bureau, chaired by President Hu Jintao, announced Tuesday, according to the Xinhua News Agency.

A stepped-up anti-corruption campaign since the fourth plenary session of the 17th national Communist Party of China Committee in October has spread to the land sector.

Wang Wei, a member of the communist party's Central Commission for Discipline Inspection (CCDI), said last Thursday that supervision bodies nationwide gave special attention this year to real estate development, land management, engineering construction and the financial sector.

The latest case involves Cai Zhiqiang, former head of the Putuo District of Shanghai, who was officially arrested last Thursday on charges of taking "huge amounts" in bribes, although the exact figure was not disclosed.

While he served as the district head, he was also in charge of land use, bidding, auctions and listings, according to the Shanghai-based Xinmin Evening News.

Putuo district is a new hotspot for land development, with "China's most expensive land" in September, when a square meter sold for 22,400 yuan (\$3,290).

Kang Huijun, 52, a former senior official of Shanghai's Pudong New Area, was given a life sentence in February for accepting bribes of 5.9 million yuan and for his role in illicit property deals.

In the same month, Jiang Yong, the former director of Chongqing Planning Bureau, was sentenced to death with a two-year reprieve for accepting bribes of 18.7 million yuan over five years from developers, along with his mistress, after he promised to aid them in their application for projects.

A two-year investigation found 10 other officials above the provincial-department-level involved in the same case.

"It often went like this, when a series of construction projects were wrapped up, a number of officials would fall," Lin Zhe, an expert on anti-corruption at the CPC Party School, told the Global Times.

Land has become an increasingly rare resource held by the government. As long as real estate prices kept soaring, some officials failed to resist the lure of huge profits shared with the developers, she said.

Corruption has not just been seen within the real estate industry. Some officials were also found to be colluding with businessmen in other areas.

http://news.xinhuanet.com/english/2009-12/30/content_12727749.htm

- Senior Chinese police official dismissed from party, office for alleged corruption (31st January)

A senior official with the Ministry of Public Security has been dismissed from the Communist Party of China (CPC) and his public office for "severe violations of discipline and laws," the CPC's disciplinary department said Thursday.

Zheng Shaodong, former assistant minister of public security, has been under investigation for alleged "severe violations against discipline and laws," according to the CPC's Central Commission for Discipline Inspection (CCDI), the party's internal anti-graft body.

The CPC Central Committee approved the penalties according to the CPC's inner-party supervisory disciplinary regulations and the country's Law on Public Servants, the CCDI said in a press release.

Zheng was found using his position to promote the interests of other people in return for a "large sum" of bribes. His relatives also accepted a "large sum" of money, it said, without giving the exact figure.

His illegal gains would be confiscated and his case has been referred for prosecution, it said.

- China's top political advisor calls for further promoting peaceful development between mainland, Taiwan (30th December)

China's top political advisor Jia Qinglin Wednesday called for continuous efforts to push forward peaceful development of relations between the Chinese mainland and Taiwan.

Now is an important historical opportunity to further push forward peaceful development of relations across the Taiwan Strait, said Jia Qinglin, member of the Standing Committee of the Communist Party of China (CPC) Central Committee Political Bureau at a symposium held in Beijing.

Jia, also chairman of the National Committee of the Chinese People's Political Consultative Conference, urged relevant parties to continue to carry out the six proposals on the promotion of peaceful development of cross-Strait relations offered by General Secretary of the CPC Central Committee Hu Jintao on Dec. 31, 2008.

Hu offered the proposals in a speech to commemorate the 30th anniversary of the mainland's "Message to Compatriots in Taiwan".

The Standing Committee of the National People's Congress (NPC) issued the "Message to Compatriots in Taiwan," which was published as a headline article in the People's Daily, on Jan. 1, 1979. It appealed for an end to hostile confrontation and tension across the Taiwan Straits.

Wang Yi, director of both the CPC Central Committee's Taiwan Work Office and the Taiwan Affairs Office of the State Council, said at the same symposium that "cross-Strait relations have embarked on the track of peaceful development in the past year based on historic transition already made."

Jia said that "as seen from the significant and positive changes in cross-Strait ties, peaceful development of cross-Strait relations accords with the common aspirations of compatriots on the two sides and has brought concrete benefits to them."

Jia called on the two sides to ceaselessly consolidate the political, material, cultural and social foundations for development of cross-Strait ties and continuously enhance integration of economy, culture, society and the people's thoughts.

The two sides should stick to the spirit of "building mutual trust, laying aside dispute, seeking consensus and shelving difference, and creating a win-win situation" to maintain sound exchanges, expand consensus and remove obstacles, he said.

The two sides should push forward development of cross-Strait relations and the process of cross-Strait consultations by continuing the progressive method of tackling easy things first, difficult things later; and economic affairs first, political affairs later, he said.

He said the mainland would do more good things for Taiwan compatriots so that more of them could enjoy the benefits of peaceful development of cross-Strait relations.

Jia said relevant parties should encourage more compatriots to take part in the cause of promoting peaceful development of cross-Strait relations and work for the well-being of people on both sides.

http://news.xinhuanet.com/english/2009-12/30/content_12731741.htm

- Chinese officials told to keep thrifty style during holidays (29th December)

China's top discipline authorities on Tuesday released a circular, urging Party members and government officials to stick to a clean and thrifty life and work style during the New Year holidays.

According to the circular issued by the Communist Party of China (CPC) Central Commission for Discipline Inspection (CCDI) and the Ministry of Supervision, various luxurious and lavish behaviors are "strictly forbidden", and public money and other

resources should be used to promote the economic development and improve people's livelihood.

The circular urged party members and government officials to set an example by following the central government's policies of administrative spending control, arrange holiday activities in a thrifty way and avoid any celebrations which have no particular reasons.

Officials and party members were also warned against using public money to send gifts, have banquets or travel.

http://news.xinhuanet.com/english/2009-12/29/content_12723753.htm

- Senior Chinese leaders call for greater anti-graft effort in 2010 (29th December)
Senior Chinese leaders met in Beijing Tuesday to discuss China's anti-corruption drive in 2009, and to plan next year's battle against graft.

The meeting, attended by members of the Political Bureau of the Communist Party of China (CPC) Central Committee, heard a report by the Central Commission for Discipline Inspection (CCDI).

Although obvious achievements had been made in the anti-corruption drive this year, the situation was still grim with many new problems, said a statement issued after the meeting presided over by Hu Jintao, General Secretary of the CPC Central Committee.

"Members of the CPC should realize that the campaign against corruption will be long-term, complex and hard," read the statement, which called for greater and constant efforts to build a clean government.

The statement said Party committees, government departments and discipline inspection authorities should combine punishment and prevention, with emphasis on the latter.

They should resolutely investigate and deal with corruption and severely punish those involved, and should devise new ways to improve education and supervision and reform the system to prevent graft more effectively.

"Clean conduct of CPC cadres is key to strengthening of the Party's governance capability, ...and should be promoted by strengthened education and an improved anti-graft system, by self-discipline together with supervision by others," the statement said.

The CCDI would convene a plenary session in January, the statement said.

http://news.xinhuanet.com/english/2009-12/29/content_12723488.htm

- Chinese government pledges to facilitate foreign news reporting (29th December)
The Chinese government Tuesday vowed to facilitate foreign journalists' work in China, but called on them to obey Chinese laws when covering breaking news.

"We will stick to opening-up policies and continue serving domestic and foreign journalists. This principle has never changed," said Wang Chen, director of the Information Office of the State Council, at a press conference.

Wang cited the emergencies this year such as the outbreak of A/H1N1 flu and July 5 riot in Urumqi, as instances in which the government provided information promptly, held regular press conferences and organized reporters to cover the news on site.

But he admitted the authorities faced a new challenge to balance news reporting and maintaining law and order on the ground at accidents or incidents.

"We still need to figure out how to facilitate reporters' work while enabling law enforcement departments to maintain order," he said.

Wang hoped that foreign journalists would abide by Chinese laws and temporary regulations imposed by the authorities when covering breaking news.

"Such measures are taken not only to resolve incidents effectively, but also to protect journalists."

In October last year, China issued new rules on reporting activities by foreign correspondents, lifting several restrictions.

Under the rules, foreign reporters are allowed to conduct interviews without applications to foreign affairs departments and resident reporters need not to renew their press cards annually.

Wang said the establishment of a spokesperson system for the Communist Party of China (CPC) committees would be a major task next year.

"We'll push forward the spokesperson system in departments of the CPC central committee and provincial-level CPC committees" to enable them to release information on CPC affairs by holding press conferences and providing interview opportunities, he said.

The CPC central committee first explicitly proposed to set up the system in a decision endorsed by the Fourth Plenary Session of the 17th CPC Central Committee held in September, said Wang.

So far, the CPC Central Commission for Discipline Inspection, the CPC central committee's Organization Department, the United Front Work Department, the International Department, the Party History Research Center, the Party Literature Research Center, the Taiwan Work Office, and the Central Archives had already set up the system, said Wang.

The government also worked to improve transparency in the past year, Wang said.

According to the State Council, the central and provincial government departments held 1,646 press conferences this year as of Tuesday, 59 more than last year's figure.

The office also announced a list of contact numbers of spokespeople of 74 central government departments, the Supreme People's Court, the Supreme People's Procuratorate and 31 provincial and autonomous region governments.

http://news.xinhuanet.com/english/2009-12/29/content_12722927.htm

- Chinese Premier asks auditors to keep a close eye on public funds (28th December)
Chinese Premier Wen Jiabao Monday asked auditors to keep a close eye on public investment projects to help avoid embezzlement and waste of public funds.

Jerry-built projects and vanity projects should be strictly forbidden with the help of closer follow-up scrutiny of public funds, said the premier in a meeting with participants at a national auditing conference.

The National Audit Office (NAO) statistics showed that altogether 234.7 billion yuan (34.51 billion U.S. dollars) of public funds have been misappropriated and 16.3 billion yuan wasted during the first 11 months this year.

Wen urged auditors to strengthen budget enforcement auditing in order to guarantee an open and transparent fiscal budget for governments at all levels.

The premier said that auditing should shoulder the responsibility of safeguarding the country's economic security by detecting possible risks in economic operations. As for now, special attention should be paid to fiscal and financial risks, he said.

He also called for giving full play to the role of auditing in the fight against corruption and severely cracking down on corruption.

China carried out audit among more than 20,000 government officials including provincial level cadres and bosses of large state-owned enterprises this year. Cases involving 67 senior officials and 164 others were handed over to judicial authorities, said the NAO.

http://news.xinhuanet.com/english/2009-12/28/content_12719346.htm

- Premier reveals personal stories behind major policy changes (27th December)
Tales are usually told as entertainment, but sometimes they act as catalysts for change. In China, the world's third largest economy, story tales have led to national policy changes.

During his first one-on-one interview with Xinhua News Agency on Sunday, Chinese Premier Wen Jiabao told several personal stories that helped his cabinet formulate the country's policies to tackle the global financial crisis and other issues.

PIG RAISER'S WISH

"Whenever reminded of migrant workers, I have an unspeakable feeling," Wen said, recalling a recent letter from Xiong Deming, a 48-year-old ordinary female farmer he encountered back to late 2003.

Xiong Deming was returning from a day tending cabbage patch, her hands caked with soil, when she learned Wen was visiting her village, one stop of Wen's inspection to the southwestern Chongqing Municipality.

Xiong rushed to her neighbor's courtyard and approached Premier for help to recover money owed to her husband by a construction company. Six hours after Wen left, Xiong was handed by local officials the long overdue wage -- 2,300 yuan (about 336.7 U.S. dollars) in cash.

In her recent letter, Xiong told Premier she now raised 278 pigs. Wen said: "Xiong said her wish was that all Chinese people can have quality pork to eat."

Rather than addressing specific problems like wage recovery, Wen said he is more focused on studying deep-rooted problems to improve the livelihood of around 200 million migrant workers throughout China, including Xiong's husband.

He said China would steadily reform its decades-long household registration system, in a bid to ensure migrant workers have the same rights as city dwellers.

Wen also introduced the pilot program of rural pension insurance. "Farmers aged over 60 could get 55 yuan a month. It is not a big sum, but it begins a new era."

NETIZEN'S COMPLAINT

Internet is sometimes a tool for Chinese netizens to vent grumbles, which Premier Wen said he was quite aware of.

"I know netizens are concerned about the housing price," Wen responded to a netizen Deep White's question of how home price could increase by 1,000 yuan per square meter in a month.

"When surfing the internet every day, I read netizens' comments on the issue, including some harsh criticisms," Wen said.

As the country's real estate market recovers, housing prices in some cities are soaring, which the central government are highly concerned, Wen admitted.

According to the National Bureau of Statistics, housing prices in 70 major Chinese cities rose 5.7 percent year-on-year in November, continuing an escalation which has triggered new concerns over property speculation in the country.

It should take both government policies and market regulation to promote the healthy development of real estate market, Wen said.

The government would enhance the construction of affordable houses and speed up renovation of "shanty towns" by providing financial support and favorable policies, he said.

The government would also crack down on property developers, who seized land without developing it, hoarded houses and jacked up prices, the premier promised.

INTERNET OF THINGS

Internet has not been new to Premier Wen, but Internet of Things was.

"This concept first came to my mind when I talked with a group of young researchers who returned to China after their overseas studies," Wen said, referring to those he met during his inspection tour to east China's Jiangsu Province in November.

"I learned Internet of Things is a network that can be applied to infrastructure and services. The program will have a rosy prospect," Wen said.

According to Internet of Things, when objects ranging from books to airplanes are equipped with minuscule identifying devices, they can be identified and managed through computer networks.

Internet of Things was one example Premier Wen cited while outlining the country's initiatives to foster new growth areas, especially in emerging strategic industries.

Wen said financial crisis in history always brought about technological revolution. "The key to conquer the global economic crisis lies in people's wisdom and the power of science and technology," he said.

Wen did not elaborate on "emerging strategic industries" but said that the country should continue to give full play to its advantage in the manufacturing sector, while strive to develop important areas related to environment and people's living.

Efforts should be made to develop Internet, green economy, low-carbon economy, environment protection technology and biomedicine, he said.

MESSAGE FROM TEXTILE MILL

Walking through lines of humming machines, Premier Wen could not figure out the real performance of the textile factory in eastern city of Wuxi in July last year.

He then decided to have a face-to-face talk with the factory owner in his office.

"Premier Wen, do you want to hear the truth or just some usual courtesy words?" the factory head asked.

"I want the truth," Wen said, only to find the mill was falling victim to the global financial crisis.

In another inspection tour to Dongguan, a manufacturing base in south China, in November last year, Premier Wen was shocked to find that one of China's biggest container manufacturer did not have even one order.

Tours to these factories sent one common message: the global financial crisis had started to take its toll on China's export-oriented businesses in the coastal areas, Wen said.

"After the investigations, the government changed the pre-set economic policies in the second half of last year: we lowered the reserve ratio and interest rate, and raise export rebate rate," the premier said.

36 INSPECTION TOURS TO 20 PROVINCES

Since June 2008, Wen had made 36 inspection tours to more than 20 provinces, autonomous regions and municipalities (out of the 31 total on the Chinese mainland).

"I went there to mainly do three things: send the message of confidence, learn about the real situation, and search for policy solutions," Wen said.

Based on the inspection tours and investigations, the central government subsequently unveiled a string of measures to help the economy counter global financial crisis, including the 4-trillion-yuan (585.6 billion U.S. dollars) economic stimulus package, support plans for 10 key industries and subsidizing home appliances program in rural areas.

These measures, along with improvements in global economy, helped the world's third largest economy approach its pre-crisis growth level.

China's gross domestic product (GDP) grew 8.9 percent year on year in the third quarter, accelerating from 7.9 percent in the second quarter and 6.1 percent in the first. In the third quarter of last year, the GDP was up 9 percent from a year earlier.

Despite the bumpy road ahead, "China has a great deal of hope in its future," Wen said when asked to give his New Year message to all the Chinese people.

- State Council releases annual legislation review (27th December)

The State Council, China's cabinet, released a review of its legislative work in 2009 on Sunday, which gave a brief account of the role legislation has played in helping people improve their livelihoods and develop society generally.

The State Council tabled five bills for deliberation by the Standing Committee of China's top legislature and formulated 22 administrative regulations in 2009.

To safeguard people's safety and promote fitness campaign, the State Council has mapped out regulations for the implementation of China's food safety law, migrant population family planning, national fitness and lottery management, it said.

To promote legislation regarding environment protectional, energy-saving and reduction of greenhouse gas emissions, the State Council formulated regulations on recycling discarded home appliances and electronic devices, regulations on prevention of marine pollution from ships as well as safe transportation and monitoring of radioactive objects.

The State Council also submitted laws to the NPC Standing Committee to advance the development of relevant sectors. Among them were draft laws regarding diplomatic personnel, the people's armed police force, a draft revision to the Law on Guarding State Secrets, and a draft revision of China's Organic Law of Villagers' Committees.

To encourage public participation in lawmaking and improve the quality of laws, the Legislative Affairs Office of the State Council sought public submissions on 22 draft administrative regulations.

Among those laws and regulations, the draft regulation for the implementation of the Food Safety Law has attracted more than 10,000 public submissions.

The State Council has cancelled or standardized administrative charges and helped cut the expenses of enterprises amid the global economic downturn, said the review.

The State Council attached great importance to strengthening and improving macro-control policies and established legislative programs to facilitate economic development, it said.

To ensure the safety of transportation of natural resources, the State Council submitted a draft law on the protection of China's pipelines for oil and natural gas; it also formulated a regulation on the management of civil airport to standardize the construction and management of such projects.

Through enhanced supervision on administrative power, stepped-up efforts on settling administrative disputes and standardized enforcement of administrative law, the State Council helped maintain social harmony and stability, according to the review.

More than 33 percent of the cases involving administrative review were rectified, it said.

In a bid to provide guidance for local government, the office has mapped out a five-year plan on the construction of a government information network, which it says will offer strong technological support and information service for government legislative work.

More efforts have been made in studying theories and upgrading its international cooperation, said the review. In one case, for example, the office held a seminar on pension laws with German Federal Ministry of Justice from April 27 to 28 this year.

- China has hope, despite bumpy road ahead (27th December)

Premier Wen Jiabao Sunday urged the Chinese people remain aware of possible hardships and crises in the upcoming year and to work hard for a more promising future.

Wen told Xinhua in an exclusive interview that the way ahead for the Chinese people would be "a bumpy road," but the nation had made transparent achievements in tackling the global economic downturn.

"The Chinese people have gone through so many disasters. And one eminent tradition of our nationality is to be independent and indomitable without fear," he said.

Wen said perseverance would lead to success and hoped all Chinese would make persistent efforts under the leadership of the Community Party of China and the central government.

"China has a great deal of hope in its future," he said when asked to give his New Year message to all Chinese.

- Public invited to comment on draft revision of Organic Law of Villagers' Committees (27th December)

The public are invited to comment on the draft revision of the Organic Law of the Villagers' Committee published on the National People's Congress (NPC) website, www.npc.gov.cn.

They can either submit their comments by logging onto the website or mail them to the Commission of Legislative Affairs of the NPC Standing Committee.

The dead-line for public submissions is January 31, 2010.

The draft revision is expected to give rural people greater power to decide village affairs.

The draft amendments to the Organic Law of Villagers' Committees, which affects 900 million rural residents, underwent its first review at a bimonthly session of China's top legislature, which ended on Saturday.

The current law has been in effect since 1998.

The amendments focus on election and recall procedures of village committee members and democratic rules of procedure.

China has more than 2 million villages and 604,000 village committees.

More than 95 percent of village committees have held direct elections, and most have conducted more than seven elections since 1988.

- Premier Wen promises annual dialogue with netizens ahead of Parliament session (27th December)

Chinese Premier Wen Jiabao said Sunday he would continue his dialogue with netizens before the annual Parliament session in March next year.

He made the promise in an exclusive interview with Xinhua on Sunday.

- Chairman urges preparation for top political advisory body's annual session (27th December)

Top Chinese political advisor Jia Qinglin has called for adequate preparation for next year's annual session of the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

A meeting of the CPPCC National Committee's chairperson and vice chairpersons decided Saturday to open the annual full session of the top political advisory body on March 3 next year.

Jia, chairman of the CPPCC National Committee, said the session, together with the annual full meeting of the National People's Congress, is of great significance in deepening reform, tackling the global financial crisis, advancing social and economic development, and ensuring stability next year.

Zhao Qizheng, chairman of the Foreign Affairs Committee of the CPPCC National Committee, was appointed the spokesman for the annual session in March.

