

## **Business and Politics in Muslim World**

### **China**

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  - Crimes by laborers on the rise in Shanghai: report (9<sup>th</sup> January)

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- Norwegian minister plans to attend Norwegian Day at EXPO 2010 in Shanghai (9<sup>th</sup> January)

## **HONGKONG AND MACAU**

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- HK probes neurological disorder man on getting flu jab (7<sup>th</sup> January)
- HK to start second batch of Child Development Fund projects (8<sup>th</sup> January)

**Economic front**

- Hong Kong stocks open 0.06% lower (4<sup>th</sup> January)
- Hong Kong's forex reserves drop slightly to 9255.8 bln USD (7<sup>th</sup> January)
- Hong Kong stocks end 0.12% up (8<sup>th</sup> January)

## **National report**

### **Political front**

- China's armed forces urged to improve Party building (3<sup>rd</sup> January)

The Central Military Commission (CMC) has issued a guideline on strengthening the Party building in the People's Liberation Army (PLA) under the new circumstances.

The Party building must be improved by adhering to the fundamental principle of upholding "the absolute leadership of the Communist Party of China over the armed forces," according to a CMC statement published Sunday.

It should also be carried out to promote scientific development of the national defence and the army as well as to enable the army to fulfill its mission in the new era, said the document, which was issued with the approval of the CMC's chairman Hu Jintao.

The guideline set down the short-term tasks to be achieved in improving Party building: equipping the Party with creative theories, strengthening intra-Party democracy, training high-quality officers, enhancing construction of grass-root Party organizations, carrying forward the army's fine work style, and improving its anti-corruption mechanism.

The Party building should be enhanced to provide ideological and organizational guarantee for the army's modernization drive and get it well prepared for battles, the document said.

- China highlights honesty, uprightness in enhancing clean governance, anti-graft drive (4<sup>th</sup> January)

Chinese central authorities have stressed the promotion of honesty and uprightness among the public, especially government officials, in enhancing clean governance and anti-corruption drive.

It is imperative to foster and carry forward the merit of honesty and uprightness, and officials should have the awareness of using power justly and pursue clean-fingered work style, according to suggestions on clean governance put forward by six central government departments.

The six departments also urged to strengthen education on the public about the value of honesty and cleanness combining social morality, professional ethics, family virtues and personal moral character.

It is stressed that anti-corruption should be a subject that is reflected in literature works, films and TV dramas, as well as newspapers and magazines, books, and electronic products.

The suggestions were jointly issued by the Communist Party of China (CPC) Central Commission for Discipline Inspection, the Ministry of Supervision, Publicity Department

of the CPC Central Committee, the Ministry of Culture, State Administration of Radio, Film and Television and the General Administration of Press and Publication.

- China's State Council appoints senior officials (4<sup>th</sup> January)

China's State Council, or the Cabinet, Monday announced the appointment of seven officials, including three vice foreign ministers.

Cui Tiankai, Fu Ying and Zhai Jun were appointed Vice Ministers of Foreign Affairs, according to a statement released by the State Council.

Luo Liming was appointed deputy director of the State Ethnic Affairs Commission, replacing Yang Jianqiang.

Sun Yibiao was appointed vice minister of the General Administration of Customs, replacing Sun Songpu.

Wang Zhongwei and Dong Yunhu were appointed deputy directors of the State Council Information Office, said the statement.

The State Council also ended Liu Yanhua's term as vice minister of Science and Technology, Zhang Qiong's term as deputy director of the State Council Legislative Affairs Office as well as terms of He Yafei and Wu Dawei as vice foreign ministers.

The statement gave no further details on the appointments.

- Senior official urges publicity departments to better deal with media (4<sup>th</sup> January)

A senior Communist Party of China (CPC) leader Monday asked the government and CPC's publicity departments to improve their capability to deal with media institutions to give full play the media's role in pooling strength to carry out tasks.

Li Changchun, a member of the Standing Committee of the Political Bureau of the CPC Central Committee, made the call at a national conference on publicity.

With the new and complex changes in international and domestic circumstances, the publicity sector shoulders "onerous tasks" to unify ideology, pool strength, deepen reform, accelerate development, maintain stability, and promote harmony, he said.

He called for efforts to create a sound environment for the country to combat global financial crisis and sustain stable and relatively fast economic development.



He also urged enhanced efforts in building a "socialist core value system" that may consolidate the ideological basis for people from all ethnic groups.

"Crucial progresses" should be made in deepening reform on the cultural system this year, he said.

- No.1 central document still focuses on rural issues (5<sup>th</sup> January)

China's first central document of the year is expected to be released soon. Chinese leaders' visits to rural areas during the New Year holiday have sparked predictions that China's No. Document in 2010 will still focus on rural development.

The first document of the year, dubbed the "Number One Document", is jointly issued by the Central Committee of the Communist Party of China and the State Council.

The government continued the trend started in 2004 of tackling rural problems in its first document of the year.

Economists predict this year's paper will focus on stabilizing grain production, increasing farmers' incomes, consolidating the foundation of agriculture and deepening other reforms.

The prediction comes after Chinese leaders' visits to rural areas during the New Year holiday.