Foreign relations

- Senegal, China sign interest-free loan (2nd January)

Senegal and China have signed a technical and economic cooperation agreement in which Beijing provides Dakar with an interest-free loan of 30 million yuan (4.4 million U.S. dollars), according to the Senegalese Ministry of International Cooperation.

The agreement was signed on Thursday by Senegalese Minister for International Cooperation Karim Wade and Chinese Ambassador to Senegal Gong Yanxing in the presence of officials of both countries.

Under the agreement, the loan which is payable within a time limit of 10 years, between Dec. 1, 2024 and Nov. 30, 2034, is destined for the cooperation program that was started by Senegalese President Me Abdoulaye Wade and his Chinese counterpart Hu Jintao.

The Senegalese-Sino program is valued at more than 100 billion FCFA (200 million dollars) and is concentrated in sectors such as culture (construction of grand national theatre and a museum for the black civilization), sports (rehabilitation of 11 regional stadia), agriculture (renewal of technical agricultural support) and health (construction of a hospital with a bed capacity of over 130 beds).

- China assumes rotating UN Security Council presidency (2nd January)

China on Friday assumed the rotating presidency of the UN Security Council for the month of January.

China will perform its duty as the rotating Council president in an objective and fair way and work with other Council members to maintain international peace and security, said Zhang Yesui, China's permanent representative to the United Nations, in a recent interview.

China will do its utmost to make sure that the Security Council works in a smooth and efficient way, Zhang added.

The Security Council presidency rotates among the Council members in the English alphabetical order of their names. Each president holds office for one calendar month. China previously assumed the presidency in October 2008.

As a permanent member of the Security Council and the largest developing country in the world, China fully participates in the work of the United Nations and plays a constructive role, Zhang said.

Under the UN Charter, the Security Council has the primary responsibility for the maintenance of international peace and security in the world at large.

The Council has 15 members: five permanent members -- China, France, the Russian Federation, the United Kingdom and the United States -- and 10 non-permanent members elected by the UN General Assembly for two-year terms.

Also on Friday, Bosnia and Herzegovina, Brazil, Gabon, Lebanon and Nigeria began their two-year terms on the 15-nation Council.

The five new Security Council members were chosen after running uncontested races for the non-permanent seats, and they were duly elected by the 192-member General Assembly during a secret ballot at the United Nations Headquarters in New York in October 2009.

The five countries joined Austria, Japan, Mexico, Turkey and Uganda, whose terms on the Council end on Dec. 31, 2010.

- Nepali PM: Visit to China plays important role (1st January)

Nepali Prime Minister Madhav Kumar Nepal has said that his visit to China had played an important role to further enhance Nepal-China relations and served as a milestone in the history of cordial and cooperative relations between the two countries.

"It is basically a goodwill visit and it has been instrumental to raise the bilateral relations to a new height," Nepal told reporters upon his arrival at the Tribhuvan International Airport in the capital Kathmandu after completing his six-day visit late Thursday evening.

He said that the Chinese leaders wished Nepal to draft the new constitution in time and conclude the peace process logically and successfully. "They expect us to address our problems on the basis of inter-party consensus."

A press release issued by the Ministry of Foreign Affairs said that Nepal reiterated its stand that Taiwan and Tibet were integral parts of China and that Nepal would never allow its soil to be used against China.

Prime Minister had left for China on Dec. 26 at the friendly invitation of the Chinese Premier Wen Jiabao.

- Chinese, South Korean leaders exchange New Year greetings (1st January)

President Hu Jintao exchanged congratulatory messages with his South Korean counterpart Lee Myung-bak on the occasion of Friday's New Year celebration.

In the message, Hu said China and South Korea are good neighbors and their relations have made much headway in recent years.

The two countries have maintained frequent high-level exchanges, strengthened their political mutual trust, conducted increasingly close communication and cooperation in various fields and carried out effective coordination and cooperation on international and regional issues, Hu said.

"During my visit to your country in 2008, we decided to take the Shanghai Expo and Yeosu Expo as an opportunity to set 2010 and 2012 as Visit China Year and Visit Korea Year respectively," said Hu.

China is willing to cooperate with the South Korean side to make the Visit China Year a happy, colorful and special event, to enhance mutual understanding and friendship between the Chinese and South Korean peoples, he added.

Lee said in his message that China-South Korean ties have been developing rapidly since the two countries established diplomatic relations in 1992. Currently the relationship has been upgraded to a "strategic cooperative partnership".

The two sides should continue to enrich the content of their relations, and expand cooperation on regional and international affairs, he said.

South Korea thinks the success of the Shanghai Expo in 2010 will lead to the success of South Korea's Yeosu Expo in 2012, thus it will give full support to the Chinese side in its preparation, Lee said.

He also hopes the two expos will encourage the two countries to expand cultural exchanges and practical cooperation in the future.

- Chinese Defend the Execution of British National (31st December)

Using language charged with nationalist emotion, state media and ordinary Internet users hailed the execution of a British national for drug smuggling as a victory for Chinese justice, dismissing criticism by British leaders and international rights groups who say there was evidence the man was mentally ill.

Photos of Akmal Shaikh, a 53-year-old father of three caught with about nine pounds of heroin in China's northwestern Xinjiang province, appeared on the front pages of many Chinese state-run newspapers.

"China No Longer an Amusement Park for Crimes of Foreigners," said a headline on the Web site of the Guangming Daily newspaper.

Arguments against Mr. Shaikh's sentence "interfere with the justice of other countries," an attached opinion column said. "The British media and government don't feel shame about their citizen committing a crime in another country but are 'advocating' it in an exaggerated way, even using diplomatic means."

The story of Mr. Shaikh's execution on Tuesday, and the diplomatic spat between Britain and China, prompted an outpouring of commentary on popular Chinese Web portals. There were numerous references to the Opium Wars of the 19th century, when Britain used drugs and gunboats to force open China's doors to trade.

In response to a story on Web portal Netease.com, one Internet user from Guangxi said, "History will remember this date forever. It's a day that Chinese people held their heads up and it's a day to comfort national heroes...who fought against opium smoking."

Although some Internet comments argued the court should have heeded requests from British officials to give Mr. Shaikh a mental-health assessment before sentencing him to death, many defended the sentence.

An online survey taken by the state-run Global Times newspaper showed that of more than 3,500 respondents, 98.8% supported the court's decision.

British Prime Minister Gordon Brown and activist groups expressed outrage at the execution. Mr. Shaikh's relatives say he was delusional and was lured to China by men who promised to help him launch a career in pop music when authorities caught him carrying drugs in 2007.

China's Supreme People's Court, which has the final say on death-penalty cases in China, declared there was insufficient proof that Mr. Shaikh suffered mental illness.

Another Internet user wrote on the popular Internet forum Tiexue.com: "China will not let any forces influence its law enforcement. It is also a warning to all gamblers across the world that China is not a place any more where foreigners can behave disrespectfully."

"Chinese Internet users: The cavil from the British side is just making trouble out of nothing," read a headline on the Web site of the official Xinhua news agency, referring to the online public reaction.

http://online.wsj.com/article/SB126221760620511005.html?mod=WSJ_hpp_sections_world

- Thirty years of Sino-Ecuadorian diplomatic ties marked in Beijing (30th December)

Chinese friendship associations held a banquet here Wednesday to celebrate the 30th anniversary of diplomatic ties between China and Ecuador.

The banquet, hosted by the Chinese People's Association for Friendship with Foreign Countries (CPAFFC) and the Association of China-Latin America Friendship, was attended by several senior Chinese officials, including Jiang Shusheng, vice chairman of the Standing Committee of the National People's Congress.

Addressing the banquet, CPAFFC Vice President Jing Dunquan said the two friendship associations would make more efforts to promote contacts between the peoples of the two countries.

According to Jing, the two associations played an active role in issues such as advancing exchanges between the two nations' local governments and educational institutions.

Jing also hailed the rapid development of bilateral ties since the two countries forged diplomatic ties in January 1980, featuring the enhanced mutual political trust, deepening cooperation of mutual benefit and increasingly closer high-level exchanges.

China's top political advisor Jia Qinglin paid a visit to Ecuador in November, during which Jia and Ecuadorian leaders pledged further cooperation of mutual benefit between the two countries.

With the two countries' joint efforts, the bilateral ties would be further consolidated in the future, said Ecuadorian Ambassador to China Washington Hago Mendizabal at the banquet.

The trade volume between China and Ecuador rose to nearly 2.4 billion U.S. dollars in 2008, 400 times more than in the 1980s.

http://news.xinhuanet.com/english/2009-12/30/content_12730945.htm

- China, Nepal to advance bilateral ties (30th December)

China-Nepal ties entered a new phase with the two nations having decided to establish a comprehensive partnership of cooperation, said Chinese President Hu Jintao here on Wednesday.

"We will work with Nepal to make concerted efforts for the in-depth development of our relationship," Hu said in a meeting with Nepalese Prime Minister Madhav Kumar Nepal.

China and its southwestern neighbor Nepal on Tuesday agreed to lift their bilateral relationship to a higher level by establishing a comprehensive partnership of cooperation.

The decision came when Chinese Premier Wen Jiabao held talks with Nepal, who was here on his first official visit to China since he took office in May.

The newly-established comprehensive partnership of cooperation signals closer ties between China and Nepal, which have enjoyed a good-neighborly partnership in the past.

President Hu told Nepal that the two nations should consolidate their political basis for the bilateral ties, increase high level visits, and continue supporting each other in major issues.

Hu proposed the two neighbors promote cooperation in the areas of economy, infrastructure construction, agriculture, human resources, tourism and border trade, and strengthen people-to-people exchanges.

He also hoped the two sides would enhance coordination in international and regional affairs and jointly cope with global challenges such as climate change, energy and food security.

"We should work together to safeguard regional and world peace and development," Hu said.

China's top legislator Wu Bangguo also met with Nepal earlier on Wednesday.

"The decision to establish a China-Nepal comprehensive partnership of cooperation is a strategic one," said Wu, chairman of the Standing Committee of the National People's Congress (NPC).

According to a joint statement issued Wednesday, the two sides decided to establish and develop a Comprehensive Partnership of Cooperation featuring close friendship on the basis of the five principles of peaceful coexistence.

Wu said this accords with the realistic and long-term need of the development of China-Nepal ties, and is also a common aspiration of the two peoples.

China and Nepal established diplomatic ties in 1955. "We will work with Nepal to constantly enrich the content of our bilateral relationship and carry forward our traditional friendship," Wu noted.

Wu also said the NPC would increase friendly exchanges and cooperation with the Constituent Assembly of Nepal to contribute to the comprehensive growth of China-Nepal ties.

During his meeting with Hu and Wu, Nepal spoke highly of China's remarkable economic and social progress.

China's prosperity and stability is in line with the interests of Nepal and the world at large, he noted.

Hailing the profound friendship between the two peoples, Nepal said his country is ready to work with China to expand cooperation in various sectors and increase coordination in global issues.

Nepal also pledged to increase exchanges between the two governments, parliaments and political parties, in a bid to push forward Nepal-China relations.

Nepal reiterated that his country understand China's core interests and would unswervingly adhere to the one-China policy.

The Nepalese side firmly supports China's effort to uphold state sovereignty, national unity and territorial integrity and believes Tibet is an inalienable part of the Chinese territory, the prime minister said, adding that Nepal would not allow any force to use Nepal's territory to engage in any anti-China or separatist activities.

Nepal left Beijing for China's financial hub Shanghai on Wednesday afternoon, the last leg of his visit. He previously visited Lhasa, capital of southwest China's Tibet Autonomous Region, and Xi'an.

http://news.xinhuanet.com/english/2009-12/30/content_12731012.htm

- China to see large rise of contributions to UN budget in new year (30th December)
China will see a large increase of its contributions to the UN budget next year, and China, as the largest developing country in the world, is ready to carry out its international obligations under the UN Charter, a senior Chinese diplomat said here Tuesday.

Liu Zhenmin, the deputy Chinese permanent representative to the United Nations, told reporters here that according to the budget for the UN 2010-2011 biennium, the Chinese contributions will increase considerably next year.

Starting from Jan. 1, 2010, the Chinese contributions to the UN regular budget will rise from 2.667 percent to 3.189 percent, an increase of 0.522 percentage points over the current level, Liu said, adding that the Chinese contributions to the peacekeeping budget will increase from 3.147 percent to 3.9390 percent, an growth of 0.7916 percentage points.

According to the just-adopted scale of assessments, the Chinese contributions to the regular budget will cap 80 million U.S. dollars and the contributions to the peacekeeping budget will reach 300 million U.S. dollars, he said, adding that all Chinese contributions to the world body will total some 400 million dollars.

"China will be the eighth largest contributor to the UN regular budget, just following the seven industrialized countries," he said. "We will overtake Canada in contributions to the UN peacekeeping budget, simply to be preceded by the United States, Japan, Germany, Britain, France and Italy."

"The increased Chinese assessment originates from the economic growth in our country, rather than the change of calculating method," Liu said. "In fact, the calculating method remains unchanged."

Last Thursday, the UN General Assembly (GA) adopted a 5.16-billion-U.S. dollar budget for the United Nations 2010-2011 biennium, maintaining current scale of assessment for regular budget and peacekeeping budget.

The 64th General Assembly session concluded the main part of its substantive session with the adoption of the budget in the small hours on Dec. 24, after three months of negotiations, at which representatives were locked in the most difficult part of the talks night and day in the last three days, he noted.

The budget covers the costs of United Nations programs in areas such as political affairs, international justice and law, international cooperation for development, public information, human rights and humanitarian affairs. The main source of funds for the budget is the contributions of member states.

In addition to the regular budget, member states are assessed for the costs of the international tribunals and, in accordance with a modified version of the basic scale, for the costs of peacekeeping operations.

China has increased its assessment for three times over the past nine years, Liu said, adding that this will be the fourth increase for the Chinese assessment.

"As the most important, most universal and most authoritative inter-governmental organization in the world, the United Nations needs a very strong financial support for all its activities under the UN Charter," Liu said. "The UN budget increases with the development of the world body."

The fundamental criterion on which the scale of assessments is based is the capacity of countries to pay.

"China takes the lead in its gross national product (GNP), but it just ranks after the 100th in the world in terms of its per capita incomes," Liu said, adding that China, as a developing country whose per capita income is below 7,000 U.S. dollars, is entitled to enjoy the adjustments for low-income countries in accordance with relevant UN regulations.

The GA adopted the budget in a resolution that maintains the current scale by which member states are assessed dues to the Organization, reflecting a compromise between the need to review that formula and maintain a balanced approach to assessments.

"This is the compromise reached by member states after rounds of difficult talks," he said. "it is very hard to come by."

Approved by a vote, the scale of assessments for the regular budget reflects a country's capacity to pay, measured by such factors as a country's national income and size of population.

Assessments would be based on estimates of gross national income (GNI) that were converted into U.S. dollars using market exchange rates, except where that would cause excessive fluctuations and distortions in the income of some member states.

The regular budget of the United Nations is approved by the General Assembly for a two-year period. Peacekeeping budgets are approved by the General Assembly for a one-year period beginning on July 1.

"With the development of the Chinese economy, the Chinese assessment will surely increase, and this means increased Chinese share in the world economy," he said.

- China offers Congo \$7.6 mln to finance health facilities (29th December)

The Republic of Congo has received a donation of 3.5 billion FCFA (about 7.6 million U. S. dollars) from China to finance the central African country's health facilities.

An agreement on the donation was signed on Monday in the capital Brazzaville by Congolese Finance Minister Gilbert Ondongo and Chinese Ambassador to Congo Li Shuli.

At the signing ceremony, the Chinese diplomat announced that his government will continue channeling public aid to the country for its development despite the global financial crisis.

Under the agreement, the financial aid will go to the construction of Mfilou Hospital in the 7th Brazzaville district, the Landini Hospital in the Pointe Noire region and other projects to be agreed upon by the two sides.

The funding is part a public aid agreement between China and African countries, which also conforms to the promise made in November by Chinese Premier Wen Jiabao during the 40th ministerial conference on Sino-African cooperation held in Egypt.

During the conference, China and African countries agreed on the implementation of the action plans reached at the Beijing summit. They also adopted the 2010-2012 action plan to reinforce Sino-African cooperation.

The cooperation covers agriculture, food production, medicine, health, education, as well as academic and scientific training in the areas of energy and drinking water.

- DPRK-China friendship not to change: DPRK official (29th December)

A series of events held in 2009 have demonstrated to the world that the friendship between the Democratic People's Republic of Korea (DPRK) and China will not change, said a vice foreign minister of the DPRK on Monday.

The year 2009 was designated year of friendship between the DPRK and China.

It is the persistent stand of the DPRK to consolidate and develop the traditional DPRK-China friendship, said Kim Yong Il, a vice foreign minister of the DPRK at a reception held in the Chinese embassy in Pyongyang.

Liu Xiaoming, Chinese ambassador to the DPRK, said the events in 2009 have helped deepen understanding and friendship between the two peoples.

- Senior Russian legislator pledges to further ties with China's NPC (29th December)

The Speaker of Russia's Federation Council (FC) on Monday vowed to continue friendly exchanges with China's National People's Congress (NPC), and to make unremitting efforts to promote the advancement of the Russia-China strategic partnership of cooperation.

FC Chairman Sergei Mironov said the parliamentary cooperation between Russia and China, which fully demonstrates the high level of the Russia-China strategic cooperative partnership, has achieved satisfactory results along with the rapid development of bilateral relations.

Meeting with Chinese Ambassador to Russia Li Hui, Mironov said he was looking forward to visiting China next year, when he would attend the fourth meeting of the FC-NPC cooperation committee, together with Chairman of the NPC Standing Committee Wu Bangguo.

Ambassador Li spoke highly of the FC's persistent dedication to developing relations with China under the leadership of Mironov.

Since China and Russia forged diplomatic ties 60 years ago, particularly since 1996 when the two countries established their strategic cooperative partnership, Li said, China-Russia relations have been developing in a rapid, sound and steady manner.

The constant exchanges between senior officials, the continuous expanding of all-round cooperation, as well as the national theme years and language theme years observed by both countries, have brought the ties to an unprecedented high level, said Li.

China highly valued parliamentary cooperation with Russia, regarding it as a key component of bilateral strategic cooperative partnership, said Li.

After the meeting, the Chinese ambassador also presented the Russian legislator with a medal and credential of the "Outstanding Contribution Award for the 60th Anniversary of China-Russia Relations," on behalf of Chinese President Hu Jintao, who granted the award.

- British drug smuggler executed after approval from Supreme People's Court (29th December)

Akmal Shaikh, a British national who was convicted of smuggling drugs into China, was executed by lethal injection on Tuesday in Urumqi after approval from China's Supreme People's Court (SPC).

The SPC said Tuesday that it had reviewed and approved the death sentence against Akmal Shaikh.

Shaikh, 53, male, was caught carrying up to 4,030 grams of heroin at the international airport of Urumqi in northwest China's Xinjiang Uygur Autonomous from Dushanbe, capital of Tajikistan, on the morning of Sept. 12, 2007.

Shaikh was sentenced to death in the first instance by the Intermediate People's Court of Urumqi on Oct. 29, 2008 and his final verdict came in October after two failed appeals.

The SPC said in a statement that Shaikh had broken China's Criminal Law by smuggling huge amounts of heroin, and "the evidence was certain and the facts were clear."

His behavior constituted the crime of drug smuggling and the crime committed was extremely serious, the SPC said.

It said the sentence handed down by the Intermediate People's Court of Urumqi in accordance with Article 48 and 347 of China's Criminal Law was appropriate.

China's Criminal Law stipulates that people trafficking more than 50 grams of heroin are punishable by death.

Crimes concerning drugs had been universally recognized as serious criminal offences and had a severe negative social impact, said the SPC statement, adding the general public, in China and other countries, demanded severe punishment for such crimes.

China's Criminal Law stipulates that everyone was equal before the law and no one was permitted to transgress the law.

Criminals should all be punished according to law regardless of their nationality, SPC said.

Although China retained death penalty, it had exercised strict control over capital punishment, said the statement.

The application of death penalty for drug smugglers who caused serious social consequences would serve to deter criminals and prevent drug-related crimes, it said.

The SPC also said that the defendant's litigation rights and legitimate treatment had been fully granted in custody and trial.

Officials from the British embassy in China and a British organization had proposed a mental disease examination on Akmal Shaikh, but the documents they provided could not prove he had mental disorder nor did members of his family have history of mental disease, the SPC said.

Akmal Shaikh himself did not provide relevant materials regarding him having a mental disease, according to the SPC.

"There is no reason to cast doubt on Akmal Shaikh's mental status," the SPC said.

- ROK's new ambassador vow to promote good neighborhood with China (28th December)

The new ambassador of the Republic of Korea (ROK) to China Yu Woo-ik said here Monday that the key to further bilateral ties is to promote good neighborhood and pledged to bolster contact between the two peoples.

Yu landed at the Beijing Capital International Airport Monday noon and delivered his first speech in the country upon his arrival at the ROK embassy in northeast Beijing two hours later.

Yu told some 100 diplomats and staff at the embassy that the fast development of ROK-China ties and the booming exchange are "unprecedented", and such momentum will "continue and speed up".

China will play a leading role in the transformation of civilization, the adjustment of world order and the change of political and economic situation in northeast Asia in the 21st century, said Yu, 59, former presidential chief of staff.

Yu, a senior political advisor of ROK president Lee Myung-bak and also a professor of geography, called on the two countries to lay firm a foundation for the future of bilateral ties.

- DPRK-China ties pushed to new high: newspaper (29th December)

The friendship between the Democratic People's Republic of Korea (DPRK) and China has entered a higher level in the "Year of DPRK-China Friendship," the official Rodong Sinmun daily said Tuesday.

Reviewing events held in 2009 as part of the designated friendship year, the paper said bilateral ties were enhanced and there were many achievements in the fields of politics, trade, culture, education and sport.

The two countries held more than 40 events and exchanged more than 120 delegations in the friendship year, which was inaugurated by the two countries' top leaders on Jan. 1, 2009.

- China opposes new Israeli construction plan in East Jerusalem (29th December)

China opposed Israel's new settlement plan in East Jerusalem, Chinese Foreign Ministry spokeswoman Jiang Yu said here Tuesday.

Jiang made the remarks when commenting on Israel's bid to add about 700 new apartments in East Jerusalem at a regular news briefing.

"The final status of Jerusalem remains one of the core issues in the Israeli-Palestinian peace talks," Jiang said. "It can only be based on relevant UN resolutions and should be properly resolved through bilateral political negotiations."

Israeli Construction and Housing Ministry is seeking bids for construction of 692 new apartments in East Jerusalem, a ministry spokesman said on Monday, adding the home construction in three Jewish communities was expected to be finished in two to three years.

"China urged Israel to act cautiously and make positive response to the international community's efforts to promote peace and create conditions for early resumption of peace talks," said Jiang.

The peace talks on final status issues had completely stopped last December after Israel insisted to expand settlements in the West Bank and Jerusalem.

- China, Nepal agree to lift bilateral ties to higher level (29th December)

China and its southwestern neighbor Nepal on Tuesday agreed to lift their bilateral relationship to a higher level by establishing comprehensive and cooperative partnership. The decision came when Chinese Premier Wen Jiabao and Nepali Prime Minister Madhav Kumar Nepal held talks following a red-carpet welcome ceremony for Nepal in the Great Hall of the People in downtown Beijing.

The newly-established comprehensive and cooperative partnership signals closer ties between China and Nepal, which used to enjoy good-neighborly partnership.

Wen and Nepal also witnessed a signing ceremony of two agreements on youth exchange and economic cooperation after their talks.

Nepal arrived in Lhasa, capital of southwest China's Tibet Autonomous Region Saturday, kicking off his six-day China tour, also the first official visit to China since he became prime minister of the Himalayan nation in May this year.

The Nepali prime minister arrived in Beijing Monday for talks and meetings with Chinese leaders.

In the one-hour talks, Premier Wen hailed the sound development of bilateral ties since China and Nepal forged diplomatic ties 54 years ago, saying the two countries have become good neighbors, friends and partners.

Under the new circumstances, it is in the fundamental interests of both countries and peoples to consolidate traditional friendship and deepen comprehensive cooperation, said Wen.

Wen urged the two countries to further enhance cooperation in various levels and promote non-governmental exchanges, youth exchanges in particular, in a bid to make the lasting friendship deeply rooted among the two peoples.

China will take measures to promote export of the Nepali products to China and encourage Chinese firms to participate in Nepal's infrastructure construction, said Wen, highlighting potential cooperation fields on such areas as mountain agriculture and animal husbandry, animal and plant quarantine and personnel training.

Wen said China respects the social system and development path chosen by the Nepali people, firmly supports the efforts Nepal has made for safeguarding sovereignty and territorial integrity, and will continue to provide assistance for Nepal's social and economic development.

The Nepali prime minister appreciated China's long-term assistance, saying the comprehensive and cooperative partnership means that the relations between Nepal and China will be pushed to a new height.

Nepal said his country would advance cooperation with China in a comprehensive manner and boost bilateral ties.

Nepal reiterated that his country would adhere to the one-China policy and believe Taiwan and Tibet are inalienable parts of the Chinese territory, adding Nepal would never allow any force to use Nepal's territory to conduct anti-China activities.

Nepal is due to meet with Chinese President Hu Jintao and top legislator Wu Bangguo respectively on Wednesday, and then fly to China's financial hub Shanghai, the last leg of his visit.

- China-EU cooperation bumpy in 2009, economic downturn helps join hands (28th December)

The year 2009 has been bumpy for the China-EU relationship, but the two sides have managed to tide over difficulties and joined hands in face of the global financial crisis.

CHINA-EU COOPERATION

The European Union and China remained strong partners in various fields.

As the world becomes increasingly complex and diversified, the China-EU relationship is one of the most important partnerships in the world. China is the biggest developing country with a huge consumer market. The EU is China's second largest trading partner, while China is the EU's second most important export market just following the United States.

In the past 35 years, China-EU trade has grown remarkably as the trade value topped 425.58 billion U.S. dollars last year, an increase of 19.5 percent over the year before.

Being two major actors on the international stage, the EU and China have always jointly called for efforts in different fields such as addressing the financial crisis, and maintaining the stability of the international financial markets. Finding a way to economic recovery is one of shared interests of China and the EU.

In 2009, the Lisbon Treaty, EU's reform treaty, entered into force on Dec. 1 as scheduled. Then Belgian Prime Minister Herman Van Rompuy became the first full-time president.

EU Commission President Jose Manuel Barroso said after the Lisbon Treaty takes effect, the EU institutions will undergo reform and the EU will become better coordinated both internally and externally, and the process of European integration will be accelerated.

This is good for the development of relations between the EU and China, Barroso said.

DIFFERENCES

Since the year 2008, China-EU relations have been marked by trade disputes with anti-dumping measures being at the center.

In April 2009, EU agreed to impose anti-dumping tariffs of up to 50 percent on Chinese-made candles sold in the EU, which accounted for one third of candles on the EU market.

Even some Europeans think that the decision on candles was protectionism, said British Real Consortium's Brussels Director Alisdair Gray.

In June 2009, raw materials became the bone of contention as the EU and the United States took a joint decision against China at the World Trade Organization over China's use of export restrictions on raw materials.

Among the major issues that divided China and the EU, import duties on shoes from China is one of the thorniest. The European Commission had proposed an extension of duties up to 16.5 percent of leather shoe imports from China on Dec. 2. The proposal, if improved, would hurt interests of China shoe manufacturers.

The European Commission proposal was also unwelcome by many in the EU. In November, an EU advisory committee on anti-dumping voted against the informal European Commission proposal.

"This kind of unjustified taxation of European importers and consumers will not get my support," said Danish Economy Minister Lene Espersen.

"Once again we are seeing the EU's trade policy determined by a few southern European producers who have failed to see globalization as an opportunity," said Robert Sturdy, a member of the European Parliament.

LATEST CHINA-EU SUMMIT

On Nov. 30 in Nanjing, China, the two sides held a summit at which climate change was a focal issue. The Chinese government pledged to cut the emissions per unit of gross domestic product by between 40 and 45 percent from the 2005 levels by 2020. This offer is "a major contribution to global efforts" to tackle climate change.

The China-EU summit may be marked by some differences. But agreements have been reached. The two sides vowed to step up efforts to promote trade and investment and increase effective market access.

China welcomed the European Commission's pledge to provide up to 57 million Euros (82.1 million dollars) to a joint near-zero emissions coal project. China will continue to take active measures to increase imports from Europe to address the trade imbalance.

Chinese President Hu Jintao said at the summit that China would like to make concerted efforts with the EU to push the relationship to a new high.

"Both sides should be far-sighted and keep the overall orientation of China-EU comprehensive strategic partnership... both should keep in mind the overall situation of bilateral relationship and properly handle new issues and problems arising in the development process of China-EU relations," he said.

Swedish Prime Minister Fredrik Reinfeldt, whose country holds the rotating EU presidency, praised China's effort to tackle the global financial crisis. He said the EU would like to work with China, stand against protectionism and seek an early recovery of the world economy.

- China's escort fleet completes 150 missions in Somali waters (28th December)
China's naval fleet has completed 150 missions after escorting 14 vessels to protect them from possible pirate attacks in Somali waters on Sunday.

The 11 Chinese and three foreign ships, including Yongsheng, Zhen Hua 14, Anning and Apollo, arrived peacefully in the waters of the eastern Gulf of Aden under the escort of China's missile frigate Ma'anshan and supply ship Qiandaohu.

They set sail on Friday morning from the waters of the western Gulf of Aden and travelled eastward.

During their journey, all the Chinese ships were flying the Chinese national flag and whistled for 30 seconds to celebrate the anniversary of the Chinese navy escort mission in the Gulf of Aden and express thanks to the fleet over the year.

China made an unprecedented move by sending three warships to the Gulf on Dec. 26 last year in the first overseas escort mission for merchant vessels. The navy warships have escorted more than 1,300 domestic and foreign vessels since the first flotilla arrived in the region.

- China shoemakers call for appeal against EU's extension of anti-dumping duties (27th December)

Major Chinese shoe makers have urged the Chinese government to appeal to the World Trade Organization (WTO) against the European Union's (EU) approval of a 15-month extension of anti-dumping duties on Chinese leather shoes.

Wang Zhentao, president of the Aokang Group, China's second largest shoemaker based in southeast Zhejiang Province, said his company and other shoemakers were preparing documents and other material necessary for China's appeal to the WTO.

The EU began levying anti-dumping duties of up to 16.5 percent against Chinese leather shoes on Oct. 5, 2006. On Tuesday the EU governments approved the 15-month extension of anti-dumping duties on Chinese and Vietnamese leather shoes.

China's Ministry of Commerce (MOC) said that China was "strongly dissatisfied" with EU's decision. MOC spokesman Yao Jian said China would appeal to the WTO and take measures to protect the rights and interests of Chinese companies.

Wang said he had been waiting for EU's decision in the past few months. "I am really very disappointed at EU's extension of the duties, and I think it harms both Chinese producers and European consumers," Wang said.

"We won't give up. We will fight for our rights," said Wang, whose company has an estimated brand value of 150 million U.S. dollars and ranked the 39th in Hurun Most Valuable Privately-Held Chinese Brands 2009, an evaluation system for Chinese companies established in 1999 by British independent researcher Rupert Hoogewerf.

Wang, also vice president of China Leather Industry Association (CLIA), said the CLIA would unite more Chinese shoemakers, especially those in Wenzhou, to support government's preparation for the appeal.

Wenzhou, China's most important shoe manufacturing base dubbed "shoe capital", is home to nearly 3,000 shoemakers which hired some 450,000 workers. Last year, they produced more than one billion pairs of shoes, accounting for one-fourth of the country's total.

Since 2006, EU's levy of anti-dumping taxes have caused significant losses on more than 300 leather shoe exporters in Wenzhou. In 2008, the city exported 19 million pairs of leather shoes to the EU, in comparison to 23 million pairs in 2006.

In the first nine months this year, Wenzhou shipped 9.2 million pairs of shoes to the EU, down around 35 percent from the same period last year.

Nationwide, Chinese leather shoe export totaled 737.9 million pairs in the first 10 months, down 23.2 percent year on year, according to figures released by the CLIA on its website.

Import of finished and semi-finished leather used for making shoes also dropped 19.7 percent to 680,000 tons during the same period, it said.

Aokang also suffered from the anti-dumping tariffs. Wang said Aokang's export growth to the EU had slowed down significantly from an annual rate of more than 30 percent to current 10 to 15 percent.

Wang said five major Chinese shoe exporters, including Aokang and Taima Shoes Co., Ltd., would also continue their lawsuit at the European Court of Justice (ECJ) against the anti-dumping taxes.

Aokang and another four shoemakers sued the EU at the ECJ following the EU's levy of anti-dumping tariffs in 2006. The lawsuit has not yet ended.

Wei Yafei, an official with the CLIA, said European consumers and shoe retailers in EU countries also suffered from the anti-dumping tariffs.

"European people are not benefiting from our losses since average price of leather shoes has risen 10 percent. For example, the British consumers altogether have to pay extra 300 million British pounds every year to buy Chinese shoes because of the tariff," she said.

Wang also said in addition to fighting against "unfair tariffs", the CLIA had been encouraging Chinese shoemakers to tap into other markets other than Europe.

"For example, Aokang's export to North America this year increased by over 30 percent, and it even entered the Egyptian market," Wang said.

Other shoemakers were following suit.

In Shenzhen, another shoe export city in South China's Guangdong Province, exports to Latin America, Southeast Asia and Africa rocketed 87.5 percent year on year to 400 million pairs in the first 11 months, while its exports to EU countries fell 7.4 percent, according to the CLIA.

Economic front

- China's FDI policies aim to boost industry upgrading: experts (2nd January)

China's efforts to boost more foreign investment in high-tech and new energy sectors were congruent with the nation's industry upgrading goals, Chinese economists said.

Zuo Xiaolei, chief economist with the Galaxy Securities, said when China started its reform and opening-up drive three decades ago, the inflow of foreign direct investment (FDI) played an important role in boosting economy growth and creating jobs.

"However, with the rapid development of Chinese economy, if foreign investment is only pooled into low-end manufacturing industries, that is not in agreement with China's efforts to change its economic growth pattern," Zuo said.

China encouraged overseas investors to invest in new energy, environmental protection, high-tech, modern service, advanced manufacturing sectors, according to a statement issued Wednesday after an executive meeting of the State Council, or the Cabinet, chaired by Premier Wen Jiabao.

"During the post-crisis period, Chinese foreign investment environment has also gone through great changes including the rise of labor and energy costs. The quality and effectiveness of foreign investment is now more important than its scale," said Zhang Yansheng, director of the Institute of Foreign Trade of the National Development and Reform Commission.

More efforts would be made to promote the transformation of the economic development pattern and structural adjustment and to enhance the focus and flexibility of economic policy in 2010, according to the 2009 Central Economic Work Conference concluded last month.

China's economy was full of vitality and the country's industrial upgrading and urbanization were in process, which would mean plenty of investment opportunities, said Isaac Souede, chairman and chief executive officer of U.S.-based Permal Group Inc., a leading asset management firm.

Policy and funding support will be given to overseas investment in under-developed western and central region for investing in those industries conforming to environmental protection standards, according to Wednesday's statement.

"Compared with China's coastal areas, China's central and western provinces still have the advantage of developing labor-intensive industries," Zuo said.

Figures revealed that the total FDI in China's vast central and western localities only accounted for 7.2 percent of the nation's total in 2008.

"Foreign-funded companies should have more access to financing and would be encouraged to take part in the mergers, acquisitions and reshuffling of Chinese enterprises," said participants of the Wednesday meeting.

This move was encouraging and symptomatic of the ongoing internationalization of China, Souede said.

Experts also warned against possible risks involved.

Zuo urged local governments to be aware of the influx of hot money and closely track the use and going of foreign capital.

- Feature: U.S. investors eye new frontier in Chinese market (2nd January)

When investors open their books for a new year, without doubt that China will be a hot spot that they can't afford to miss. And for many who have closely followed the country's rise from economic slowdown, there are still uncovered opportunities lying in this vastly diversified market.

"We believe that there's a lot of momentum in the market," Matt Comyns, CEO of JLM Pacific Epoch, told reporters. Comyns has compiled a list of 60 reasons to be bullish about China, one of which is the great potential in many cities whose names most westerners haven't even heard of.

"China has more than 100 cities with more than 1,000,000 people in (each)," he said. "The story of the recovery has been in the second and the third-tier cities."

To explore business opportunities in less known Chinese cities has become more appealing. In late September, 2009, world's leading mail system provider Pitney Bowes inked a deal with Digital China, in a bid to expand its business to small- and medium-size companies across China.

The Stamford, Connecticut based company entered Chinese market more than a decade ago, but its high-end hardware and software tools and services that support effective customer communications have been only available to large companies in cities like Beijing and Shanghai.

"With the tremendous growth of the Chinese economy, (there are) more and more opportunities for small and medium sized companies to do mailings for both transaction purposes and marketing purposes," Michael Monahan, CFO of Pitney Bowes told Xinhua.

Digital China appears to be a perfect partner. As China's largest information technology distribution and service company, Digital China has a presence in six hundred Chinese cities and a network of more than five thousand resellers and system integration partners.

Many U.S. investors have noticed that the Chinese government's vast efforts on inland/western development have led to GDP gains in inland provinces that have significantly outstripped traditional coastal counterparts.

Comyns gave an example that 13 provincial level regions reported double-digit GDP growth in 2008, with Inner Mongolia region leading with 16.2 percent GDP growth compared to 7 percent for the coastal Shanghai region.

One Chinese company which is rooted in the Inner Mongolia region has made it to the Nasdaq Global Select Market in 2009.

Zishen Wu, CEO of Yongye International, Inc., didn't impress Wall Street investment bankers when he showed up in old worn shoes covered with dust. But when he told them his company's patented plant nutrient would boost production by 10 to 30 percent and has been popular among Chinese farmers, he finally went home with the largest investment a Chinese agriculture technology company has obtained in 2008.

Just a year later, Yongye successfully switched from OTC board.

More and more companies like Yongye have attracted U.S. investors. By December, 2009, Nasdaq has had 32 new listings from China, including 9 initial public offerings (IPOs), Robert McCooey, senior vice president of New Listings and Capital Markets of the NASDAQ OMX Group, told Xinhua.

One highlight of this year's new listings from China, McCooley pointed out, is the "great geographic diversity."

"We have companies from all different industries and provinces. We have our first listing from Tianjin; we went from no listing in Henan Province to 4 listings," McCooley said, "And now we have listings from 11 to 12 different provinces in China."

McCooley had traveled three times to China since May 2009 and planned to visit more. "There are tens of thousands enterprises in China with global aspirations, and Nasdaq is expecting more of them in the future," he added.

Global aspirations are not unique to large brands. Overseas investors have become aware of the less known small and medium-sized enterprises (SME) in China, which have constituted an essential part of the national GDP as the government establishes policies and funds aimed at promoting innovation and entrepreneurship.

Statistics indicate that over 60 percent of GDP, half of collected taxes, and 70 percent of the import and export value had been contributed by SMEs by the end of 2008.

U.S. capital market more frequently opened arms to these Chinese SMEs. In April 2009, Changyou.com Ltd marked the first IPO on Nasdaq and was the largest Chinese IPO on a U.S. exchange since December 2007.

Less than six months later, another Chinese online video games operator Shanda Games became the third largest IPO in the U.S. market in 2009 with 1 billion U.S. dollars it has raised.

Another area that Chinese companies have submitted great performances in 2009 is the green energy. New York-listed solar companies like Suntech and Yingli Green Energy have far outperformed the big board.

For foreign investors, Chinese government's policy and measures to spur the SMEs have been another huge plus.

"China is a green tech leader," Comyns said, "China is spending 30 billion dollars on green technology as part of its current stimulus plan. An example of a new policy recently unveiled is the 'Golden Sun' initiative, which aims to achieve solar power generation by 2011."

In 2009, China decided to launch venture capital foundation for small businesses, to issue first batch of pool bills to help small firms raise funds, and the Nasdaq-style board ChiNext started trading by the end of October.

Looking ahead, China's growing story will involve more cities with potential and more companies with entrepreneur spirit in a government-backed environment. U.S. investors will set to explore new territories of prosperity as to benefit from the rising economy.

- China manufacturing expands for 10 months (1st January)

China's manufacturing has recorded growth for 10 straight months, consolidating the recovery of the world's third largest economy, an official survey showed on Friday.

The Purchasing Managers' Index (PMI) of China's manufacturing sector stood at 56.6 percent in December, 1.4 percentage points higher than that for November, the China Federation of Logistics and Purchasing (CFLP) said.

It was the 10th straight month that the data stayed above 50, which indicated expansion. A reading below 50 signaled contraction.

The rising index suggested the Chinese economy has further consolidated its recovery, said Zhang Liqun, a researcher with the Development Research Center of the State Council.

The index for export order was 52.6 percent, 1 percentage point lower than a month earlier. Zhang said it is too early to be optimistic about the recovery of the global market.

The purchasing price index was 66.7 percent, up 3.3 percentage points, the highest among other figures.

Zhang said manufacturers should enhance their competitiveness to better cope with the rising production costs.

New export order index climbed by 2.6 percentage points to 61 percent.