President Hu Jintao met with villagers in northern China's Hebei Province on New Year's Day. During his visit, he urged governments at all levels to give priority to agriculture and rural issues. He told local farmers that this year's "Number One Document" will include a raft of new policies to support agricultural development.

Meanwhile, in northeastern Heilongjiang Province, Premier Wen Jiabao promised farmers to increase the minimum purchase price of rice again this year. Wen also called for greater efforts to narrow the income gap between urban and rural workers by improving migrant workers' conditions and farmers' overall living standards.

The annual central conference on rural work held last month set the tone for this year's agricultural and rural development. The meeting stressed that China's rural development still faces hurdles... and that 2010 will be tough year.

Experts say the central government is likely to maintain its rural policies, but will boost efforts on a wider scale to improve the agricultural sector.

- Bulk message service bridges Party leadership, grassroots officials (5<sup>th</sup> January)

A million secretaries of Communist Party of China (CPC) grassroots branches received a text message greeting from Vice President Xi Jinping Tuesday, marking the launch of a new Party management system.

The messages were sent through a mobile phone service platform launched by the Organization Department of the CPC Central Committee and China Mobile.

The platform has a server that links the phones of 1 million grassroots Party officials with heads of the organization departments of the CPC provincial, city and county committees.

Grassroots officials can receive and send text messages from and to heads of the organization departments at higher Party organs, and those using 3G phones can communicate through video.

It was an effort to apply modern technologies in Party organization and management, said Xi, a member of the Standing Committee of the Political Bureau of the CPC Central Committee, at the launch ceremony.

Through the platform, the latest guidelines and policies would be sent to the lowest level promptly and local officials were encouraged to express opinions and raise proposals, Xi said.

The CPC expected the service to provide another communication channel between local officials and Party organization department sand a new tool for education and publicity, he said.

It would help smooth vertical communications in the Party framework, promote democracy inside the Party and extend the Party's influence, he said.

- China pushes global channels for media (6<sup>th</sup> January)

China is rolling out an ambitious plan to support and expand the global presence of its media and publication companies, though an industry expert warned of challenges to the nation's "going out" program.

Domestic publication companies will be encouraged to invest abroad by establishing overseas branches, making media takeovers or working with foreign counterparts as partners, according to the latest guideline released by the General Administration of Press and Publication.

"The plan is to let the world know more about China and to enhance the influence of Chinese culture," said Fan Weiping, head of the administration's publication industrialization department, to China Daily Tuesday.

The central government will provide support in policy, resources, information and other services that broaden its media outlets through publications, copyrights and brands, according to the guideline.

"I hope Chinese cultural enterprises will be booming at every corner of the world like Chinese restaurants have," he said.

As of this year, the Chinese mainland has 958 publishers of books and electronic print products and boasts 9,549 magazines and 1,943 newspapers.

The output of the press and publishing industry is expected to hit 1 trillion yuan (147 billion U.S. dollars) in 2009, according to government statistics.

Fan said the administration has signed a framework agreement with the Bank of China to finance expansion ventures. Other commercial banks are expected to sign on in the future to support public and private publication enterprises.

He added the scale and presence of the Chinese press and printing industry overseas are still relatively small because of cultural barriers.

But the successful globalization of "Made in China" products can't be applied to cultural products, said Yu Guoming, associate dean of the School of Journalism and Communication in Renmin University of China.

"Selling the Chinese press and publications everywhere is not going to happen because of cultural differences and how the Chinese media is received in different regions of the world," said Yu. "We call it 'culture discount'."

He suggested that the nation's publishing and media firms that are seeking to expand abroad should seek commonalities with their foreign counterparts first.

"The investment in the culture industry will not be successful in crossing over unless investors learn and understand the rules of other cultures," Yu said.

The Chinese government's ad campaign to promote "Made in China" products on cable news outlet CNN was cited by Yu as a good example of sharing the Chinese culture and values to the West.

The guideline also said China will encourage private enterprises to play a bigger role in the publishing industry.

Private capital will be permitted to enter the publishing industry as content suppliers or partners to publish books about science and technology, finance, the arts and other fields, according to the guideline.

China previously only allowed limited private investment in printing and publishing industry.

It also encouraged publishing companies to employ self-financing measures by issuing corporate bonds, absorbing foreign investments and going public.

- Corruption hurts China's international image: Poll (6<sup>th</sup> January)

The Chinese consider corruption the biggest blot on the country's international image, followed by counterfeit and shoddy goods, and pollution, a recent survey has found.

The poll conducted by the Horizon Research Consultancy Group said 59.2 percent of respondents think corruption among government officials hurts China's image the most.

The telephone survey polled 1,350 people in five major cities - Beijing, Shanghai, Guangzhou, Wuhan and Chongqing - in mid-December.

About 44.1 percent of the interviewees ranked counterfeit and shoddy products as a major problem area.

It was followed by pollution (31.4 percent), uncivil conduct (22.7 percent) and industrial accidents (10.3 percent).

It was the third consecutive year people picked corruption as the biggest blemish on the country's reputation.

Shi Yinhong, an expert on international studies at Beijing-based Renmin University of China, said the survey indicated that ordinary people tend to look at the country's international image from a "domestic perspective".

In both Chinese and foreign media, corruption "has been severely criticized", Shi noted. But he did not think it is the most serious factor hurting China's international image.