Only three out of the 20 surveyed sectors reported a PMI index reading below 50, which were non-ferrous metal, fiber, rubber and plastic manufacturing, as well as the tobacco industry.

The PMI index tumbled to a record low of 38.8 percent in November 2008 as the nation was hit hard by the global financial crisis.

Thanks to a massive government stimulus and record banking lending, the economy was gradually back on track and the index reading returned to above 50 in March 2009.

- To reject trade protectionism, actions matter (1st January)

A free-trade agreement between China and Association of Southeast Asian Nations (ASEAN) took effect on the first day of the 2010, a solid move from the two sides to demonstrate their craving for and determination on cooperation and free trade while some other nations are looking to trade protectionism as savior of crisis.

Under the accord, China and six ASEAN countries - Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, will scrap tariffs on 90 percent of imported goods, covering 7,000 product categories. The other four ASEAN members, including Laos, Myanmar, Vietnam and Cambodia will follow suit in 2015.

The China-ASEAN Free Trade Area (CAFTA) covers a population of 1.9 billion from 11 developing nations. The bilateral trade totals 4.5 trillion U.S. dollars and the combined gross domestic product hits six trillion U.S. dollars.

The operation of the CAFTA is the common wish for governments, enterprises and people, as the CAFTA promises a huge market for enterprises and a decline of products prices. China's general tariff stood at 9.8 percent in 2009 while that on imports from ASEAN was 2.4 percent.

As of Jan. 1, 2010, the six original ASEAN members will slash the average tariff on Chinese goods from 12.8 percent to 0.6 percent.

The idea of CAFTA has gone through almost a decade from being proposed in 2000 to being put into place. During the decade, China and ASEAN have been pursuing a common principle - friendship, trust and free trade. The CAFTA will definitely bring the two sides much closer.

The rising bilateral trade volume showed the closer relationship between the China and ASEAN. The trade volume topped more than 231.1 billion U.S. dollars in 2008, a great leap from the merely less than eight billion U.S. dollars in 1991.

The first 11 months of 2009 saw the trade volume at 187.05 billion U.S. dollars, down 13.2 percent year on year because of the shrinking global demand amid the global

economic downturn. But the decline rate was smaller than that between China and European Union, United States and Japan.

The financial crisis originated in the United States in September of 2008 not only dragged the world economy into recession, but also undermined market confidence and credit systems. No country was free from fallout of the crisis, but the persistence and resolution from China and ASEAN on cooperation for free trade will ultimately get the two sides out of trouble.

Looking back into history, every time when a global economic crisis stroke, trade protectionism emerged to the surface as nations pinned hope on such measures to protect their own industry and employment.

However, globalization and cooperation is unstoppable. To see others as sole competitor and adopt protectionism measure would do nothing good but extend the fallout of the lingering crisis and stifle the recovery of the world economy.

The same happened during the global economic crisis this time. Some nations in the western world did not seek cooperation as a way to lead them out of the turmoil. Instead, they preferred isolating themselves from other nations and adopted trade protectionist measures.

Such measures never stand alone. One country's protectionist measures would result in chain effect and trigger retaliatory policies, which would create a vicious circle and stifle world trade and jeopardize international relationship.

Global Trade Alert (GTA) launched by the UK' s Centre for Economic Policy Research estimated in its report in September of 2009 that in the first half of 2009 approximately 70 measures likely to harm foreign commercial interests were imposed by governments.

From September to the beginning of December of 2009, 105 additional measures had been identified, which was almost nine times the number of benign or liberalizing measures implemented in the same period, the report said.

China, whose strong growth helped contribute to the recovery of the world economy, fell victim to the increased protectionist measures. China was the most frequent target of protectionism, according to the report.

Data from the country' s Ministry of Commerce showed that from Jan. 1 to Nov.3 of 2009, 19 nations or regions launched 101 trade investigations against Chinese products, with a total trade volume of 11.68 billion U.S. dollars.

However, China and ASEAN still stick firmly to their stance on further opening their market and expanding cooperation to cope with the global economic crisis. They rolled up sleeves and said "No" to the rising protectionism.

The establishment of CAFTA was in line with the development trend of the world economy, and an active instrument to spur economic growth and boost confidence of two sides in combating the crisis together. It would also lift Asian economy by advancing regionalization in Asia and move forward integration of world' s economies.

Some leaders of nations have denounced protectionist measures and vowed to reject protectionism. But to deal with the issue needs more than just words. As Chinese Premier Wen Jiabao said in the interview with Xinhua News Agency, " China will join hands with other nations to oppose protectionism and push forward progress in Doha round of talks. The urgent need now is action."

- China-ASEAN Free Trade Area sets example for mutual beneficial, win-win regional co-op (1st January)

Amid the chime to ring in the New Year, the start of China-ASEAN Free Trade Area came as a milestone in the annals of China-ASEAN relations, and it may well serve as a model for regional cooperation not only in Asia, but in other parts of the world.

The new free trade area has brought together developing countries in the region with a combined population of 1.9 billion, a combined gross domestic product (GDP) of up to 6 trillion U.S. dollars and total trade volume of 4.5 trillion dollars.

The idea of forming such a free trade bloc dated back to the Asian financial crisis in the 1990s. At the third China-ASEAN Summit in Manila in 1999 then Chinese Premier Zhu Rongji reiterated China's readiness to enhance its ties with ASEAN free trade district. His proposal got positive response from leaders of ASEAN nations.

In the ensuing decade, both sides managed to reach a number of agreements that aimed to set up a China-ASEAN free trade area, and made substantial progress for its establishment.

Today, the free trade area is of greater significance amid the ongoing global financial crisis and rising trade protectionism when developing countries are more vulnerable because of their fragile economies. Under the circumstance, China-ASEAN free trade area will undoubtedly enhance the capacity of the regional economies to tackle the crisis.

Moreover, China and ASEAN nations enjoy geographic advantage in their economic cooperation, and their economies are highly complementary to each other. The free trade area will push forward regional economic cooperation.

In a recent interview ASEAN Secretary General Surin Pitsuwan said the free trade area will benefit both sides and help lift world economy out of the crisis. It will also help enhance cultural exchanges and integration in the region and the mutual understanding between China and ASEAN nations.

Cooperation between China and ASEAN nations covers economic, political, cultural, environmental, security and many other spheres, and the free trade area will offer further impetus to their comprehensive cooperation, he added.

As Chinese Premier Wen Jiabao said at the fourth East Asia Summit in Thailand last October, East Asia is one of the most dynamic and promising regions in the world, and never have the nations in the region been so closely bound by common fate and shared weal and woe.

Closer regional cooperation is the general trend in an age of economic globalization, and the surest way to build up risk resistance capacity. We are confident that China-ASEAN Free Trade Area will serve as a driving force for regional economic cooperation, an arena for cultural exchange and a new starting point for enhancing China-ASEAN ties.

- China manufacturing expands for 10 months (1st January)

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The PMI index tumbled to a record low of 38.8 percent in November 2008 as the nation was hit hard by the global financial crisis.

Thanks to a massive government stimulus and record banking lending, the economy was gradually back on track and the index reading returned to above 50 in March 2009.

- China-ASEAN free trade area starts operation (1st January)

China and the Association of Southeast Asian Nations (ASEAN) kicked off the world's largest free trade area (FTA) embracing developing countries Friday as businessmen and trucks loaded with vegetables and fruits thronged border markets.

Dozens of trucks, mostly carrying dragon fruit from Vietnam, were waiting to be unloaded Friday morning at the Tianyuan Fruit Trade Market, one of China's largest market for fruit import, at the Pingxiang Port in Guangxi Zhuang Autonomous Region.

From Friday, the average tariff on goods from ASEAN countries to China is cut down to 0.1 percent from 9.8 percent.

The six original ASEAN members, Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, will slash the average tariff on Chinese goods from 12.8 percent to 0.6 percent. By 2015, the policy of zero-tariff rate for 90 percent of Chinese goods is expected to extend to the four new ASEAN members, Cambodia, Laos, Myanmar and Vietnam.

"The establishment of the free trade area is really good news for me," said Liu Yuzhen at the Tianyuan market, who has been trading fruits for 16 years.

She now sells more than 10 tonnes of apples, pears, oranges and other fruits to southeast Asia every day, and hopes her business will expand as the FTA will facilitate the customs clearance and reduce the logistics cost.

The China-ASEAN FTA covers a population of 1.9 billion and involves about 4.5 trillion U.S. dollars of trade volume.

"China's efforts to establish the FTA aim not only at expanding overseas markets, but also promoting trade and investment liberalization, especially amid the global trade protectionism," said Zhang Monan, an economist with the State Information Center.

China and ASEAN members could cooperate in wider fields, from natural resources to high technologies, she said. "The further economic integration between the two sides could be very competitive in the global economy."

The FTA would also facilitate more cross-border yuan trade settlements and currency swap agreements between China and ASEAN members, she said.

The cooperation will help ASEAN members become less dependent on the U.S. dollar, which has become highly volatile as a result of the global financial crisis, she said.

Gu Xiaosong, vice president of the Guangxi Academy of Social Sciences, said both ASEAN members and southern China provinces abound with tropical primary products like rubber and tropical fruits, and thus competition in the earlier stage of the FTA will be unavoidable.

"But such competition will eventually lead to optimization of the agricultural and industrial structures in the region, which will help form a more competitive entity in the global market," he said.

China's Vice Commerce Minister Gao Hucheng said earlier the establishment of the FTA will promote the regional economic integration, benefiting companies and consumers.

China and the ASEAN launched their cooperation dialogue in 1991 and signed the China-ASEAN Framework Agreement on Comprehensive Cooperation in 2002.

- **FACTBOX: China-ASEAN Free Trade Area (1st January)**

China and the Association of Southeast Asian Nations (ASEAN) launched the China-ASEAN Free Trade Area (CAFTA) on Friday, with an aim to boost trade cooperation and two-way investment between China and the 10 ASEAN nations.

Following are some facts and figures on the CAFTA:

Members:

China and 10 ASEAN nations -- Indonesia, Brunei, Malaysia, the Philippines, Singapore, Thailand, Laos, Vietnam, Cambodia and Myanmar.

Population:

584 million people in 10 ASEAN countries plus 1.3 billion in China, accounting for one third of the world's population.

Gross Domestic Product (GDP):

About 6 trillion U.S. dollars, accounting for one ninth of the world's total GDP.

Trade volume:

About 4.5 trillion U.S. dollars, the world's third largest after the European Union and the North American Free Trade Agreement.

Closer trade relations:

China-ASEAN trade grew by 24.2 percent annually from 2003 to 2008. Bilateral trade hit 231 billion U.S. dollars in 2008, up from 78.2 billion U.S. dollars in 2003 and 6.3 billion U.S. dollars in 1991.

China is currently the third largest trade partner of ASEAN; ASEAN is the fourth largest trade partner of China.

Growing investment relations:

China's direct investment in ASEAN countries was 2.18 billion U.S. dollars in 2008, up from 230 million U.S. dollars in 2003; ASEAN's actual investment in China totaled 5.46 billion U.S. dollars, up from 2.93 billion U.S. dollars in 2003.

Lowered tariffs in the CAFTA;

In the CAFTA, the average tariff on goods from the ASEAN countries to China is cut down to 0.1 percent from 9.8 percent. The six original ASEAN members, Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, will slash the average tariff on Chinese goods from 12.8 percent to 0.6 percent.

By 2015, the policy of zero-tariff rate for 90 percent of traded goods is expected to extend between China and the four new ASEAN members, Cambodia, Laos, Myanmar and Vietnam.

Broader market access to services sectors:

Under the China-ASEAN free trade pact, the two sides will offer preferential access to each other's services market, in areas such as business services and tourism.

Historical events in the forming of the CAFTA

In November 2002, Chinese Premier Zhu Rongji and leaders of the 10 ASEAN nations at the sixth China-ASEAN summit signed the landmark Framework Agreement on ASEAN-China Comprehensive Economic Cooperation, kick starting the process of establishing a free trade zone.

Under the agreement, the free trade zone was to be completed by 2010.

In November 2004, China and the ASEAN member states signed an investment treaty at the eighth trade ministers' meeting, and started to open investment markets to each other, signaling the wrap-up of major negotiations of the process. ASEAN signed a free goods trade agreement, which regulated that, from July 2005, China and ASEAN countries would gradually reduce tariffs on more products.

- ASEAN chief warns FTA gov'ts against protectionism (1st January)

Governments in the Association of Southeast Asian Nations (ASEAN) should resist temptation of protectionist measures by imposing non tariff barriers as the free trade area (FTA) between the region and China takes effect on Friday, the head of the association told Xinhua in an exclusive interview recently.

"Avoid that, in every forum that I have attended on behalf of ASEAN, we talked about the problem of protectionism, protective measures and it was all agreed that it's not going to be good for economic recovery, not good for economic health of any country of any region. Therefore every government will have to resist temptation of protectionist measures," Secretary General of ASEAN Surin Pitsuwan said.

Surin said that indeed the implementation would be a negative impact for people on some industrial and business sectors.

"But over all, protective measures are not going to help in the long run because they are going to do damage than help," he said.

According to Surin, the implementation of the FTA will be gradual so that livelihood and jobs would not be affected.

"We just have to make adjustment. We cannot just complain and not moving, not accommodating, not adjusting. That's not the way of future. The way of future is to be competitive, to be prepared, to open up and to benefit from the open space and open market out there," he said.

Surin said that since the comprehensive economic cooperation agreement was signed in 2002, the economy and trade cooperation between China and ASEAN has improved tremendously.

"In terms of trade alone, it was from about 60 billion U.S. dollars to 192 billion dollars in 2008. That's in five years. And the growth rate is almost 30 percent, which makes China a very quick and fast trading partner with ASEAN, up to number three now and I'm sure it will take over Japan and the European Union soon," he said.

Surin said that aside of goods and services, there would be investment liberalization between both sides.

"So, we hope that there will be more direct foreign investment from China to ASEAN. Together, we have attracted a great deal of investment already from around the world," he said.

Surin said that with a balanced growth, both sides would like to have an inclusive and equitable growth.

"People of China and ASEAN in general will benefit from this growth, rather than the fruit of the growth is being capped among small group of people," he said.

He also said that a closer economic cooperation, bilateral ties between both sides will increase.

"Middle class of China is expanding, which will be good for ASEAN products. Middle class of ASEAN is growing, expanding, which will be good for Chinese export and Chinese services," he said.

He said that East Asia is being expected to be a foremost locomotive for world economic recovery.

"With the coordination, we will make sure that our region will increase its influence around the world, will expand its profile and heighten its contribution to the global economic recovery," he said, adding that the center of growth will be very much anchored in East Asia.

The region is emerging very quick out of the crisis while China's growth in the midst of the crisis have been impressive of more than 8 percent and in 2010, it is expected to be almost 9 percent, said the secretary general.

"Countries of South East Asia are also emerging even though not at the same rate, but 3.4-3.5 percent. That's also very impressive in the midst of global slowdown," he said.

Surin also said that the relationship between China and ASEAN has been comprehensive, not only on economy, politics and security but also on people's health, climate, environment, culture, sport, drugs and other non traditional security issues.

- Myanmar business leaders stress China-Myanmar cooperation in face of FTA challenges (1st January)

Leaders of Myanmar business circle have stressed the need for enhancement of agricultural cooperation between China and Myanmar to jointly cope with new challenges posed by the establishment of China-ASEAN Free Trade Area (FTA).

The views were revealed by U Win Myint, president of the Union of Myanmar Federation of

Chambers of Commerce and Industry (UMFCCI), U Zaw Min Win, UMFCCI vice president, and Dr. Maung Aung, an expert on FTA, in an exclusive interview with Xinhua after the establishment on Friday.

U Win Myint said the trade opportunities between China and Myanmar would sharply increase and would also pose at the same time greater challenges as a result.

Myanmar has the superiority of agricultural resources while China possesses agricultural expertise, which paves way for intensifying cooperation in the agricultural sector, he noted.

Dr. Maung Aung pointed out that Myanmar is rich in land resources with much cultivable land and potential in agricultural development which can generate more agricultural produces for export.

Noting that the trade development between Myanmar and China has become rapid in recent years, he pointed out that border trade dominated Myanmar-China bilateral trade.

The one-stop service rendered at Myanmar's Muse 105th Mile Border Trade Zone has brought about rapid development of Myanmar-China bilateral trade, he said.

U Zaw Min Win said China stands as Myanmar's main trading partner. "The establishment of China-ASEAN FTA benefits our two countries. China has much technical knowhow, especially in agriculture, while Myanmar needs such expertise and investment. We welcome China's investment in our agriculture to strengthen the two countries' agricultural cooperation," he added.

U Win Myint said, after China-ASEAN FTA establishment, Myanmar obtains more opportunities on the one hand, while on the other hand competitions also increase with the sectors of manufacturing and agriculture.

U Zaw Min Win held that more foreign investment may pour in Myanmar following the FTA establishment and Myanmar would obtain more technical knowhow for development which will raise processed and value-added export, thus increasing the export volume.

Speaking of coping with FTA challenges, U Win Myint said there are so many sub-organizations under the UMFCCI, citing the Rice Dealers' Association, Rice Millers Association and Beans Entrepreneurs Association.

"We have formed respective leading committees of them, cooperating with the government and companies, jointly providing loans to farmers, transferring technical knowhow and distributing good species, fertilizer and pesticide."

U Win Myint stressed that through tireless efforts, Myanmar's agricultural output would increase with the quality going up. He went on to note that Myanmar is the second largest beans exporting country after Canada and it could maintain such superior status.

U Zaw Min Win added that the UMFCCI is working hard by launching training courses, seminars in order to grasp the opportunities resulting from the FTA to deal with the FTA challenges.

The UMFCCI officials and experts held that the successful establishment of China-ASEAN FTA contributes significantly to Myanmar's economic development and China-ASEAN development.

Agriculture represents the mainstay of Myanmar's economy, involving over 70 percent of the country's 57.37-million population and contributing 40 percent to its gross domestic product.

Myanmar's cultivable land covers 18.42 million hectares with paddy as its main crop. The country also stands as one of the main beans and pulses exporting countries in the world, exporting 1.5 million tons of the crops annually.

- China finds \$420 mln of misused public funds irrecoverable at state companies (31st December)

China's National Audit Office (NAO) said Wednesday 2.84 billion yuan (420 million U.S. dollars) of public funds misused by 13 centrally-administered enterprises in 2008 cannot be retrieved.

China Aerospace Science & Industry Corp. caused the losses of 6.37 billion yuan of state-owned assets in 2008 due to wrong decisions and poor management.

Despite various correction measures adopted by the 13 companies, 2.84 billion yuan were affirmed to be irrecoverable after preliminary assessment, the NAO said.

False financial reporting was also found at the enterprises, it said.

On Monday, Liu Jiayi, China's top auditor said NAO had retrieved losses of 16.3 billion yuan from 99,000 companies, government bodies and public institutions in the first 11 months.

Despite some improvement, embezzlement, waste of money and false fiscal reporting still existed in central departments, Liu said.

- Chinese banks report lower bad loan ratio by November end (31st December)

Chinese commercial banks saw their bad loan ratio decline to 1.6 percent by the end of November, China Banking Association said Wednesday in a statement on its Website.

The figure was down 0.8 percentage points from the beginning of this year, according to the statement.

Capital adequacy ratio of these banks stood at above 10 percent by November end and provision coverage ratio was 151 percent. the statement said.

- China to become the world's third largest wind power producer (31st December)
China will become the world's third largest wind power producer this year, an official with the National Energy Administration (NEA) said Wednesday.

The country's installed wind power capacity would total 20 million kilowatts (kw) this year, said Shi Lishan, deputy with NewEnergy and Renewable Energy Bureau of the NEA. The capacity was 764,000 kw by the end of 2004 and increased to 12 million kw in 2008.

The estimated figure will lift China to the third place following the United States and Germany.

China has now a complete industrial chain in wind power industry, Shi said. The country was not capable of producing complete wind energy generator equipment in 2003.

However, technology remained the bottleneck of Chinese wind power development, Shi said.

- Service outsourcing industry robust in China, boosts employment (31st December)
The global economic meltdown impacted many of the clients of BT Frontline, which provides outsourcing services for the IT systems of docks and logistics companies. But its General Manager, Lawrence Low, is still satisfied with the company's performance amid the financial crisis and confident about its future.

China's service outsourcing industry, mostly about software outsourcing, bounced back in the second half of the year from a hard time of three months caused by shrinking demand from the global market, according to Yu Hengzhuang, vice president of Dalian Software Park.

"We have gained access to high-end market and recently entered the Middle East market, which more than offset the impact of the global downturn," Low said.

"Our business not only survived, it grew and thrived," Low said with a smile, keeping the exact figures as business secret.

RAPIDLY DEVELOPING INDUSTRY

The software outsourcing park in Dalian, the industrial hub in China, attracted 63 new clients in 2009, bringing the overall number of businesses in the park to more than 400, and the park's total sales are expected to top 20 billion yuan, up 32.9 percent year on year.

The sales of Dalian's software outsourcing business grew from 200 million yuan (29.3 million U.S. dollars) to more than 30 billion yuan in the past 10 years. A total of 700 companies are in the industry, including 300 joint ventures and more than 40 Fortune 500 companies.

In the first ten months, the industry's sales in Dalian grew by 33 percent to 33.7 billion yuan and its export grew by 34 percent to 1.1 billion U.S. dollars.

While Dalian has become a world famous hub of software outsourcing after Thomas Fridman compared it with Bangalore in India, another less known industrial hub with equally fast pace in east China's Jiangsu Province, is taking shape.

The contract value of Jiangsu's software outsourcing industry reached 3.28 billion U.S. dollars in the first 10 months of the year, a growth of 174 percent. The province has 2,470 companies in the industry, with 290,000 employees, according to statistics from the provincial department of commerce.

The provincial capital Nanjing's software outsourcing industry had a contract value of 2.1 billion U.S. dollars in the first 11 months of the year, growing by 239 percent.

"The income of China's software industry, which software outsourcing takes a major part, has been growing by 38 percent annually and its revenue is expected to top 1 trillion yuan in 2010," said Hu Kunshan, vice chairman of China Software Industry Association.

China's software industry earned 757.3 billion yuan in 2008, and the figure is expected to reach 900 billion yuan in 2009.

BOOSTING EMPLOYMENT

The rapid development of outsourcing industry bears great significance in sustaining economic growth, restructuring economy, stabilizing export and boosting employment, said Chinese Vice Premier Wang Qishan during a visit to Dalian in November.

More than 60,000 people are working in the software outsourcing industry in Dalian.

China's outsourcing industry recruited 690,000 new employees, 460,000 of whom were college graduates, in the first 11 months of 2009, according to statistics released on a national conference on commerce.

China's Ministry of Human Resources and Social Security expects the outsourcing industry to create 1.2 million new jobs in five years, including 1 million jobs for college graduates.

At the end of Sept. 2009, 1.42 million people were working in 8,060 outsourcing companies in China, said Qian Fangli, deputy head of the foreign investment department of the Ministry of Commerce.

The software outsourcing companies in China have enough programmers but lack mature project managers and decision makers, who are on the top of the talent pyramid, said Yu Hengzhuang, vice-president of Dalian Software Park.

The gap in talent pool limited the size of such companies to less than 300 people, which is a human resource threshold to carry out core projects with high added value. "That's why Chinese companies are now the lowest ring of the world software outsourcing chain," Yu added.

- ASEAN-China FTA makes Vietnam-China trade easier and better: VCCI vice chairman (31st December)

The establishment of the Free Trade Area (FTA) between China and ten member states of the Association of Southeast Asian Nations (ASEAN) makes Vietnam's trade with China easier and better, said Doan Duy Khuong, Vice Chairman of the Vietnam Chamber of Commerce and Industry (VCCI) here on Thursday.

In an exclusive interview with Xinhua here on Thursday, Khuong said that Vietnam, as an ASEAN member, is expecting both opportunities and challenges brought about by the FTA.

Scheduled to take effect as of Jan. 1, 2010, the ASEAN-China FTA includes China and ten Southeast Asian countries namely Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

The FTA is expected to become world's third largest free trade area with a combined population of 1.9 billion and a combined gross domestic product (GDP) close to 6 trillion U.S. dollars.

Khuong said that FTA means tariff reduction and simplification of administrative procedures such as customs and investment licensing. Therefore, Vietnamese products will have better access to the Chinese market and vice versa.

For Vietnam, China has become a leading trade partner as statistic figures show, according to Khuong. In 2009, bilateral trade between the two countries is estimated at roughly 20 billion U.S. dollars. Trading with China has been of great significance to Vietnam so far, said Khuong.

Khuong said that under the FTA scheme, tariff will be lowered, therefore helping reducing the illegal trading along the border between China and Vietnam.

The FTA will also make cooperation among Vietnam, China and other ASEAN members in production of a particular product become easier, said Khuong.

Countries within the FTA can produce different parts of a product based on their strength so that consumers could enjoy a higher-quality but lower-cost finished product. The cooperation in the manufacturing process would not only help businessmen tap the markets of China and ASEAN countries, but also pave the way for them to enter other markets such as the European Union and Africa.

However, FTA brings tougher competition for Vietnamese companies as there are similarities in manufacturing products between Vietnam and the other countries within the FTA.

Level of competition would be different in various sectors, according to Khuong.

Though, competition would do good to both Vietnamese manufacturers and consumers, Khuong said. Competition makes companies have to improve themselves to produce better products and therefore consumers benefit from that.

Next year, Vietnam will hold the ASEAN Chairmanship, Khuong said. The country will make efforts to improve the connection between ASEAN and China and bring cooperation to a new height. Therefore, it would promote the implementation of the ASEAN-China Free Trade Area.

- China to enhance financial support to foreign-invested businesses (30th December)
The Chinese government Wednesday told the nation's financial institutions to step up credit support to foreign-invested businesses and allowed them more access to financing.

Foreign-invested companies would be encouraged to take part in the merges and acquisitions of the Chinese enterprises, according to the statement issued after an executive meeting of the State Council, or the Cabinet, chaired by Premier Wen Jiabao.

http://news.xinhuanet.com/english/2009-12/30/content_12730157.htm

- China aims to curb overcapacity, boost emerging industries for low-carbon economy (30th December)

China is making concrete steps in pushing forward with its low-carbon economy by curbing overcapacity on one hand and boosting strategic emerging industries on the other.

CURBING OVERCAPACITY

At a press conference held here on Wednesday, Li Ningning, a senior official from the National Development and Reform Commission (NDRC), the country's top economic planner, said the overcapacity problem in a few industrial sectors such as coal chemical industry and vitamin C must be tackled.

China is the biggest producer of coal chemical industry. From January to November this year, China produced 314 million tons of coke, up 8.2 percent year on year, Li said.

In 2009, production capacity of coke expanded by 30 million tons while the export down 96 percent from a year earlier to 480,000 tons. Utilization rate of the capacity was 80 percent in 2008, he said.

"China is a country comparatively rich of coal while lack of oil and gas, the mature technology and low investment threshold in the coal chemical industry seems conducive to the investment," said Li.

Restructuring of the coal chemical industry involves in eliminating outdated coal chemical production capacity, supporting technological innovations and strengthening policy guidance, according to Yuan Longhua, an official from the Ministry of Industry and Information Technology.

Wang Jian, secretary general of China Society of Macroeconomics, had said in an article published by the Xinhua-run Outlook Weekly that 17 industries in China were faced with excessive capacity in 2008, rising from 11 in 2005. And the number of industries with excessive capacity is still rising, Wang added.

Chinese Premier Wen Jiabao told Xinhua on Sunday that overcapacity was a result of the long-existing problem of an imbalanced economic structure in China.

"To resolve the problem of overcapacity, the most important thing is to take economic, environmental, legal and, if necessary, administrative measures to eliminate backward capacity and, in particular, restrict the development of energy-consuming and polluting industries with excess capacity," Wen said.

BOOSTING LOW-EMISSION INDUSTRIES

Also at the press conference on Wednesday, Shi Lishan, another official with the NDRC, said the government needed to guide the development of high-tech industries such as wind and solar power equipment manufacturing as China rushed to build a low-carbon economy.

Earlier this month, Premier Wen had listed seven high-tech emerging industries as new energy, energy-saving and environmental protection, electric vehicles, new materials, information industry, new medicine and pharmacology, as well as biological breeding.

Development of emerging high-tech industries could not only bring about a low-carbon economy, but also help China tide over the financial crisis.

"The key to conquer the global economic crisis lies in people's wisdom and the power of science and technology," Wen said.

Boosting low-carbon technologies was crucial for the transformation of the nation's economy, Wen said.

New energy, energy-saving, environmental protection and electric vehicles industries were on the government's priorities among the seven emerging industries that needed particular attention.

By the end of 2008, China's energy-saving and environmental protection industries totalled 1.55 trillion yuan (227 billion U.S. dollars), accounting for 5.17 percent of the country's GDP, according to the NDRC.

He Bingguang, another NDRC official, forecast at a forum on the low-carbon economy held in Beijing last week that due to government policies the two industries would account for 7 to 8 percent of China's gross domestic product (GDP) by 2015.

In fact, financing of low-carbon industries has been part of the government's stimulus package.

Liu Mingkang, chairman of the China Banking Regulatory Commission, said that Chinese banks would continue to play positive roles in energy conservation and environmental protection, as well as helping adjusting the economy's structure.

"Banks should be part of the concerted efforts to make a low-carbon economy," he said at a financial forum here last week.

Liu said to control risks, banks should create more low-carbon financial products to benefit the "green economy".

Besides shutting down high emission enterprises, environmental experts have predicted increased investment on technological innovation, energy-saving and environmental protection, especially in the field of new energy.

China would stand on its own feet to develop low-carbon technologies, predicted Jin Jiaman, head of the Global Environmental Institute.

"China must develop in a low-carbon way not just to be part of the global trend but rather because it's an inevitable choice given the current economic conditions and future prospects," Jin said.

- China Enterprises Index down 0.90% (30th December)

The Hang Seng China Enterprises Index fell 114.16 points, or 0.90 percent, to close at 12,530.77 on Wednesday.

The H-shares Index, initiated in August 1994 and readjusted on Sept. 7, 2009, tracks the overall performance of 44 major Chinese mainland state-owned enterprises listed on the Hong Kong Stock Exchange.

The Hang Seng China H-Financials Index also fell 109.00 points, or 0.63 percent, to close at 17,262.65.

The H-Financials Index, initiated on Nov. 27, 2006, readjusted on Sept. 10, 2007, tracks the performance of nine major banks and insurers of the Chinese mainland.

The Hang Seng Mainland Composite Index lost 0.22 percent at 3,999.63.

Introduced on Oct. 3, 2001 with the latest readjustment effective on March 9, 2009, the Hang Seng Mainland Composite Index gauges the performance of 132 Hong Kong-listed companies with principal places of business in Hong Kong and the Chinese mainland.

The Hang Seng China-Affiliated Corporations Index added 16.80 points, or 0.43 percent, to close at 3,957.43.

The index tracks the performance of 34 locally listed companies with a significant equity interest held by entities in the Chinese mainland.

- ChiNext stock index up (30th December)

The ChiNext Index rose on Wednesday as 29 of the 36 shares at China's start-up board for small and medium-sized enterprises were up.

The board, which is based in Shenzhen and started trading on Oct. 30, 2009, is tailored to the needs of enterprises engaged in independent innovation and other enterprises with great growth potential.

- Chinese shares rise for third day on news of stock-index futures (30th December)

Chinese equities rose for the third consecutive day on Wednesday following the news that the State Council has approved the long-awaited stock-index futures, which has not been confirmed till press time.

The benchmark Shanghai Composite Index went up 1.58 percent, or 50.84 points, to close at 3,262.6 points. The Shenzhen Component Index gained 1.04 percent, or 140.48 points, to close at 13,644.47points.

Combined turnover on the two bourses expanded to 254.09 billion yuan (37.2 billion U.S. dollars), from 194.38 billion yuan on the previous trading day.

Stocks of companies which are shareholders of futures companies posted a strong performance boosted by the news that the State Council approved the stock-index futures.

Daheng New Epoch Technology, Inc., whose subsidiary takes a 49 percent stake of Shanghai Dalu Futures Co., rose by the daily limit of 10 percent to close at 10.75 yuan.

The news that the stock-index futures have been approved stimulated Wednesday's market, said analysts. The stock-index futures, based on the major indices, would lead investors to have more heavy weights so that they can have a better control of the indices.

Officials with the securities watchdog have made remarks about the new product several times recently and the market talk say it would be launched soon. However, the news spread on Wednesday has not been confirmed by the regulator till press time.

Heavy weights contributed much to the rise of the major indices. PetroChina, the country's largest oil producer, increased 1.92 percent to 13.81 yuan. China Life Insurance Co., the country's biggest insurer, went up 3.61 percent to 31.59 yuan.

Financial stocks also helped the advance. The index for the sector climbed 3.39 percent as all banks saw their stock price up on market expectations that new bank loans may exceed 300 billion yuan, higher than the 294.8 billion yuan of new credit extended in November.

Bank of Communications rose 6.62 percent to 9.18 yuan and China CITIC Bank gained 5.87 percent to 8.29 yuan.

- U.S. sets preliminary penalties on Chinese steel grating (30th December)

The U.S. Commerce Department said on Tuesday that it has set preliminary antidumping duties (AD) on imports of steel grating from China, a move that might escalate trade disputes between the two countries.

The department said it "preliminarily determined that Chinese producers/exporters have sold steel grating in the United States at 14.36 to 145.18 percent less than normal value."

As a result of this preliminary determination, Commerce will instruct U.S. Customs and Border Protection to collect a cash deposit or bond based on these preliminary rates.

The product covered by this investigation is a downstream steel product typically comprised of bearing and cross bars used for walkways, platforms and flooring.

From 2006 to 2008, imports of steel grating from China increased 538.44 percent by volume and were valued at an estimated 90.7 million dollars in 2008, according to the U.S. Commerce Department.

Commerce said that it is currently scheduled to make its final determination in April 2010.

If Commerce makes an affirmative final determination, and the U.S. International Trade Commission makes an affirmative final determination that imports of steel grating from China materially injures, or threaten material injury to, the domestic industry, Commerce will issue an antidumping duty order.

The new case followed U.S. President Barack Obama's recent decision to impose punitive tariffs on all car and light truck tires from China for three years, a move quickly denounced by China as a "serious act of trade protectionism."

The protectionist moves by the Obama administration will ultimately hurt the U.S.-China trade relations, which are becoming more and more important due to the global financial crisis, economists warned.

- China a leader in global emerging auto markets in 2010: report (29th December)

The emerging markets of China, India and Brazil will lead the way in global auto sales in 2010, a report said Tuesday.

The U.S. market, meanwhile, was expected to see a double-digit increase and will lead the growth of mature markets in 2010, said the global auto report by Canadian Scotiabank Economics.

The report said that a cyclical recovery in global auto sales began in the spring of 2009 and would gain momentum in 2010.

China became the world's largest auto market in 2009, surpassing purchases in the United States. Car sales in China surged by more than 40 percent to 7.3 million units this year thanks to government incentives.

The incentives included a reduction in sales tax from 10 percent to 5 percent for small fuel-efficient vehicles with engines less than 1.6 litres.

The incentives were expected to lift sales by 20 percent to nearly 9 million units in 2010, the report said.

"Global car sales will continue to be buoyed by the ongoing massive and synchronized monetary and fiscal stimulus, which has generated a global economic recovery, including improving auto lending across the globe," said Carlos Gomes, senior economist at Scotia Economics.

"In fact, we estimate that auto loans across major markets bottomed in the first quarter of 2009 and have improved consistently alongside a thawing in global credit markets and falling interest rates," he said.

According to the report, improving access to credit and a return to 3-percent growth in the world economy will enable 2010 car sales to recapture half of the ground lost over the past two years, and set the stage for record volumes in 2011.

Auto sales in the United States have reversed the downward trend, with volumes advancing above a year earlier since August alongside a nascent economic recovery.

The report also predicted that through a vehicle scrappage program to spur the market, auto sales in Canada would reach 1.53 million units in 2010, up from 1.45 million this year.

"On average, 7 percent of the Canadian fleet is replaced each year," Gomes said. "However, the scrappage rate slumped to less than 6 percent in 2009, as the global economic downturn prompted Canadians to tighten their wallets and continue to drive their aging vehicles.

- Chinese shares close higher on Tuesday (29th December)

Chinese equities continued to rise on Tuesday led by tourism stocks on reports that the program to transform Hainan into an international resort island is expected to be ratified soon.

The benchmark Shanghai Composite Index climbed 0.72 percent, or 22.98 points, to close at 3,211.76 points. The Shenzhen Component Index gained 0.3 percent, or 40 points, to close at 13,503.99 points.

Combined turnover expanded to 194.38 billion yuan (28.46 billion U.S. dollars) from 182.13 billion yuan on the previous trading day.

Gainers outnumbered losers by 460 to 368 in Shanghai and 448 to 344 in Shenzhen.

Tourism-related stocks led the advance in Tuesday's rise as an unnamed official with China's southern Hainan Province was quoted by the newspaper 21st Century Business Herald as saying that the program to develop Hainan into an international resort island would be approved by the central government soon.

Boosted by the news, the index of tourism-related stocks was up 2.37 percent. China International Travel Service Corporation Limited jumped 8.23 percent to close at 21.03 yuan. Beijing Capital Tourism Co. added 5.91 percent to 23.65 yuan.

China CNR Corp., reorganized from China Northern Locomotive & Rolling Stock Industry (Group) Corporation, was listed in Shanghai on Tuesday. The new stock gained 2.34 percent to 5.69 yuan, which was the lowest gain among initial public offerings in the country this year.

- Chinese shares up 1.5% (28th December)

Chinese equities rose on Monday as the benchmark Shanghai Composite Index up 1.51 percent, or 47.43 points, to close at 3,188.79 points.

The Shenzhen Component Index gained 1.31 percent, or 174.05 points, to close at 13,463.98 points.

Combined turnover increased to 182.13 billion yuan (26.67 billion U.S. dollars), from 175.63 billion yuan on the previous trading day.

- ASEAN+3, HK sign Chiang Mai Initiative to address currency liquidity (28th December)

Top finance officials of a block of nations and regions in east and southeast Asia signed the Chiang Mai Initiative Multilateralization (CMIM) to address the short-term currency liquidity, China's central bank said on its website on Monday.

The agreement was signed by the finance ministers and central bank governors of the Association of Southeast Asian Nations (ASEAN), China, Japan and the Republic of Korea (ASEAN+3), as well as the Hong Kong Monetary Authority chief.

The signatory nations and regions reached in May the agreement on all main components of a 120-billion-U.S. dollar regional reserve pool to provide emergency liquidity for countries and regions in financial crisis.

The core target of the pact was "to address balance of payment and short-term liquidity difficulties in the region and to supplement the existing international financial arrangements", the central bank said in the statement.

China and Japan will contribute 38.4 billion U.S. dollars each to the liquidity pool and the Republic of Korea will offer 19.2 billion U.S. dollars. The 10 ASEAN nations will provide a combined 24 billion U.S. dollars.

The ASEAN groups Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

- Per capita annual net income of Chinese farmers tops \$735 (28th December)

The Chinese farmers saw their per capita annual net income rise to a historic high of 5,000 yuan (735 U.S. dollars) in 2009 despite the economic hardships, official data showed on Monday.

The figure was an increase of more than 6 percent from a year ago, according to a statement issued by the annual central conference on rural work which concluded on Monday.

- Chinese auditors to step up crackdown on misappropriation (28th December)

China's National Audit Office (NAO) said Monday that during the first 11 months 863 cases and clues involving 1,068 people had been handed over to the judicial authorities on charges of money laundering, insider trading and providing false receipts.

The audit, conducted by auditing agencies across the nation, covered 99,000 companies, government bodies, public institutions, and retrieved losses of 16.3 billion yuan, said Liu Jiayi, China's top auditor at the national auditing conference.

The audit was also carried out among more than 20,000 government officials including provincial-level cadres and bosses of large state-owned enterprises.

Cases involving 67 senior officials and 164 others were handed over to judicial authorities.

"We should enhance officials' awareness of law and set up clear accountability system at all government levels," Liu said.

NAO has sent working groups to 55 central departments for audit inspection.

Despite some improvement, embezzlement, waste of money and false fiscal reporting still existed in central departments, Liu said.

- Xinhua inks co-op deal with Agricultural Bank of China (28th December)

Xinhua News Agency signed a cooperation agreement on Monday with the Agricultural Bank of China on construction of financial information platform, and corporate and individual financial services.

Under the agreement, the ABC will provide a credit line of intent up to 10 billion yuan (1.46 billion U.S. dollars) to Xinhua in the next five years to support major projects including "Xinhua08", Xinhua's self-developed financial information service platform starting operation in 2007.

Xinhua will set up an information collection system in ABC, and through "Xinhua 08", Xinhua will release ABC's information to the international financial market and gather global financial information for ABC to help increase its competitiveness.

Lu Wei, vice president of Xinhua, said Xinhua is tapping into the information service sector, conforming to the globalization process and competition among world media.