"People chose corruption as the biggest problem mainly because they feel resentful about it."

Ye Duchu, a professor at the Central Party School, said the survey reflected the public's growing unhappiness with corruption.

"But we should also note that the leadership of the Communist Party of China has taken positive steps to curb corruption," he told China Daily yesterday.

Last year saw 15 senior officials at provincial- or ministry-level removed from their posts as the nation stepped up the battle against graft.

"People are more aware about supervising the government and officials, which in turn makes them more concerned about corruption," the professor said.

The main way to improve China's international image is to deal well with domestic affairs, Shi said.

"It requires better handling of problems ranging from corruption to narrowing the wealth gap, balancing economic growth and environmental protection," he said.

- Corruption watchdog promises closer supervision of China's SOEs (7<sup>th</sup> January)  
China's discipline and government watchdog Thursday pledged to tighten supervision on state-owned enterprises and fight corruption among their executives.

"We will push hard investigations into and punishment of corruption in the restructuring, merger, property transactions, capital operations and construction projects of state-owned enterprises," said Vice Minister of Supervision Qu Wanxiang at a meeting in Beijing.

The watchdog would focus on cases involving executives and employees in senior positions, said Qu, also a member of the Standing Committee of the Communist Party of China (CPC) Central Commission for Discipline Inspection (CCDI).

Severe measures would be taken to curb commercial bribery and the illegal practice of setting up "small coffers," referring to funds, securities and assets that should, but frequently are not, listed in account books in a bid to escape supervision.

The inspectors would also target malpractice that harmed common employees' legal rights and interests in the restructuring of state-owned enterprises, Qu said.

Last year, China saw a string of serious corruption cases in state-owned enterprises.

According to a report Tuesday by Faren Magazine, affiliated to the Legal Daily and overseen by the Ministry of Justice, 35 senior executives of China's large state-owned enterprises (SOE) faced corruption charges last year.

Among them was Kang Rixin, general manager of the China National Nuclear Corporation (CNNC), who has been under investigation for alleged grave violations of discipline since August.

Another prominent case involved Chen Tonghai, former general manager of China Petrochemical Corporation, who was found to have taken almost 200 million yuan in bribes and given a death sentence with a two-year reprieve in July.

"Efforts should be made to incorporate corruption prevention in enterprise governance and risk control systems," Qu said.

The government should further reform SOEs to help build sound corporate governance with proper decision-making, operations and supervision, he said.

Over the past three decades, China has been trying to introduce a modern corporate management in its state-owned enterprises, but faced problems with a lack of supervision and restricting the authority of managers.

- More than 106,000 officials punished in first 11 months of 2009: official (7<sup>th</sup> January)

A total of 106,626 officials across China were penalized for disciplinary violations from January to November last year, an official with the Communist Party of China (CPC) Central Commission for Discipline Inspection (CCDI) said Thursday.

Gan Yisheng, vice secretary of the CCDI, said about 80 percent of them received punishments handed down by the CPC, accounting for 0.11 percent of all Party members, and the rest were penalized by the government.

They included Party members, government workers or leaders, and leaders of state-owned enterprises.

About 2.6 percent of those punished by the CPC were expelled from the Party and referred for prosecution for embezzlement or bribery, Gan said.

Of the almost 14,000 commercial corruption cases investigated and handled by disciplinary and supervisory organs, about 21 percent involved civil servants.

A total of 3,743 leaders at county level or above had been punished and about 20 percent were referred for prosecution.

Investigations into a series of accidents involving serious consequences led to the identification of 298 corrupt officials.

Gan said discipline inspection bodies received almost 1.32 million petitions and tip-offs in the 11 months, about 11 percent of which had been tentatively verified and 8.75 percent placed on file for investigation and prosecution.

Authorities put priority on cases concerning violations during the implementation of the CPC Central Committee's major decisions, such as the economic stimulus package, protection of cultivated land and conservation of resources, Gan said.

Focuses were also put on violations in key areas such as construction, real estate, land and mineral resource exploitation, state-owned assets and finance.

Party or government bodies and public institutions were also closely checked if they set up or used "private coffers."

- Corruption prevention vital in China (8<sup>th</sup> January)

The fight against corruption is like a therapy to cure a disease. It should not just address the symptom but help build the immune system up to reduce the chances for officials to become corrupt.

That is why we should never be complacent with a certain number of corrupt officials we have unearthed in a year or the number of cases authorities has cracked.

What is encouraging from last year's crackdown figures is the fact that more than 180,000 leading officials at various levels have reported where their spouses and offspring are working. This is important progress, given the fact that thousands of officials have shifted their financial savings abroad by first emigrating their spouses or children abroad. The officials themselves then go abroad at a proper time.

As early as 2004, the Central Commission for Discipline Inspection of the Communist Party of China began the practice of keeping such information on file on a trial basis. It has now been implemented nationwide as compulsory for leading officials.

But the number of officials who have reported this is a fraction among the millions of leading officials at all levels and in different institutions.

The remote city of Altay in the Xinjiang Uygur autonomous region became the first city to launch on a trial basis the practice of government officials declaring their properties last year, more than 20 years after the idea was first proposed in 1988. This suggests how hard it has been to employ any preemptive measure against the abuse of power.