"The cooperation with ABC is a strategic measure to protect national economic security and strengthen the core competitiveness of the country's finance," Lu said. The move would push forward the construction of Xinhua's financial information platform, he added.

ABC chairman Xiang Junbo said the two sides could use their respective advantages to build a platform combining information service and financial service, which would facilitate the development of ABC and Xinhua.

- China-ASEAN FTA sets stage for economic integration (28th December)

A free trade agreement (FTA) between China and the bloc of ten Southeast Asian countries, the first of its kind, will serve as a stepping stone for the diverse Asian community to further integrate and might give birth to a broader multilateralized trading pact across the region, said a senior economist of the Philippines-based Asian Development Bank.

"There is a lot of expectation of this FTA," Jayant Menon, principal economist of ADB's Office of Regional Economic Integration, told Xinhua in an interview on the eve of the establishment of the China-ASEAN (the Association of Southeast Asian Nations) free trade area on Jan. 1, 2010.

"Big bang" effects can't be expected because China and the ASEAN have come a long way in the past eight years and they are quite open economies already, Menon said.

"But this FTA can be seen as a stepping-stone towards a broader agreement, and eventually, hopefully, a multilateralized trading arrangement whereby the achievements are offered to non-members in a non-discriminate manner," he added.

Menon said other regional economic powers such as Japan, South Korea and the United States are expected to join once this FTA expands.

The China-ASEAN free trade area covered a population of 1.9 billion and a combined gross domestic product close to 6 trillion U.S. dollars. It is the world's largest trading bloc in terms of population covered and the third largest in terms of trading volume.

Trade between China and ASEAN countries have picked up rapidly in the past decade. Official statistics indicated that trade between China and the ASEAN bloc expanded to a total worth of 231.1 billion U.S. dollars in 2008, from 19.5 billion U.S. dollars in 1995. Trade has especially doubled in the past four years.

Agreements on the trade of goods and services and a pact to encourage inter-regional investment have been separately signed. The slash of duties has begun since 2005 and more than 7,000 trading items covered by the agreements will be tariff-free products by Jan. 1, 2010.

But Menon said more substantial changes would come from investment liberalization.

"The real benefits would come from investment more so than trade," he said. "If negotiators can complete the investment agreement rather quickly and make it clean, open agreements, there could be quite significant benefits. We could improve the investment inflow from outside as well as within the region."

Menon said China now is already a big investor in the region and there is a lot of room for allocation of investments in the region to facilitate the type of product fragmentation network trade that has already taken place.

PAINS, GAINS

Menon said people can't expect profits coming from this FTA too soon and actually in the short run, there might a little bit of pain of adjustment costs for some countries joining the FTA and there will also be some resistance.

The economist cited the recent example of Indonesian industries proposing the government to delay the implementation of the FTA, a move to protect the country's fragile textile, farming, steel sectors.

The Jakarta Post reported that Indonesian Textile Association has proposed a postponement for 94 textile and garment products being included in the zero-tariff products covered by the China-ASEAN FTA.

But Menon said gains will come in the long run and for instance a lot of farming communities could benefit by specializing in different commodities and doing two-way trade of commodities within agriculture. He said such gains have shown in the mutually beneficial farm trade between China and Thailand covered by the free trade agreement.

EU-STYLE BLOC STILL A LONG SHOT

Menon said it might take at least three generations before an integrated Asia moving close to a European Union style economic union.

"With the EU, we must always remind ourselves that it takes a long time for them to reach the point that they have arrived at today," Menon said. "In some senses, there are tendencies for them to eventually integrate because they have so much in common and there are so many economic forces pushing them together."

"But the situation in Asia is quite different and as there is too much diversity to easily form a sort of deep integration agreement like an economic union," he added.

Countries like Indonesia and Singapore and China are totally different economies in terms of population basis, economic structures, Menon said, adding that for example, labor mobility an important ingredient to any sort of economic union -- is a complicated issue in Asia and it is very hard to see it been addressed in any time soon.

He said moving towards the EU-style arrangement also has to do with the competitiveness of member countries. And unlike the EU where complementarities exist, Asian countries have similar capital and labor prices and it would take a long time for this to be changed.

Menon said that explains why the trade of intermediate goods, rather than final goods, dominates China-ASEAN trade despite the sharp increase in figures over the past few years.

An ADB study shows that 60 percent of the manufactured goods in the region eventually entered the Western market and China's role as an assembling hub for the region's goods has not changed.

Menon said as ASEAN countries developed and as China gets richer, there is still enough room for the increase of regional demand to sustain some of the growth, but substantive changes won't take place too soon. He said China can not move up the product value chain overnight to manufacturing hi-tech final goods that will meet the region's demands.

"We can't be too impatient about this type of integration process. It takes a very long time," Menon said.

- Chinese Premier: Inspection tours inform gov't decisions on economy (27th December)

Frequent inspection tours around China by senior central government leaders contributed greatly to government decision-making in coping with the global economic downturn, Premier Wen Jiabao said Sunday.

Top leaders, including President Hu Jintao and Premier Wen Jiabao, had visited many businesses since June last year, looking for solutions to the economic slowdown.

"I went for three main reasons: to send a message of confidence, to learn about the situation, and to study and formulate policies," Wen told Xinhua in an exclusive interview.

"I myself had visited more than 20 provinces, autonomous regions and municipalities (of the total 31 on the Chinese mainland)," he said.

He said that during an inspection tour of a textile factory in the eastern city of Wuxi in July last year, he saw how the economic crisis had begun affecting export-oriented businesses in the coastal areas.

"After the investigations, the government changed the pre-set economic policies in the second half of last year: we began lowering the reserve ratio, decreasing the interest rate and raising the export rebate rate," he said.

Based on the inspection tours and investigations, the central government subsequently formulated a string of measures to boost domestic demand, such as the 4-trillion-yuan (585.6 billion U.S. dollars) economic stimulus package and the rural home appliances subsidy program.

"When we are looking back on the past, we can see that China acted fast in coping with the economic downturn and the measures were strong," he said.

- Macro-economic policies to continue: Premier (27th December)

China will maintain its pro-active fiscal policy and moderately loose monetary policy to buoy the economy in 2010 as many uncertainties persisted at home and abroad, Chinese Premier Wen Jiabao said Sunday.

Averting the trend of falling global demand remained difficult, Wen said in an exclusive interview with Xinhua.

"Economies of some countries are starting to pick up, but fluctuations are still possible," Wen said.

"China's economy has been on track for recovery. However, the economic performance and operations of enterprises still mainly rely on support from government's policies," Wen said.

"A consolidated recovery in the country's economy does not point to a complete revival and a full revival does not mean China's economy is developing in a sustainable way," Wen said.

"To withdraw macro-economic policies too early will likely ruin the efforts made before and reverse economic development," Wen said.

The government would maintain the stability and continuity of macro-economic policies while comprehensively watching the domestic and foreign economic situations, Wen said.

The State Council, or the Cabinet, announced on Nov. 5, 2008, that the government would shift the fiscal policy from "prudent to pro-active" and the monetary policy from "tight to moderately loose" to stimulate the economy by expanding domestic demand to offset a slump in exports.

The Cabinet also unveiled a 4-trillion-yuan (585.6 billion U.S. dollars) stimulus package the same day.

"We have stabilized economic growth and employment and maintained social stability over the past year," Wen said. "The government's economic stimulus package has proved effective."

China's economy grew 8.9 percent in the third quarter, the fastest rate in a year, after expanding by 7.9 percent in the second quarter and 6.1 percent in the first three months, boosted by the massive government investment and record bank lending.

The People's Bank of China, the central bank, scrapped lending limits of commercial banks in November last year.

In the first 11 months of this year, new bank loans hit 9.21 trillion yuan, an increase of 5.06 trillion yuan over the same period last year, far exceeding the full year target of 5 trillion yuan the government set in March.

The government pledged at the Central Economic Work Conference earlier this month that it would stick to the pro-active fiscal policy and moderately loose monetary policy in 2010 to sustain a recovery backed by the stimulus package.

The government would adjust macro-economic policies in line with the changing economic situation and study issues arising during implementation of such policies, Wen said.

China would gear more investment to social welfare, technical innovation and energy conservation and emission cuts next year, Wen said.

- China likely to overtake Germany as world's largest exporter in 2009: official (27th December)

China is likely to replace Germany to be the world's largest exporter in 2009, said a senior Chinese commerce official.

Zhong Shan, vice minister of Ministry of Commerce (MOC), made the forecast during an economic forum held at the University of International Business and Economics in Beijing on Sunday.

Zhong said 2009 has been the most difficult year for China's foreign trade, featuring weak demand on the international market and rising trade protectionism.

Social front

- More than 600,000 mainland tourists visit Taiwan in 2009: report (2nd January)

A total of 606,100 tourists from the Chinese mainland visited Taiwan in 2009, fulfilling expectations despite the impact of H1N1 flu and the global economic downturn, China Daily reported on Saturday.

Each mainland tourist spent nearly 1,800 U.S. dollars on the island, according to Shao Qiwei, chairman of the Beijing-based Association for Tourism Exchange Across the Taiwan Straits.

"We see good cooperation between tourism industries across the Strait taking shape," the newspaper quoted Shao as saying.

Since July 2008, when Taiwan first opened to mainland tourists, about 660,000 mainland tourists have visited the island and spent 1.13 billion U.S. dollars there, benefiting local transportation as well as the retail, entertainment and health industries, the news paper said.

In four months starting August of 2009, mainland tourists spent 65.7 million U.S. dollars through UnionPay payment cards, figures from mainland bankcard association China UnionPay showed.

Despite the impact of H1N1 flu since May last year, a string of relaxed rules in 2009 had spurred the interest of mainland tourists in visiting Taiwan.

In 2009, Taiwan has opened to mainland residents in 25 provinces, up from the initial 13 provinces. Relaxed rules have also allowed five tourists to form a group to visit Taiwan, instead of the initial requirement of at least 10 tourists. Mainland tourists can also stay in Taiwan for a maximum of 15 days, instead of the initial 10 days.

Combined with mainland business groups, more than 900,000 mainland travelers visited Taiwan in 2009, the newspaper quoted Christine Lai, director of the Taiwan Strait Tourism Association, as saying.

- Chinese migrant worker finds better life at home (30th December)

Zhang Yunluo, a young farmer in China's eastern Shandong Province, started his heater production plant after returning home in December last year from Tianjin.

The foreign-funded firm at which he worked had been hit by slumping orders due to the economic downturn -- and Zhang, 27, paid with his job.

"It's good to stay close to my parents in the village. The first batch of energy-efficient heaters has just rolled off the production line. I believe they have a market, as farmers are more price aware of their power bills because energy price rises," Zhang says.

"I hope to sell 7,000 sets of heaters worth more than 1 million yuan next year," Zhang adds.

A year earlier, such hope would have been incomprehensible.

He was one of millions of migrant workers returning home at the end of last year as factories closed or slashed production.

China had about 225 million migrant workers by the end of 2008.

"I decided it might be a good timing to start my own business. I have worked at foreign-funded firms in Beijing, Suzhou City and Tianjin as a salesman and technician. My city experience helped in a business plan."

TIMELY HELP

About 100,000 yuan (14,640 U.S. dollars) of his hard-earned wages and relatives' money went to the 400-square-meter workshops and machinery.

"Village heads gave me a preferential policy for using the land to build workshops. I only pay 2,000 yuan a year, as my factory is the first company set up in this village of 1,500 residents," Zhang says.

A deputy town head would introduce him to property developers of neighboring towns. They are Zhang's ideal potential clients.

The city government halved Zhang's annual business tax rate to 1.5 percent, in line with measures taken by local governments nationwide to support returning migrants' business dreams.

"Working capital shortage was my biggest problem. The low land rentals, promotion opportunities and lower tax rates were a timely boost to my small factory," Zhang says.

BETTER LIVES

After seven years away from home, he now employs seven villagers.

"Two technicians can get a monthly salary of 1,500 yuan, while the other five support staff can earn more than 400 yuan a month," Zhang says.

In big cities like Beijing, 400 yuan can only buy a family a big meal, but in Chinese rural areas, 400 yuan a month is substantial money.

The per capita net income of Chinese farmers hit a record 5,000yuan in 2009, up 6 percent from 2008, according to a statement from the annual Central Conference on Rural Work.

"My employees are all older than me. They are of the 'sandwich generation', who have to take care of their parents and children. So they prefer to stay in the village to work," Zhang says.

"I believe my life will get better and so it will for my employees. I bought a government-subsidized washing machine to wash employees' work clothes. Several workers have bought washing machines and color TV sets with subsidies and income rises before the New Year," says Zhang.

More than 81.8 million household appliances, including mobile phones and TV sets had been bought by rural families by Dec. 12, a total sales value of 143.6 billion yuan, boosted by the government subsidy that took effect nationwide since in February, Ministry of Commerce figures show.

Raising farmers' incomes by supporting their business plans and boosting their consumption can narrow the long-existing economic gaps between rural and urban areas, says Zheng Fengtian, vice dean of the Agriculture and Country Department of Beijing's Renmin University of China.

"Farmers' incomes are still low compared to city dwellers. They need better financing services to fund start-up businesses and a better social safety net in the process of China's urbanization," Zheng adds.

Experts say successful village firms like Zhang's give farmers job opportunities near homes, improve consumption and encourage urbanization.

Chinese farmers are afraid of spending, because they have low incomes and lack welfare, says Jing Linbo, vice director of the Institute of Finance and Trade Economics under the Chinese Academy of Social Sciences.

Many capital-deprived Chinese farmers face financing difficulties, as they lack proper mortgages and business credit to get access to loans, although the government is trying to improve finance for farmers.

New agriculture and farming-related loans rose 27.6 percent year on year to 1.54 trillion yuan in the first half, says Liu Zhenwei, vice chairman of the Agriculture and Rural Affairs Committee of the National People's Congress.

"I think I can get loans next year, if business goes well. I want to add a new production line and more villagers to my payroll. Many villagers are my relatives, and I hope their lives get better," Zhang says.

http://news.xinhuanet.com/english/2009-12/30/content_12729524.htm

- Google to meet with Chinese authors (30th December)

There have been three rounds of talks between Google and Chinese writers whose works were copied by the Internet giant without authorization. The fourth round of talks is expected to begin soon. Discussions are likely to touch upon more essential points of the issue.

The book list provided by Google is the latest achievement from the first three rounds of negotiations. The talks fell into stalemate earlier, as the company refused to admit having "infringed" upon copyright laws. But Chinese authors did not give up on efforts to protect their copyrights.

Zhang Hongbo, Director-General of China Written Work Copyright Society, said, "We invited patent experts and lawyers who are familiar with both Chinese and American law to analyze the issue. They say Google's stance is unstable."

Ethnic issues

Environmental front

- Premier Wen defends China's development rights (27th December)

China must fight for its right for further development while addressing climate change issues, Chinese Premier Wen Jiabao said Sunday.

The fact that development was the top priority of developing nations must not be ignored, he said in an exclusive interview with Xinhua.

Wen urged all nations to recognize the hard-won results of the Copenhagen climate change conference this month and build consensus for future action against climate change.

"We should look forward and work together to address climate change. Chinese government will continue to stick to this position," he said.

Asked for his view of the different interpretations of the conference's outcomes internationally, Wen said China had made every effort to play a positive, constructive role in the conference.

"I must say we did our utmost and fully met our obligations," said Wen, who attended the final segment of the UN-led talks that ended with the Copenhagen Accord.

Although the document was not legally binding, it firmly upheld the basic framework and principles established by the United Nations Framework Convention on Climate Change and its Kyoto Protocol.

The accord also further clarified the due obligations and actions of developed and developing countries respectively according to the principle of "common but differentiated responsibilities."

"We had always hoped to reach a legally binding document. But even when I attended the conference on Dec. 17, there was no single paper. Under such circumstances, we carried out intense mediation and finally helped push the conference one step forward," Wen said.

He urged the world to understand the fact that development remained the top priority of developing countries.

"Some say that we should not get bogged down by history (that industrialized countries contributed the majority of greenhouse gas emissions in past centuries). But this is a fact that we must face," he said.

Around the world 1.6 billion people still had no access to electricity while 2.3 billion people had to burn coal or wood to keep warm or to cook.

"Without looking at the history, one would never understand why there is a gap between the rich and the poor, not to mention the fact that developing countries regard development as their top concern," he said.

Despite progress in development in recent years, China still faced challenges, including its large population, unbalanced development among regions, and poverty, he said.

While China would not follow developed countries on their path to industrialization at the price of environment, "we must fight for China's due rights for development," Wen said.

As a big developing country, China took the lead in publishing its national action plan to address climate change. Without international aid, China voluntarily announced a

target of cutting carbon dioxide emissions per unit of GDP by 40 to 45 percent from the 2005 level by 2020.

"These demonstrate that China is highly responsible in the matter of climate change," Wen said.

- Chinese premier, UN chief discuss climate change (30th December)

Chinese Premier Wen Jiabao and UN Secretary-General Ban Ki-moon discussed building on the Copenhagen conference to fight climate change in a telephone conversation on Wednesday.

Premier Wen said the Copenhagen climate meeting had achieved historic progress, which would serve as the foundation for international cooperation and pointed the future direction for negotiations on climate change action.

Wen said all nations should continue to find common ground, bridge differences and strengthen cooperation to crack the hard issues facing human existence and development, and benefit the generations to come.

The premier also said China would strive to overcome the challenges it faced in realizing its announced emissions reduction target while providing the international community with timely and full information and enhancing international cooperation and exchange.

Wen added that China supported a more active role for the UN and secretary-general and China would like to contribute more in working with the international community in the cause of combating climate change.

UN chief Ban Ki-moon said the Copenhagen summit signified an important step in the right direction. The UN highly appreciated China's constructive efforts during the talks.

He said China's firm stance on voluntarily cutting greenhouse emissions had set an example within the international community and the UN hoped to enhance its cooperation with China on climate change.

http://news.xinhuanet.com/english/2009-12/30/content_12730059.htm

- Denmark, not China should be blamed for failure of Copenhagen conference: Guardian website article (1st January)

It was Denmark, not China which "hijacked" the Copenhagen climate change conference last month and caused its failure, said a recent article from the Guardian website.

In an article entitled "Blame Denmark, not China, for Copenhagen failure" published on the Guardian website on Dec. 28, Martin Khor, executive director of the South Center, an inter-governmental organization of developing countries, said Britain and some other developed countries are using China as a scapegoat to cover the real reasons for the failure of the Copenhagen conference.

The article refuted UK Climate Secretary Ed Miliband's allegation that China was the villain that "hijacked" the conference. The main evidence Miliband gave was that China vetoed an "agreement" on a 50 percent reduction of global greenhouse gas emissions by 2050 and an 80 percent reduction by developed countries in an exclusive meeting of 26 leaders on Copenhagen's final day.

"There was indeed a 'hijack' in Copenhagen, but it was not by China," the article said: "The hijack was organized by the host government, Denmark, whose prime minister convened a meeting of 26 leaders in the last two days of the conference, in an attempt to

override the painstaking negotiations taking place among 193 countries throughout the two weeks and in fact in the past two to four years."

The report pointed out that the exclusive meeting was not mandated by the U.N. climate convention, nor with the knowledge of the convention's other members.

Developing countries have warned that the so-called "Danish text" and the secret elite group would violate the multilateral treaty-based democratic process of negotiation at the conference, and replace the documents carefully negotiated by all countries for so long. Despite the warnings, the Danish government did just that, producing a non-legally binding Copenhagen accord, which was criticized by the final plenary of members and was not adopted.

"The unwise attempt by the Danish presidency to impose a non-legitimate meeting to override the legitimate multilateral process was the reason why Copenhagen will be considered a disaster," the article said.

Instead, the Copenhagen conference should have been designed as a "stepping stone" to a future successful outcome accepted by all, the report suggested.

In fact, thousands of delegates had been working for two weeks on producing two reports representing the latest state of play, showing areas of agreement and the parts needed to be further discussed and compromised. These reports were finally adopted by the conference, they should have been announced as the real outcome of Copenhagen, together with a decision to resume and complete work next year, the article suggested.

"It would not have been a resounding success, but it would have been an honest ending that would not have been termed a failure," said the article.

Besides, the accord itself is weak because it does not contain any med-term emission cut commitments by the developed countries, probably because they only pledge to cut 11-19 percent of greenhouse gases by the year 2020 on the basis of 1990 levels, far less than the 40 percent cut demanded by developing nations, the article said.

"To deflect from this great failure on their part, the developed countries tried to inject long-term emission-reduction goals of 50 percent for the world and 80 percent for themselves, by 2050 compared to 1990," it said: "When this failed to get through the 26-country meeting, some countries, especially the UK, began to blame China for the failure of Copenhagen."

The targets are highly contentious during the two years of discussions for good reasons. They imply that developing countries would have to cut their emissions overall by about 20 percent in absolute terms and at least 60 percent in per capita terms, the article noted.

By 2050, developed countries with high per capita emissions, such as the United States, would be allowed to have two to five times higher per capita emission levels than developing countries.

The developing countries "would have to severely curb not only their emissions but also their economic growth, especially since there is, up to now, no credible plans let alone commitments for financial and technology transfers to help them shift to a low emissions development path," it said.

The developed countries have already completed their industrialization on the basis of cheap carbon-based energy and can afford to achieve the 80 percent reduction goal for 2050, especially with adequate technologies and capacities, the article said.

If approved, the two targets would also seal a most unfair sharing of the remaining global carbon budget, as they would allow the developed countries to get off free from their historical responsibility and carbon debt, it added.

The article suggested that a minimally equitable deal for the developed countries should be at least 200 to 400 percent emission reduction, or they should move into negative emission territory to absorb greenhouse gases to give developing countries more atmospheric space to develop.

The article urged the participating members to learn the Copenhagen lesson and return to multilateral negotiations in the climate convention's two working groups as soon as possible, by starting with the two reports passed at Copenhagen as reference points.

It called on negotiating members to agree simultaneously on what science says is necessary for the world to do, and a just and equitable plan for sharing the costs and burdens of the adjustment to be made.

"The bottom-up democratic process is slower but also steadier, compared to the top-down attempt to impose a solution by a few powers that will always lack legitimacy in decision-making and success or sustainability in implementation," the article concluded.

Regional report

North

Politics

- President Hu inspects Hebei, underlines efforts to support agriculture (2nd January)
President Hu Jintao on Friday urged Party committees and governments at all levels to make issues related to agriculture, rural areas and farmers top priority of their agenda and called for increased investment in these areas.

During a visit to villages in China's northern Hebei Province Friday, Hu called for efforts to develop modern agriculture by relying on the progress of science and technology and make sure that farmers have increasing incomes.

The president said this year's No. 1 document of the CPC Central Committee will include a batch of new policies to support agricultural development.

Hu spent time inquiring about the livelihood of local farmers and conveyed New Year greetings to them.

At a vegetable greenhouse of Liqizhuang Township of Sanhe City, which is close to Beijing, Hu inquired about sales and market price of vegetables and incomes of local farmers.

Hu urged local farmers to give full play to the area's geographic advantage and contribute to the development of local economy by raising the quantity and quality of vegetables.

At a grain and oil enterprise, Hu called for intensified efforts to improve product quality and lower production cost so as to provide consumers with more quality edible oil with a low price.

In another village of Liqizhuang Township, Hu encouraged village authorities to improve villagers' life quality by improving infrastructure and providing local people with more services.

After being told that 74-year-old villager Zhang Futai and his wife had moved into a two-storey building from a house made of mud and stone, Hu said he was happy to see the farmers' living conditions being improved.

Social front

- Chinese Vice Premier urges improving people's livelihood (30th December)
Chinese Vice Premier Li Keqiang has stressed that more efforts should be made to improve the people's livelihood while promoting economic growth.

Li made the remarks during a recent visit to north China's Shanxi Province, where he chatted with village cadres and laid-off workers. He said it is an important duty for the Party and government to solve the basic livelihood problems of the people.

The goal of the nation's economic growth is to improve the people's well-being, he said. Li also said the government should help meet the basic needs of disadvantaged people and further promote employment, compulsory education, basic medical care, public health and affordable housing projects to ensure the people's well-being.

The efforts would not only let more people share the fruits of development, but promote the country's domestic demand and economic restructuring, according to Li.
http://news.xinhuanet.com/english/2009-12/30/content_12725593.htm

- Chinese State Councilor visits universities (1st January)

Chinese State Councilor Liu Yandong said here on Thursday that the country will push forward educational reform to promote educational equity and quality.

Liu made the remarks while inspecting the Central University for Nationalities and the Beijing Language and Culture University.

Liu praised the Central University for Nationalities for their contribution to ethnic unity and the development of ethnic areas. She urged the university to help students find their jobs and help students from poor families.

During the visit to the Beijing Language and Culture University, Liu expressed the hope that students from foreign countries could deeply understand and feel China and promote friendship between China and people all over the world.

She also expressed New Year greetings to the country's teachers and students, including students from abroad.

- Beijing's Tian'anmen Rostrum receives 45 mln visitors in 21 years after opening (1st January)

More than 45 million people from both home and abroad have visited Tian'anmen Rostrum, a landmark structure in the heart of Chinese capital, in the past 21 years after it was opened to the public.

"In 2009 alone, the rostrum received more than 2.16 million visitors," said Lin Bingkui, of the rostrum administration department.

The rostrum, or the Gate of Heavenly Peace built in 1417, stands to the north of Tian'anmen Square and south of the renowned Forbidden City, the Chinese imperial palace from the Ming Dynasty (1368-1644) to the end of the Qing Dynasty (1644-1912).

It was on the Tian'anmen Rostrum where Chairman Mao Zedong formally proclaimed the founding of the People's Republic of China on Oct. 1, 1949.

The rostrum was opened to the public for the first time on Jan.1, 1988.

Thousands of tourists use the rostrum as a background while taking photos every day.

Economic front

Northwest

Politics

- Nepali prime minister visits NW China (28th December)

Nepali Prime Minister Madhav Kumar Nepal concluded a two-day visit to Xi'an, capital of northwest China's Shaanxi Province, on Monday and flew to Beijing for talks with Chinese leaders on furthering bilateral ties.

Nepal arrived in Xi'an, Kathmandu's sister city, Sunday afternoon after wrapping up a tour in Lhasa, capital of southwest China's Tibet Autonomous Region.

This was Nepal's first official visit to China since he became prime minister of the Himalayan nation in May this year.

During his stay in Xi'an, Nepal met with Shaanxi provincial governor Yuan Chunqing with a pledge to boost cooperation between the two sides in such areas as hydro-power, tourism and culture.

Social front

- Urumqi mounts ethnic concert (29th December)

Also celebrating the new year with music is the western city of Urumqi. On Saturday night, a concert of local ethnic music was staged. The show marked the opening of the city's 2010 New Year Concert Series.

The show opened with a percussion performance of "Burning Nagela". Of the eleven numbers featured on the program, more than half were composed of indigenous musicians. And most of the performers used instruments from the centuries-old local music traditions. In playing the strings and woodwinds, instrumentalists have adopted techniques and arrangements from other traditions such as those from western orchestras.

As the opening of the Urumqi 2010 New Year Series, the program placed an emphasis on diversity. It reached a climax with the act "Wuxia Mukam", which features as many as 18 different instruments. The concert is the debut performance of the Xinjiang Art Theater's Ethnic Orchestra, which was formed only three months ago. In interpreting age-old melodies, the ensemble has set out to blend in more current musical trends, with a view to supplying its audience with a feast both for the ear and the eye.

Economic front

- China's pipeline starts pumping central Asian gas into Xinjiang (1st January)

The western section of China's No.2 West-East gas pipeline starts supplying gas on Thursday.

The pipeline now can transmit natural gas from central Asia to Xinjiang Uygur Autonomous Region.

Extending 8,653 kilometers, the No .2 line starts from Xinjiang's Horgos and runs through 14 provinces, autonomous regions, municipalities and special administrative regions, including Shanghai and Hong Kong.

It is China's first large-scale pipeline project to transmit overseas natural gas into the country.

- Cleanup underway after oil pipeline leak in NW China (2nd January)

A diesel oil leak from a pipeline in northwest China's Shaanxi Province has been taken under control, said the pipeline owner, China National Petroleum Corporation (CNPC) on Saturday.

The company said it has immediately shut down the pipeline when the accident, which led to "large amounts of" diesel fuel leaking into Chishui River, as well as Weihe River - a major branch of the Yellow River, was discovered early Wednesday.

However, The company did not reveal how much oil has been spilled.

Preliminary investigation showed that the pipeline damage was caused by construction work of a third party, said the CNPC.

A 700-people crew has been working on the cleanup. So far, much of the leaked oil and polluted silt has already been taken away, according to the company.

CNPC the local government are closely monitoring water quality of the two rivers to prevent further environmental damage, so as to guarantee supply of safe drinking water to local residents.

Northeast

Politics

Social front

- Chinese Premier visits workers, farmers in northeast China (2nd January)

Chinese Premier Wen Jiabao conveyed new year greetings to workers, farmers, local residents and officials during his visit to northeastern Heilongjiang Province on the first two days of the year.

Braving the freezing weather, Wen visited the cities of Daqing and Qiqihar in Heilongjiang. It was Wen's third visit to Daqing since 2003.

At Daqing oilfield, he said Daqing people had not only produced two billion tonnes of oil for the country, but also the invincible Daqing spirit which was kept well over the past five decades.

"Nowadays, we still need such spirit to cope with the international financial crisis," Wen said.

The premier then had lunch with workers and visited their dormitory.

He also inspected an industry park of service outsourcing in the city, which is looking for new points of growth in addition to exploitation of resources.

Wen encouraged the city to develop high-tech industry, agricultural products processing, service outsourcing and cultural industries.

While visiting a residential community, Wen said he paid great attention to people's livelihood, including housing, social securities and workers' income rise.

"While handling the international financial crisis, people's livelihood should be stressed," Wen said.

At a villager's home, Wen told locals that the government would increase the minimum purchase price of rice again this year.

He said that to narrow the urban and rural income gap, efforts should be made to improve rural migrant workers' conditions and lift farmers' living standard.

In a residential area converted from a shanty town, which now houses 1,470 families, Wen told a retired worker named Wang Decai that if the country's financial strength was strong enough, retirees' pension would continue to be increased.

He told workers of a machine tool factory in Qiqihar, which makes homegrown plane parts, that efforts should be made to improve innovation capability so as to make breakthrough on key technologies.

Economic front

Southwest

Politics

Social front

- Gang leader's lawyer stands trial on false evidence charges in SW China (30th December)

A lawyer of a suspected gang boss stood trial Wednesday by a court in southwest China's Chongqing Municipality, on charges of giving false evidence and obstructing testifying.

The defendant, Li Zhuang, was detained on Dec. 12 with the approval of the Chongqing municipal procuratorate, said a Chongqing Municipal Government official.

Li was allegedly implicated by his client Gong Gangmo, who faces charges of organizing, leading and participating in a criminal organization, murder, and selling and transporting illegal drugs and guns, the official said.

The trial in the Jiangbei District People's Court is still underway.
http://news.xinhuanet.com/english/2009-12/30/content_12730630.htm

- China's Tibet photography exhibition opens in Nepal (28th December)

The Third China's Tibet Photography Exhibition was held here on Monday in Nepali capital Kathmandu.

After seeing the 100 photographs themed on the Tibet Autonomous Region of China captured by Tibetan photographers, Nepali Minister for Information and Communication Shanker Pokhrel said "I felt the deep sense of natural beauty and social importance of Tibet."

"I feel Tibet is in continuous process of progress and it has achieved such passage through the development of mainland China," Pokhrel added.

He said that relations between Nepal and China, culturally and socially, dated back to ancient period, noting that phases of development and modernization of Tibet could be the strategy of development in Nepal.

Meanwhile, Pokhrel congratulated Tibetan photographers on their contribution to uphold the five-day long exhibition through which thousands of Nepali people will come to know about China, especially Tibet.

He also reiterated Nepali government's "One China Policy" and said admitted that Nepal and China are socially as well as culturally close friendly countries.

The minister together with Xi Hui, Chinese charge d'affaires to Nepal, and Vice Chairman of the Association of Literature and Art Circles of Tibet Jimipingjie inaugurated the photo exhibition hereon Monday.

During the inauguration session, Jimipingjie said: "In the form of photograph art, the photos displayed in the exhibition truly reflect Tibet's achievements made in every aspects of the society after the democratic reform and opening-up policy and show the beautiful and intoxicating landscape in the region," adding that the exhibition aims to promote the cultural exchange and improve mutual understanding between China and Nepal.

Meanwhile, Xi Hui emphasized that the photographs bears important significance in helping more friends from Nepal to know about China. "It also shows that with open arms, Tibet will welcome friends from all over the world," she added.

President of Nepal World Culture Net Deepak Sarkar said that the exhibition is important to flourish Nepal-China friendship relations.

According to him, more than 7,000 visitors, including students, youths, scholars and professionals, will be visiting the exhibition.

Economic front

- Official: Tibet sees fast rebound in economic growth, public confidence after riot (29th December)

Tibet had witnessed fast rebound in economic growth and public confidence after a deadly riot ravaged the regional capital of Lhasa last year, a senior government official has said.

Tibet's gross domestic product is expected to exceed 40 billion yuan (5.9 billion U.S. dollars) this year, the first time in history, indicating an annual growth of 12 percent, Qiangba Puncog, chairman of the Tibet Autonomous Regional Government, told Xinhua in an exclusive interview Monday.

That also means Tibet would maintain an economic growth of more than 10 percent for 10 consecutive years, he said.

The per capita income of farmers and herders would see an annual increase of more than 13 percent this year, he said.

"Last year's riot had indeed exerted a negative impact on Tibet's society within a short period of time. The region had witnessed decline in economy, tourism, and investment," he said.

The riot on March 14 last year, involving violent crimes against people and property, led to the deaths of at least 18 civilians and one policeman.

It also left 382 civilians and 241 police officers injured, businesses looted, and residences, shops and vehicles torched.

The riot was believed to have been organized, premeditated and masterminded by the Dalai clique.

"After the riot, the people of all ethnic groups in Tibet realized the significance of ethnic unity in a more profound way. The Dalai clique got the opposite of what they wanted," Qiangba Puncog said.

"We have overcome the negative impact of the riot, and we are developing on a new starting point now," he added.

http://news.xinhuanet.com/english/2009-12/29/content_12725525.htm

- Tibet's industrial sector grows steadily in 2009 (27th December)

Tibet's industrial sector has made great headway in 2009 despite its weak foundation, a low standard for industrialization and unprecedented global financial crisis.

Growing steadily

The sector's added value is projected to reach 3.3 billion yuan (483.4 million U.S. dollars) in 2009 and the ratio of the industrial output value to the region's gross domestic product (GDP) has risen to 29.68 percent, according to Li Zhen, director of the Tibet Autonomous Regional Industry and Information Technology Department.

The central and regional governments have made great efforts to keep economic growth in the region, including a stimulus package and preferential policies, the Tibet Daily reported.

"We have achieved this year's goal for the region's economic development, that is, the ratio of the industrial sector increases by one percent each year during the Eleventh Five-Year Plan (2006-2010) period," Li said, adding: "The achievement is inseparable from the assistance and support of the governments."

Restructuring Industries

By pursuing the national policy of prodding domestic demand and restructuring industries, the Regional Government has implemented the policy on the strategic restructuring of its industries and adhered to a new industrialization path this year.

So far, Tibet has established an industrial structure with Tibetan characteristics. It has expanded such industries as mining, building materials, ethnic handicrafts and traditional Tibetan medicines as its pillar industries.

Furthermore, Tibet has also tried to develop its electricity, animal by-products processing, food and beverage production.

Twenty-five industrial projects have been approved by the State with a combined investment of 2.19 billion yuan in 2009, with the government financing totaling 112.52 million yuan.

Upon completion, the projects will yield a total annual output value of four billion yuan.

Tibet has been trying to make the best use of its advantages in natural resources by founding the Tibet Shengyuan Mining Group Corporation and Tibet Gaozheng Building Materials Company, each of which have a registered capital of 200 million yuan.

With a target to launch five industrial groups next year, the region aims at upgrading its industrial structure and transforming the mode of its economic development.

Developing with local and ethnic characteristics

Tibet has focused on the development of local specialties. The pollution-free and original products on the Qinghai-Tibet Plateau are fueling the region's economic engine.

Increasing steadily are sales of products made in Tibet, such as Ganlu and Qizheng traditional Tibetan medicines, Gaozheng cement, Snowland (Xueyu) blankets, Lhasa beer and Shenglu edible oil.

The 5100 Tibet Glacier Mineral Water became available in the Hong Kong SAR in March and the first batch of 11,340 boxes of highland barley beer brewed by Lhasa Beer Company was exported to the United States in May.

To date, Tibet has built a national-level economic and technological development zone and four industrial parks at the county level, with 94 enterprises moving in. The fixed asset investment in the zone and parks came to 1.52 billion yuan and those enterprises, with 5,673 employees, have paid 100 million yuan in taxes to the government.

Problems remain

As one can see, Tibet has maintained a good momentum in its economic development despite problems.

Tibet has a small industrial scale and a low industrialization rate at only seven percent, compared with the 47-percent national average.

Tibet's products currently are quite low in the technological and value-added level, whereas restrictions in resources and the environment are becoming obstacles to its economic growth.

More and more traditional industries should be upgraded with innovative and high technology, such as information technology.

Statistics and problems show that Tibet is facing opportunities and challenges as well, but the tendency toward growth remains unchanged. A new industrialization path is considered the best operation for Tibet in future.

South central

Politics

Social front

Economic front

- Sino-Japanese chicken-raising project built in central China (27th December)
Two leading Chinese and Japanese food processing companies have started a chicken-raising project in central China's Henan province.

The project, jointly built by Shuanghui Group from Henan of China and Nippon Ham from Japan, will cost 1.72 billion yuan (252.2 million U.S. dollars).

According to Wan Long, chairman of Shuanghui Group, the first-phase of the project will be able to produce 300,000 tonnes of feed, 50 million chickens and 120,000 tonnes of chicken meat products every year.

The project, located in Luohe city of Henan, is expected to be in operation in 2010.

Shuanghui is a leading meat processing company in China, and Nippon Ham is a multinational food-processing conglomerate headquartered in Japan.

- Toy exports lacklustre in China's Guangdong province (27th December)
China's Guangdong province, a leading toy exporter of the nation, reported a double-digit decline in foreign sales of such products in the first 11 months of this year.

Local customs sources said Sunday that from January to November, Guangdong sold 5.11 billion U.S. dollars worth of toys abroad, down 10.9 percent from the same period of last year.

The total included 2.13 billion dollars worth to the United States, down 14.9 percent, and 1.22 billion dollars worth to the European Union, down 10.6 percent. But the province's toy exports to ASEAN members grew 67.7 percent to 240 million dollars worth.

The local customs said toy exporters faced a lukewarm demand from abroad, trade barriers in the name of environmental protection, and price hikes of raw materials.

East

Politics

Social front

Economic front

- Shanghai builds China's largest civil aircraft final assembly base (29th December)
Construction of China's largest civil aircraft final assembly base began Monday in the Pudong New Area of Shanghai, said a spokesman with the Commercial Aircraft Corporation of China Ltd. (COMAC).

The base, located to the south of the Shanghai Pudong International Airport, is expected to cover 2.67 million square meters, the largest of its kind in China, said Jin Zhuanglong, general manager of the COMAC.

It is designed to assemble, test and deliver ARJ21-series regional jets and 150-seat large planes. It will also shoulder the tasks of component production and aircraft maintenance, Jin said.

The first phase of the project, covering 270,000 square meters, is expected to be completed in 2012.

By 2016, the base will be able to produce 20 homegrown C919 planes and 50 ARJ21-series planes every year, he said.

The base is one of the COMAC's three key entities for large aircraft design, manufacturing and service.

The COMAC launched a design and research center and a customer service center earlier this year in Shanghai.

- Chinese Vice Premier urges improving people's livelihood (29th December)
The first phase of a nuclear power project was launched in east China's Shandong Province on Monday.

The project, in Shandong's Haiyang City, consists of eight nuclear power units with pressurized-water reactors.

The first phase of the project includes two units each with an installed capacity of 1.25 gigawatts, according to Lu Qizhou, general manager of China Power Investment Corporation.

The project will adopt the most advanced Westinghouse-designed AP1000 pressurized water reactors, he added.

http://news.xinhuanet.com/english/2009-12/29/content_12719477.htm

- 2010 Shanghai World Expo website to open English version (30th December)
The English version of the 2010 Shanghai World Expo website was scheduled to open Friday, the New Year's Eve, said an official with the preparation committee.

Netizens can log in at www.expo.cn to see the Expo's 3.28 square-km garden and more than 150 exhibition halls, according to the committee.

The website launched its Chinese version in November. It will be updated regularly with information about the Expo which opens in May next year.

The 2010 Shanghai World Expo will last from May 1 to Oct. 31, 2010.
http://news.xinhuanet.com/english/2009-12/30/content_12730780.htm

- Four CNOOC oil, gas fields start production (30th December)
China National Offshore Oil Company Limited (CNOOC Ltd.) announced Wednesday that its four oil and gas fields in east China's Bohai Sea area had started production.