Look at the figures last year: More than 5,000 government delegations that were destined for overseas trips were canceled; more than 24,000 leading officials handed in cash, bonds or coupons worth 160 million yuan (\$23.5 million) that they illegally received; more than 1,000 houses that had been illegally occupied by leading officials were confiscated. The statistics show how serious some leading officials have abused their power and how hard the fight will be in the future.

The report that 67 officials including the director and deputy directors of the bureau of land and resources in the city of Lishui, Zhejiang province, were found to have abused their power by accepting bribes last year speaks volumes for how weak our corruption prevention mechanism is at the local level.

Despite the repeated call from central authorities every year to intensify the fight and to establish a preemptive anti-corruption mechanism, there is a long way to go before power can be effectively kept in check.

Strong oppositions from officials have slowed the process of implementing an anti-corruption measure. It is even harder to keep them from not turning out to be scarecrows that become useless in the end.

The central authorities' determination to fight against corruption is certainly beyond doubt. We know it is not easy to keep power under effective control. Yet, we have enough reason to feel optimistic because the fight is in the right direction - to preempt rather than just fight the abuse of power.

## **Foreign relations**

- China, Uruguay pledge closer legislative ties (4<sup>th</sup> January)

China and Uruguay on Monday vowed to seek stronger legislative ties in an effort to bolster the overall bilateral relationship.

The pledge came out of the meeting between top Chinese legislator Wu Bangguo and President of House of Representatives of the Oriental Republic of Uruguay Roque Arregui on Monday afternoon in Beijing.

"The long-standing legislative exchanges between China and Uruguay have played a positive role in enhancing the two nations' friendship and bilateral relations," said Wu, chairman of the Standing Committee of the National People's Congress (NPC), the country's top legislature.

Wu called for both legislatures to continue multi-tier exchange and cooperation in various channels, learn from each other in governing the country and enhancing democracy and building of legal systems, increase consultation in multilateral legislative organizations in a bid to make new contribution to the overall China-Uruguay relationship.

Arregui, who was on his first visit to China, said the Uruguayan legislature would like to make use of its advantage to boost bilateral cooperation in politics, trade and other fields.

On broader bilateral relations, Wu said China and Uruguay had made headway in deepening political trust, boosting economic and trade relations and promoting scientific and cultural exchanges, among other things.

Wu said China appreciated Uruguay's staunch support on issues concerning China's core interests, including Taiwan issue and Tibet-related issues.

Stressing both nations' status as a developing country, Wu said it was in two nations' fundamental interest to deepen bilateral friendship.

"China would like to work with Uruguay to increase high-level exchanges, deepen trade ties and enrich people-to-people exchanges so as to usher in a new era of bilateral relations," Wu said.

Arregui praised China's efforts to deal with the global financial crisis and take a lead in reviving the economy, saying the endeavor benefited Uruguay and China's other trade partners and injected a huge momentum into the world economic recovery.

Arregui said Uruguay will continuously adhere to the one-China policy.

Earlier Monday, Uyunqing, deputy chairperson of the NPC Standing Committee, also met with Arregui in Beijing.

The week-long visit will also take Arregui to east China's Zhejiang province and the country's financial hub of Shanghai.

- China lodges solemn representations over U.S. arms sales to Taiwan (5<sup>th</sup> January)  
China has raised solemn representations to the United States government and urged it to cancel and cease arms sales to Taiwan, Foreign Ministry spokeswoman Jiang Yu said Tuesday.

Jiang made the remarks at a regular news briefing in response to a question on China-U.S. relations in 2010. The Obama administration is reportedly expected to approve the sale of arms to Taiwan early this year and President Barack Obama is also preparing to meet the Dalai Lama.

Taiwan and Tibet-related issues were China's core interests as they related to China's sovereignty and territorial integrity, Jiang said.

China firmly opposed arms sales to Taiwan by the U.S. and urged the U.S. to cancel planned arms sales to avoid undermining China-U.S. cooperation, Jiang said.

"We urge the U.S. to clearly recognize the severe consequences of arms sales to Taiwan and adhere to the three Sino-US joint communiques, especially the principles established in the Joint Communiqué on Aug. 17, 1982," Jiang said.

China stood firmly against any foreign leader's contact with the Dalai Lama in any form and in any name, Jiang said.

"China and the U.S. share broad mutual interests on major issues relating to human peace and development. Both sides shall deal with bilateral relations from a strategic and long-term perspective by respecting each other's core interests and major concerns, strengthening dialogue and cooperation and properly handling disagreements," Jiang said.

She also said both sides should more resolutely oppose trade protectionism to maintain healthy development of China-U.S. economic and trade relations.

- FM spokeswoman: China supports DPRK-U.S. dialogue (5<sup>th</sup> January)

China on Tuesday said it supported contacts and dialogue between the Democratic People's Republic of Korea (DPRK) and the United States.

Foreign Ministry spokeswoman Jiang Yu made the remarks in response to a question related to a joint New Year editorial on the foreign policy stand of the DPRK government.

The joint editorial of three DPRK newspapers said the fundamental task for ensuring peace and stability on the Korean Peninsula and in Asia was to end hostility between the DPRK and the U.S., the official KCNA news agency reported.