The four oil and gas fields are Jin Zhou 25-1 South (JZ25-1S), Caofeidian (CFD)18-2, Bo Zhong (BZ) 13-1 and Bo Zhong 34-1 North (BZ34-1N).

Among them, the JZ25-1S oil and gas field began production in mid-December. It is expected to produce more than 20,000 barrels of oil and 53 million cubic feet of natural gas daily by 2012.

http://news.xinhuanet.com/english/2009-12/30/content_12731060.htm

- Trade volume sets new record at China's largest small commodities market (1st January)

The trade volume at the Yiwu market in east China's Zhejiang Province, the country's largest distribution center for small commodities, had set a new record in 2009 despite the global financial downturn, local authorities said Friday.

The market reported a trade volume of 41.2 billion yuan (6.1 billion U.S. dollars) in the past year, indicating an annual growth of 7.8 percent, a spokesman with the Yiwu Municipal Bureau of Industry and Commerce said.

By the end of 2009, the market had registered 137,000 stalls, almost 9,000 more than the previous year, the spokesman said.

Meanwhile, 2,614 foreign businesses had opened offices in Yiwu, representing a yearly increase of 22.7 percent, he said.

The export-oriented market had been hit hard by the global financial crisis since the second half of 2008, with the big slump of trade figures, he said.

"To help the businesses go through the difficulties, the government had unveiled a string of policies, such as offering favorable loans," he said.

The market began to show recovery signs in March 2009, when more than 27,000 foreign business people visited Yiwu, growing by 138 percent compared with February, he said.

"In November alone, more than 40,000 foreign business people visited the market, rising by 20 percent year on year," he said.

HONGKONG AND MACAU

Politics

- USS Lake Erie makes port call in Hong Kong (30th December)

The U.S. guided-missile cruiser USS Lake Erie started to make a port visit in Hong Kong on Monday to get replenishment, the Consulate General of the United States of America announced on Tuesday.

Captain Ron A. Boxall, the USS Lake Erie's commanding officer said, sailors on board love coming to Hong Kong and the visit also enhance cooperation and understanding.

During this port visit, Lake Erie's sailors are looking forward to experiencing the culture of Hong Kong, with planned group visits to Hong Kong Disneyland and shopping and sightseeing trips to Macao and Shenzhen.

For many of the sailors, like Aviation Machinist Mate Airman Kenneth Craig, Hong Kong is the most anticipated port visit during this deployment.

"I am looking forward to experiencing a new culture, trying new food and enjoying a few days off the ship," said Craig.

The USS Lake Erie is named after the 1812 battle of Lake Erie which resulted in solidification of America's independence from England. The ship is on deployment in the U.S. 7th Fleet Area of Responsibility.

- Hu Jintao meets HK SAR chief (28th December)

Chinese President Hu Jintao met here Monday with Donald Tsang Yam-Kuen, Hong Kong SAR chief executive, who is in Beijing to report work of the SAR Government to the central authorities.

"Led by you and the Hong Kong Special Administrative Region (SAR) government, and with the concerted efforts of all circles in the region, notable progress has been made in Hong Kong this year," Hu said.

He noted Hong Kong's economy encountered lots of difficulties as a result of the global financial crisis since the second half of last year. The central government paid close attention to the situation and rapidly came up with policies and measures to help stabilize finance, develop economy and enhance people's livelihood in Hong Kong.

He called on the Hong Kong SAR Government and all circles in Hong Kong to make ceaseless efforts together for a still better future in Hong Kong.

Hu also extended his best wishes and New Year greetings to Hong Kong people during the meeting.

Tsang briefed Hu on Hong Kong's current situation and the SAR government's work in the year.

Chinese Vice President Xi Jinping, State Councilor Liu Yandong and several other senior officials also attended the meeting.

Social front

- Macao's unemployment rate remains stable at 3.3% (30th December)

The unemployment rate for the period of September to November 2009, reached 3.3 percent, slightly dropping by 0.2 percentage point over the previous period of August to October, according to the figures released on Wednesday by Macao's Statistics and Census Service (DSEC).

The unemployment rate for the period of September to November 2009 was reduced to the same level as recorded in the same period last year, the figures indicated.

The city's total labor force stood at 323,500 in the period, with an employed population of 312,800 and unemployed of 10,700, decreasing by 2,100 and 600 respectively compared with the previous period.

Among the unemployed, 13.5 percent (1,400) were fresh labor force entrants searching for their first job, down by 1.5 percentage points over the previous period, according to the DSEC.

Analyzed by industry, the number of persons working in local Hotel and Retail trade sectors increased from the preceding period, while that in the Restaurants and similar activities and Transport, storage and communications registered a decrease.

http://news.xinhuanet.com/english/2009-12/30/content_12730874.htm

Economic front

- HKSAR gov't net assets worth \$139.8 bln (29th December)

The accrual-based net assets of the Hong Kong Special Administrative Region (HKSAR) government, as at March 31, were worth 1.0904 trillion HK dollars (139.8 billion U.S. dollars), according to statistics released Monday.

The accrual-based consolidated statement, released by the Financial Services and the Treasury Bureau, showed that the HKSAR government had a deficit of 133.1 billion HK dollars (17.1 billion U.S. dollars) for the fiscal year 2008-09.

This was different from the cash-based accounts, which recorded a fiscal surplus of 1.5 billion HK dollars (192.3 million U.S. dollars) of the fiscal year ended March 31.

The bureau said the net assets are represented by the general reserve of 361.6 billion HK dollars, the exchange fund reserve of 437.1 billion HK dollars and the capital expenditure reserve of 291.7 billion HK dollars.

The cash resources available for the HKSAR government spending, which was also the fiscal reserves on the cash-based accounts, stood at 494.4 billion HK dollars (63.4 billion U.S. dollars).

The general reserve was 361.6 billion HK dollars, much less than the fiscal reserves of 494.4 billion HK dollars reported in the cash-based accounts.

The difference arises because the net financial assets in the accrual-based accounts, showing the take into consideration liabilities, like government bonds and notes, pensions and staff leave.

The accrual-based accounts differ from the cash-based ones in the purposes they serve. The former serves mainly to demonstrate that public money has been paid within the limits and ambit approved by the legislature. The latter presents more comprehensive information on the financial position and performance.

- HK can play role in promoting RMB internationalization: SAR chief (29th December)

Hong Kong could exert its advantages as an international financial center to promote the RMB into becoming a regional or even international currency, said Donald Tsang Yam-Kuen, chief executive of Hong Kong Special Administrative Region (SAR) Tuesday.

Hong Kong has been playing the role as a "testing field" in the RMB's internationalization, Tsang said when he delivered a speech at the Beijing-based Chinese Academy of Governance.

The city has involved in the establishment of the system QFII and QDII, the circulation of the RMB overseas and the currency's function expansion, the implementation of currency swap agreements, as well as the RMB cross-border settlement, according to Tsang.

On Sept. 28, China floated 6 billion yuan (about 878.5 million U.S. dollars) in T-bonds in Hong Kong, marking the first RMB-denominated T-bond issue outside the Chinese mainland.

In April China's State Council announced a pilot program allowing exporters and importers in Shanghai, Guangzhou, Shenzhen, Zhuhai, and Dongguan, to settle cross-border trade deals using RMB with Hong Kong, Macao, and the Association of Southeast Asian Nations.

"The move not only made the RMB more attractive as a reserve currency, but also strengthened Hong Kong's position as an international financial center," Tsang said.

"More importantly, Hong Kong could help the country to stave financial risk during the process," he said.

http://news.xinhuanet.com/english/2009-12/29/content_12725468.htm

- Tertiary sector's relative importance to Macao's GDP increases in 2008 (29th December)

The relative importance of Macao's tertiary sector to Gross Domestic Product (GDP) rose from 85.6 percent in 2007 to 88.3 percent in 2008, while that of the secondary sector fell from 18.2 percent to 15.7 percent, according to the statistics released on Tuesday by Macao's Statistics and Census Service (DSEC).

Relative importance of local Gaming sector, the pillar of local economy, increased by 2.1 percentage points from 35.1 percent in 2007 to 37.2 percent in 2008, and the Hotel sector went up by 1.3 percentage points from 2.1 percent to 3.4 percent, the figures indicated.

In addition to gaming, restaurants and similar activities, renting and business activities, real estate activities, and health and social work also recorded favorable increase in 2008.

In 2008, the total Gross Value Added of all economic activities of Macao increased by 16.8 percent over 2007, with that of the Hotel sector rising vigorously by 84.4 percent, the DSEC said.

Meanwhile, contraction was observed in the Manufacturing, Construction, and Transport, storage and communications sectors.

Relative importance of the Construction sector decreased by 1.6percentage points to 12.6 percent last year, and the Manufacturing sector declined by 0.9 percentage point to just two percent, according to the DSEC.

- Average wage in Hong Kong down 1.8% in September (29th December)

The average wage rate for all major sectors fell 1.8 percent year on year in nominal terms in September, local statistical authorities said Monday.

The Census and Statistics Department of the Hong Kong Special Administrative Region (HKSAR) government about 52 percent companies surveyed for its wage index reported drops in average wage rates, compared with 61 percent in June.

Forty-one percent of the companies said they had increases in average wage rates. The remaining 7 percent reported virtually no change.

After discounting the changes in consumer prices, the overall average wage rate for all sections fell 2.6 percent in real terms.

The index of payroll per person engaged for all the sectors surveyed rose 2.1 percent in nominal terms in the third quarter over a year earlier. After discounting the changes in consumer prices, it grew 3 percent in real terms.

- Macao extends financial support plan to stimulate tourism industry (30th December)

The government of Macao Special Administrative Region (SAR) Wednesday announced that it has decided to extend the "Plan to Support Macao Tourism Industry" to the end of March 2010, in a bid to stimulate local leisure tourism, business tourism and the aviation industry.

The SAR Government Tourist Office initiated the "Plan to Support Macao Tourism Industry" on May 18 this year and launched a vision committing more resources from August to the end of the year. According to the new arrangement, all of the programs under the plan will be extended from Dec. 31, 2009 to March 31, 2010.

Under the plan, the SAR government has allocated a sum of 6.8 million patacas (860,759 U.S. dollars) to fund 30,000 guiding services in local tourism market, and 21.83 million patacas (2.76 million U.S. dollars) to support business tourism, including 31 meetings and conventions, 19 exhibitions and 26 incentive travel events, according to the Tourist Office.

The Tourist Office also funded the training initiatives organized by travel trade associations for tourism employees to enhance the service quality of the industry through the plan.

The overall budget of the "Plan to Support the Macao Tourism Industry" from January to March 31, 2010 is 126.4 million patacas (16 million dollars), the Tourist Office said.

It also said that the program was aimed at maintaining the momentum and competitive edge Macao has been building as an international destination.

http://news.xinhuanet.com/english/2009-12/30/content_12731162.htm

- Macao's trade deficit exceeds \$3 bln in first 11 months (30th December)

Macao's trade deficit for the first eleven months of 2009 widened by 5.6 percent over the same period of last year to 26.04 billion patacas (3.3 billion U.S. dollars), according to the figures released on Wednesday by Macao's Statistics and Census Service (DSEC).

The figures showed that the value of total exports of goods fell by 53.7 percent year-on-year to 6.99 billion patacas (885 million dollars) in the first eleven months, while that of imports of goods slid by 16.9 percent to 33.03 billion patacas (4.18 billion dollars).

The exports/imports ratio went down by 16.8 percentage points year-on-year to 21.2 percent in the period.

Analyzed by destination of Macao's exports, the value of merchandise exports to the United States, the EU and the Chinese mainland decreased by 79.6 percent, 60.1 percent and 44.5 percent year-on-year respectively in the period. The value of Textile and garment exports declined by 73.1 percent year-on-year to account for 33.4 percent of the total exports of goods, while the value of Non-textile exports dropped by 27.5 percent.

Regarding the country of origin of imported goods, the value of merchandise imports from the Chinese mainland dropped by 35.2 percent year-on-year, but that from the EU rose by 8.8 percent, according to the DSEC.

http://news.xinhuanet.com/english/2009-12/30/content_12731028.htm

- HK stocks close flat, lacking clues ahead of New Year holiday (30th December)
Hong Kong stocks closed down a modest 2.82 points, or 0.01 percent, at 21,496.62 on Wednesday, with low turnover suggesting a lack of directions as fund managers went on vacation ahead of the New Year.

The benchmark Hang Seng Index moved between 21,320.11 and 21,620.74 during the day's trading, with turnover rising to 47.76 billion HK dollars (6.12 billion U.S. dollars) from Tuesday's rather modest 34.42 billion HK dollars (4.41 billion U.S. dollars).

The HSI futures closed down 15 points at 21,426 on the settlement day.

Analysts said they expected trading volume to remain thin on Thursday, with some tipping for the HSI to close at around 21,500 on the last trading day this year.

The finance sub-index moved down 0.31 percent to close at 33,617.69, making it the only loser among the four major categories. The properties gained 0.13 percent, the commerce and industry 0.31 percent, and the utilities 0.54 percent.

Market heavyweight HSBC gained 0.25 HK dollars, or 0.28 percent, to close at 88.45 HK dollars, and local unit Hang Seng Bank was up 0.35 percent at 113.8 HK dollars.

China Mobile, the leading mobile carrier on the Chinese mainland, was up 1.01 percent at 69.65 HK dollars. Smaller rival China Unicom was up 1.11 percent at 9.95 HK dollars.

The mainland banks were mostly lower, with China Construction Bank down 1.22 percent, ICBC down 0.94 percent and Bank of China down 0.49 percent.

Some recently listed shares were in focus, with Carpenter Tan rising 16.03 percent to 4.56 HK dollars and Perception Digital up 14.67 percent at 0.86 HK dollars. Bawang Group was down 11.88 percent at 5.49 HK dollars. (7.8 HK dollars = 1 U.S. dollar)

http://news.xinhuanet.com/english/2009-12/30/content_12730810.htm

- Macao's forex reserves reach \$18.26 bln in November (30th December)
Macao's foreign exchange reserves amounted to 18.26 billion U.S. dollars at the end of November in 2009, according to the preliminarily-estimated figures released on Wednesday by the Monetary Authority of Macao Special Administrative Region (SAR).

The reserves rose by 2.5 percent from the revised value for the previous month, and when compared with the same period last year, the reserves increased by 15.3 percent, the Monetary Authority said.

Macao SAR's foreign exchange reserves at the end of November in 2009 represented 31 times the currency in circulation.

Meanwhile, the trade-weighted effective exchange rate index for the pataca, a gauge of the domestic currency's exchange rates against the currencies of Macao's major trading partners, dropped by 4.17 points year-on-year to 88.79 in November 2009, according to the Monetary Authority.

http://news.xinhuanet.com/english/2009-12/30/content_12731003.htm

- Yearender: Hong Kong economic recovery on track, uncertainties still ahead (30th December)

The Hong Kong economy has continued to rebound since pulling out of recession in the second quarter, with the latest statistics showing a reversal to year-on-year growth in exports in November.

Consumer sentiment has been improving, with streets in the downtown shopping area around Christmas more crowded and consumer product shows attracting more visitors.

Analysts have been revising their estimates for Hong Kong's full-year economic growth upwards, citing improvements in external demand, stimulus measures put in place by the Hong Kong Special Administrative Region (HKSAR) government and the mainland support, albeit warning against potential further uncertainties ahead.

RECOVERY ON TRACK

The Hong Kong economy grew 3.5 percent quarter on quarter in the second quarter, putting an end to four consecutive quarters of contraction.

It grew by 0.4 percent quarter on quarter in the third quarter, although it was still contracting by 2.4 percent year on year.

The growth in the third quarter was "weaker than expected, but still showing that the recovery is on track," Credit Suisse analyst Christiaan Tuntono said in a report released earlier this month.

Credit Suisse said it expected the pace of economic growth to improve in the fourth quarter, supported by stronger exports and consumption.

Hong Kong exports were up 1.3 percent year on year in November, the first month of year-on-year growth since October 2008.

Consumer sentiment has been obviously rebounding as well. Sony Computer Entertainment said the sales of its PlayStation products at the Asia Game Show on Dec. 24-27 grew by 26.48 percent year on year. The four-day Food Festival attracted around 80,000 visitors, although some companies said visitors were still not as willing to spend as expected.

Unemployment rate has been falling slowly since it peaked at 5.4 percent in the three-month period from June to August, with less news of companies closing down.

In a report released in early November, the Hang Seng Bank projected a reversal to positive year-on-year growth in the fourth quarter and revised its full-year estimate upward to a contraction of 3 percent from 4 percent.

The HKSAR government also revised its full-year economic growth estimate upward recently to a contraction of 3.3 percent.

While keeping the 2009 estimate unchanged at -2.8 percent, Credit Suisse recently revised its forecast for Hong Kong's economic growth in 2010 upward to 4.6 percent from 4.0 percent.

REBOUND IN EXPORTS

The performance of the Hong Kong economy largely hinges on exports, given its status as a free trade hub and a small but open economy.

The Hong Kong Trade Development Council (HKTDC) said it expected exports to contract by 12 percent this year but grow mildly by about 5 percent next year.

Trade confidence has been improving, as the HKTDC Export Index returned to expansionary territory for the first time in the fourth quarter after more than two years in the contraction, climbing back to 53 from 22.3 a year earlier.

Forty-four percent of the surveyed exporters said they expected their performance in 2010 to be better than this year, and 28 percent said they expected the performance to be at about the same level.

While there were some divergence among the industries, the index for the electronics industry, which accounted for over half of Hong Kong's goods exports, rose by 6.5 points to 56.4, suggesting that the industry were much more optimistic.

The HKTDC said there have been "tentative signs of recovery due to the gradual release of demand which has been held back during the recession, as well as a quicker pace for computer upgrading."

Nevertheless, HKTDC Chief Economist Edward Leung said he expected potential challenges ahead for Hong Kong exporters, including the rise of protectionism.

Credit Suisse also sounded a cautious note by saying that the future gains could be restrained by plateauing global demand growth.

"We are concerned that the plateauing global demand growth and weaker consumer balance sheets in the West will become a drag over a longer horizon," it said.

STIMULUS, MAINLAND SUPPORT

The International Monetary Fund (IMF), which estimated a 2 percent contraction for the Hong Kong economy in 2009, identified the supportive policies and the mainland economic growth as two of the factors fueling "a recovery ... now underway."

Hong Kong put in place various stimulus measures to support the local economy. The credit guarantee schemes, put in place to help local firms weather the downturn, were believed to have helped save over 10,000 companies and 240,000 jobs.

By October, the relief measures put in place by the HKSAR government were worth 87.6 billion HK dollars (11.2 billion U.S. dollars), equivalent to about 5.2 percent of the gross domestic product and estimated to have contributed an economic growth of about 2 percentage points.

Hong Kong has support from the strength of the mainland economy. Exports to the mainland market grew by 8.9 percent in November. The HKTDC Export Index for the mainland market has been in the expansionary territory since the second quarter. The number of mainland visitors to Hong Kong has been growing despite the crisis.

Hong Kong has support from the central government in combating the financial crisis. There have been pilot programs like the renminbi trade settlement and the issuing of renminbi sovereign bonds, and more mainland companies were getting listed in Hong Kong.

"For Hong Kong, the greater integration of the two economies helps cushion our small and open economy amid the once in a century global recession and financial tsunami," said Dai Daohua, senior economist at Bank of China (Hong Kong) Limited.

Hong Kong could play a role in the internationalization of the renminbi, HKSAR Chief Executive Donald Tsang said in Beijing on Tuesday.

In terms of the long-run development, Tsang has outlined a strategy to support the key industries that currently drive the economy, and diversify into healthcare, education, research and development, testing and certification, and creative and environmental industries.

Nevertheless, Tsang said there could be potential uncertainties ahead, warning against a possible double-dip recovery with the second bottom in mid-2010.

Dai also said he expected "a bumpy road ahead for Hong Kong's economic recovery," identifying the fragile recovery in the developed economies as a risk.

The IMF said the financial system of Hong Kong has so far been doing well in the crisis, but the potential asset bubbles could be a challenge.

- Hong Kong's exchange fund assets up 197 bln HKD in Nov. (31st December)
Hong Kong's total exchange fund assets reached 2.235 trillion HK dollars as of Nov. 30, up 197.1 billion HK dollars from October, the Monetary Authority said Thursday.

According to the agency, Hong Kong's foreign currency assets rose 196.3 billion HK dollars and the Hong Kong dollar assets grew by 800 million.

The rise in foreign currency assets was mainly due to the purchases of foreign currencies with Hong Kong dollars, an increase in unsettled purchases of securities and valuation gains on foreign currency investments.

Meanwhile, the growth in Hong Kong dollar assets was attributed to valuation gains on Hong Kong equities.