The DPRK consistently worked to establish a lasting peace system on the Korean Peninsula and make it nuclear-free through dialogue and negotiations, the editorial said.

Jiang Yu said at a regular press conference that China hoped all sides would work together to resume the six-party talks at an early date and promote the denuclearization of the Peninsula.

The six-party nuclear talks, involving the DPRK, the United States, China, the Republic of Korea (ROK), Russia and Japan, have been stalled since the DPRK quit in April last year in protest against the UN condemnation of its missile tests.

The DPRK editorial said the nation would strive to develop relations of good-neighborliness and friendship with other countries and achieve global independence under the unfurled banner of independence, peace and friendship.

Jiang said China actively supported increased cooperation between the DPRK and the neighboring Republic of Korea.

Increasing reconciliation and cooperation between the north and south would benefit all peoples of the peninsula, Jiang said.

"It is in accordance with common interests of both sides and also conducive to regional peace and stability," she said.

- China calls for steady development of Sino-British ties (5<sup>th</sup> January)



A Chinese Foreign Ministry spokeswoman on Tuesday called for steady development of Sino-British ties after the frictions caused by the execution of convicted drug smuggler Akmal Shaikh.

"China attaches importance to its ties with Britain and it conforms with the two states' interests to maintain steady development of bilateral ties," Foreign Ministry spokesperson Jiang Yu told a regular briefing.

Chinese-British ties faced difficulties after criticisms by some British political figures and media regarding the execution of Shaikh on Dec. 29.

The 53-year-old was convicted of carrying up to 4,030 grams of heroin at Urumqi International Airport after arriving from Dushanbe, capital of Tajikistan, on Sept. 12, 2007.

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

"The Chinese judiciary's right to treat cases according to the rule of law should be respected and there's nobody who has the right to make improper comments on China's judicial sovereignty," Jiang said.

She said the Shaikh case was an isolated criminal case.

China and Britain should solve problems that both sides have differing opinions about in a proper manner and with the principle of mutual respect, so as to avoid damaging ties. she said.

Jiang also urged the European Union to act effectively to preserve the sound momentum of bilateral ties.

- China calls for diplomacy as U.S. weighs sanctions on Iran (5<sup>th</sup> January)

China on Tuesday reiterated its calls for diplomatic efforts on the Iran nuclear issue as the United States seeks sanctions against Iran.

"Dialogue and negotiations are the right ways of properly solving the Iran nuclear issue, and there is still room for diplomatic efforts," said Chinese Foreign Ministry spokeswoman Jiang Yu at a regular news briefing.

U.S. Secretary of State Hillary Clinton said Monday the United States had been discussing with other major powers sanctions against Iran after Tehran rejected a year-end deadline set by the United States to accept a deal in which it would swap its low-enriched uranium for nuclear fuel outside Iran, and demanded simultaneous exchange inside the country.

Meanwhile, Iranian Foreign Minister Manouchehr Mottaki said the international community had "only one more month" to decide whether to sell nuclear fuel to Iran or swap nuclear fuel for Iran's low-enriched uranium.

"Otherwise, Tehran will enrich uranium to a higher purity needed for the fuel," said Mottaki.

"This is an ultimatum," he said.

China has insisted that the Iran nuclear issue be properly solved through diplomatic negotiations rather than sanctions.

"We hope the relevant parties take more flexible and pragmatic measures and step up diplomatic efforts in a bid to resume talks as soon as possible," said Jiang.

Under a draft deal brokered by the UN, most of Iran's existing low-grade enriched uranium would be shipped to Russia and France by the end of the year, where it would be processed into fuel rods with a purity of 20 percent.

The higher-level enriched uranium would be transported back to Iran to be used in a research reactor in Tehran for the manufacture of medical radioisotopes.

The United States and its Western allies have accused Iran of secretly developing nuclear weapons under the guise of a civilian nuclear power. Iran has denied the accusation and stressed its nuclear program is only for peaceful purposes.

The United States has threatened another round of UN sanctions against Iran if it does not abide by the year-end deadline.

- Chinese FM's Africa tour to boost China-Africa strategic partnership (5<sup>th</sup> January)  
Chinese Foreign Minister Yang Jiechi kicked off his official tour of five African nations and Saudi Arabia on Tuesday, aiming to cement China's strategic partnership with Africa, said a Foreign Ministry spokesperson Tuesday.

"At the beginning of every year, China's foreign minister pays a visit to Africa. This is a good tradition that dates back 20 years," spokesperson Jiang Yu told a regular press briefing.

Yang arrived in the Maldives Tuesday. Yang's tour of Kenya, Nigeria, Sierra Leone, Algeria, Morocco will last from Jan. 6 to 12, and then he will visit Saudi Arabia on Jan. 12 and 13, said Jiang.

"China and Africa have worked together to build a new strategic partnership, featuring political equality and mutual trust, mutually beneficial economic cooperation and cultural exchanges," said Jiang.

During the fourth Ministerial Conference of the Forum on China-Africa Cooperation in Egypt in November, Chinese Premier Wen Jiabao announced eight new measures to push forward the new China-Africa strategic partnership, said Jiang.

- Pakistan's first China think tank serves to promote bilateral ties (6<sup>th</sup> January)  
The first think tank on China in Pakistan has made efforts and will do more to promote the bilateral relations between Pakistan and China, said the head of the think tank.

In an exclusive interview with Xinhua on Tuesday, Chairman of the Pakistan-China Institute Mushahid Hussain said a Pakistan-China friendship caravan consisting of 60 people will leave for China in June.

Hussain, also former Information Minister, said that he will lead the caravan from Gilgit area of Pakistan to China's Kashghar by road to attend the Kashghar Trade Fair to be commencing on June 25 and also to promote economic relations and cultural ties between the two countries.

"I would lead the friendship delegation, consisting of businessmen, media men, think tank scholars, experts and cultural specialists, via the Silk Route to China. By traveling via the Silk Route we want to revive the traditional route and highlight its importance as well," he said.

Turning to the think tank launched on Oct. 1, 2009 to coincide with the 60th anniversary of the founding of the People's Republic of China, Hussain said the institute focuses on efforts to further strengthen cooperation in the fields of defense and

diplomacy, investment, trade and economy, energy, education, culture, youth and women, tourism, academia and media.

About the recent steps the think tank has taken for promoting Pakistan-China relations, he said the Pakistan-China Institute has decided recently to launch the Pakistan-China friendship caravan, to establish a Pakistan-China scholar forum consisting of scholars from both sides, and to launch Pakistan-China research data base.

Hussain said it also decided to link up some Pakistani companies for the biggest Shanghai Expo running from May to October in the Chinese metropolis.

The think tank have engaged different coordinator and assigned duties to them in Karachi, Lahore and Gilgit-Baltistan in various fields like culture, tourism, education and other areas and activities with Pakistan-China friendship forum were also coordinated, he said.

Referring to the current energy crisis in Pakistan, the think tank chief said Pakistan can invite Chinese companies to carry out geological surveys for coal mines, to prepare feasibility report and to dig for coal.

He cited his experience in Urumqi, Xinjiang, where China has developed a very sophisticated technology in wind power and solar power and suggested Pakistan learn from it. He said that China is a leader in cheaper sources of energy.

On China's role in South Asia and the role of Pakistan-China Institute, Hussain said that the joint statement issued by Chinese President Hu Jintao and U.S. President Barack Obama in Beijing last November is very positive as it seeks peace, stability and security in South Asia.

Hussain praised China's positive role in South Asia, its commitment to peace and its policy of non-intervention in internal affairs of any other states, saying "China is the holder of universal principle, so we welcome China's role for peace."

To promote cooperation for the peace in the region, he said, the Pakistan-China Institute has a plan to organize a seminar in the third week of January in Islamabad, and to invite Chinese scholars for another seminar in June.

He termed China's investment in Pakistan as unique, saying that the investment has been long-term and strategic. He said it has helped the people of Pakistan in different areas, and it contributed to transfer of technology but there have never been conditions attached whether it's the heavy industrial complex in Taxila, near Islamabad, Gwadar port, a newly-built port in the south, or Zong mobile.

The Pakistan-China Institute is the first non-governmental, non-party and non-political organization with equal number of experts, scholars and intellectuals from China and Pakistan. It is the first Pakistan-based think tank to promote, strengthen and expand Pakistan-China relations in different fields.

- China, Singapore seek to further military ties (6<sup>th</sup> January)  
China and Singapore pledged to further boost military cooperation at a high level meeting of senior military officers on Wednesday.

"The Chinese and Singaporean armed forces have conducted diversified and pragmatic cooperation, and maintained a good momentum of development of their relations, " said

Chinese Defense Minister Liang Guanglie when meeting with Singapore's Chief of Army Neo Kian Hong in Beijing.

Liang said China was willing to work with Singapore to further expand fields of military cooperation and exchanges to contribute to the comprehensive and in-depth development of China-Singapore relations.

Liang said China appreciated Singapore's support on issues concerning China's core interest.

Neo said the two armed forces had played a positive role in safeguarding regional peace and stability and the Singaporean armed forces would like to boost their friendly military cooperation with China.

- 2009 a fruitful year in Sino-Mexican ties: Chinese ambassador (6<sup>th</sup> January)  
China and Mexico made new progress in developing their relations in 2009, China's Ambassador to Mexico Yin Hengmin said in a recent interview with Xinhua.

Yin also expressed optimism about the development of China-Mexico relations in 2010.

In February 2009, Yin said, Chinese Vice-President Xi Jinping made an official visit to Mexico, during which the two nations signed several cooperation agreements.

China and Mexico have had effective cooperation through bilateral as well as multilateral mechanisms such as the U.N. Security Council, he said.

Last year, bilateral trade suffered a decline due to the impact of the world economic crisis, Yin said.

"However, we had large cooperation projects, among which stands out the opening of a copper tube manufacturing plant by Chinese firm Golden Dragon in the northern Mexico state of Coahuila, with an initial investment of 100 million dollars," he said.

The two sides also worked closely to cope with the issue of A/H1N1 flu, Yin said.

When the epidemic broke out in Mexico in April 2009, the Chinese government responded swiftly and donated 5 million U.S. dollars in aid to Mexico, he said.

In July, China's Health Minister Chen Zhu attended a conference on A/H1N1 flu in Mexico, and Mexico's Health Minister Jose Angel Cordoba visited Beijing the following month for similar discussions, he said.

The two countries also made remarkable progress in cultural, sports and educational exchanges, according to the ambassador.

At the 2009 Rome Swimming Championships, Mexican diver Paola Espinosa won a gold medal in the women's 10-meter platform event. Her coach, Ma Jin, is one of 35 Chinese trainers working in Mexico as part of a sports cooperation program between the two nations, he said.

"Both China and Mexico will hold some important events in 2010. Mexico has prepared a very impressive pavilion for the Shanghai Universal Expo and Mexicans are taking part in the event with a lot of gusto," Yin said.

The foreign ministers of the two nations are preparing for the fourth meeting of the China-Mexico Permanent Binational Commission, which is to be held in Mexico City.

The two nations have also reached initial agreement on setting up a legislators' cooperation forum, Yin added.

On the issue of climate change, Yin said: "China and Mexico are both developing nations and we are in close contact and cooperation in this aspect."

Mexico will host the next U.N. Climate Change Conference in late 2010. "I believe we are going to see more and better cooperation in the run-up to and during the next summit," he said.

"As China's ambassador to Mexico, I hope to continue advancing the strategic association between the two nations," Yin said.

- China to forge new strategic partnership with Africa: FM (7<sup>th</sup> December)  
Chinese Foreign Minister Yang Jiechi, who was visiting Nairobi, capital of Kenya, said Wednesday China-Africa relations are enjoying broad popular support and a solid political foundation and the two sides should forge a new type of strategic partnership to increase the vitality and creativity of cooperation in the new era.

"In fact, with the joint efforts and cultivation of the two sides, China-Africa relations have made much progress in recent years as evidenced by deeper political mutual trust, closer cooperation for mutual benefits, and stronger people-to-people ties," said Yang at a joint press conference with Kenyan Foreign Minister Moses Wetang'ula.

The top Chinese diplomat said in the haze of the international financial crisis, both China and Africa have met the difficulties head-on and accelerated cooperation, which has become a highlight in the international cooperation for development.

"This is the success of China and Africa. This is also the success of South-South cooperation. It showcases the strong vitality and great promise that will be released when the largest developing country and the largest developing continent in the world join hands and move forward," he added.

Yang, who earlier on Wednesday paid courtesy calls on Kenyan President Mwai Kibaki and Prime Minister Raila Odinga before meeting his Kenyan counterpart, said the Fourth Ministerial Conference of the Forum on China-Africa Cooperation (FOCAC) in November last year spelled out China's commitment to cement friendship, deepen cooperation, face challenges together and seek common development.

During the meeting held in the Egyptian Red Sea resort of Sharmel-Sheikh, Chinese Premier Wen Jiabao, on behalf of the Chinese government, announced eight new measures to promote practical cooperation with Africa, including tackling climate change, strengthening scientific and technological cooperation, enhancing Africa's financing ability and increasing market access for African products.

"China has always honored its commitments with real actions. We will work with all member states of FOCAC to implement the outcomes of the Ministerial Conference in a concrete way," he said, adding that one of the important missions of his visit to Africa, which will also bring him to Nigeria, Sierra Leone, Algeria and Morocco, is "to show to Africa the sincerity of the Chinese government, discuss with African countries the implementation actions on the ground, and bring the outcomes of the conference to the African people".

On his part, Wetang'ula applauded good relationship between the two countries and expressed appreciation of China's technical and financial support to Kenya, reiterating that Kenya committed to One-China policy.

- China renews warning on U.S. arms sales to Taiwan (7<sup>th</sup> January)

China on Thursday again warned the United States of the severe consequences caused by its arms sales to Taiwan, saying the move will undermine Sino-U.S. cooperation.

"China firmly opposes arms sales to Taiwan by the United States. Our stance is consistent and clear," said Foreign Ministry spokeswoman Jiang Yu at a regular news briefing.

Jiang's remarks came amid reports that the U.S. Defense Department had announced late Wednesday a contract for an unspecified number of advanced Patriot missiles to be sold to Taiwan.

Jiang voiced the Chinese government's opposition to such sales at Tuesday's regular news briefing.

China maintains Taiwan issues concern its core interests and has urged the United States to cancel planned arms sales so as to avoid undermining China-U.S. cooperation.

"We urge the U.S. to clearly recognize the severe consequences of arms sales to Taiwan and adhere to the three Sino-US joint communiques, especially the principles established in the Joint Communique on Aug. 17, 1982," Jiang said.

The "Aug. 17 communique" stated that the U.S. would not seek to carry out a long-term policy of arms sales to Taiwan, and intended to gradually reduce arms sales.

"We have raised solemn representations to the U.S. side," said Jiang.

U.S. arms sales to Taiwan remain a major obstacle to the growth of bilateral relations between China and the United States.

"If the United States insists on taking its own way, that will impose negative impact on the long-term and healthy development of China-U.S. relations," said military expert Yang Yi.

- China's special envoy to attend inauguration of Mozambique president-elect (7<sup>th</sup> January)

China's Minister of Commerce Chen Deming, as the special envoy of the Chinese government, will attend the inauguration of Mozambique's president-elect Armando Guebuza from Jan. 13 to 14 at the invitation of Mozambique's government. Chinese Foreign Ministry spokesperson Jiang Yu made the announcement here Thursday.

Guebuza first came to power as president in 2005, and won re-election last November.

- China urges diplomacy instead of sanctions on Iran (7<sup>th</sup> January)

China on Thursday called for accelerated diplomacy to resolve the Iran nuclear issue, saying sanctions cannot fundamentally end the standoff.

"We hope the parties involved will not drop diplomatic efforts, but adopt more flexible policies to seek a proper resolution of the issue," said Foreign Ministry spokesperson Jiang Yu at a regular press briefing.

China's Permanent Representative to the United Nations Zhang Yesui, who chairs the UN Security Council this month, also expounded China's stance on the Iran nuclear issue a day before, said Jiang.

"China always advocates resolution of the Iran nuclear issue through diplomatic negotiations, and we believe sanctions are not the way to solve the root issues," said Jiang.

Ambassador Zhang Yesui said Tuesday it was too early to contemplate new sanctions against Iran. His comments came after the United States on Monday said the door

remained open for Iran to meet world demands on its nuclear aims, but warned it was discussing with its allies the "next steps," which could include sanctions.

- China calls for more international assistance for Afghanistan (7<sup>th</sup> January)

China on Wednesday voiced its support for the government and people of Afghanistan in their efforts to promote social and economic development, and called for more support and assistance for Afghanistan in its efforts to build the war-torn nation.

The statement came as Zhang Yesui, the Chinese permanent representative to the United Nations, was taking the floor at an open Security Council meeting on Afghanistan. Zhang, who chaired the open council session, holds the rotating council presidency for the month of January.

"China supports the government and people of Afghanistan in the efforts to stabilize the country, and it is hoped that the international community will increase the investment to assist the Afghan government in its efforts to strengthen the capability building of the Afghan military and police so that they can shoulder the responsibility for maintaining security at an early date," Zhang said.

China backs the government and people of Afghanistan in the efforts to promote the social and economic development, and improve the people's living standard, he said, calling upon the international community to provide more support and assistance to Afghanistan in accordance with the need of development in the country.

Representatives from other council members, when speaking at the open council meeting, expressed their concerns with the security situation in Afghanistan, and they strongly condemned the violent attacks on the UN agencies and personnel in the country.

The council members also extended a welcome to a series of international conference on Afghanistan.

- Chinese hit at US missile sales to Taiwan (8<sup>th</sup> January)

China yesterday denounced the sale of advanced air defence missiles by the US to Taiwan, the first arms deal involving Taipei to be completed under Barack Obama, US president.

The US department of defense awarded late on Wednesday a \$968m (€70m, £605m) contract to Lockheed Martin for 253 Patriot Advanced Capability-3 missiles and related hardware. The deal also included the upgrading of Taiwan's existing Patriot missile defence system and the sale of spare parts.

This came despite US frustration with Taipei's move to overturn a recently signed trade deal and -opposition to the sale from Beijing.

Jiang Yu, an official at China's foreign ministry, said Beijing had "already made stern representations to the US side, and we have urged [Washington] to clearly recognise the serious harm caused by arms sales to Taiwan". Beijing cancelled some military exchanges with Washington last year after George W. Bush, former president, approved the sales as part of a \$6.5bn arms package.

China, which claims sovereignty over Taiwan, has long threatened to use military force against the self-ruled island should it formally declare independence. Taiwan relies on the US for arm sales and as a guarantor of its defence.

The Pentagon contract came just days after Taiwan's parliament voted to block an agreement to further open the island's market to US beef products. The deal had been reached between Taipei and Washington in October.

The vote, which Ma Ying-jeou, Taiwanese president, said reflected public sentiment, provoked an angry response from the US. Demetrios Marantis, deputy US trade representative, said that "the decision by Taiwan authorities to place domestic politics over science raises serious concerns [and] . . . will also undermine Taiwan's credibility as a responsible trading partner". The US also suspended planned trade talks with Taiwan. An official at Taiwan's defence ministry said the missile sale indicated the beef dispute had not had any impact on defence issues, despite some earlier worries.

Cross-strait relations have improved dramatically since Mr Ma became president in 2008, although tensions remain.

<http://www.ft.com/cms/s/0/dd9c9596-fbf5-11de-9c29-00144feab49a.html>

- China, India hold 3rd round of defense consultation (8<sup>th</sup> January)

China and India held the third round of defense consultation here Wednesday, according to a press release from the Information Office of China's Defense Ministry Friday.

Deputy Chief of General Staff of the Chinese People's Liberation Army (PLA) Ma Xiaotian and visiting Indian Defense Secretary Pradeep Kumar jointly presided over the consultation, during which they exchanged views and reached some consensus on bilateral ties, regional security, national defense policies and military exchanges and cooperation.

During the consultations, the Chinese side expressed its concern to the Indian side over the irresponsible remarks made by a few Indian leaders and some Indian media's untrue reports.

The Chinese side stressed that both China and India should do more work, which will be favorable for boosting healthy bilateral ties, so as to facilitate the good environment and conditions for China-India relations.

The Indian side said that India's high-level officials endeavored to clarify the related remarks and those untrue reports and hoped to develop the friendly relations between India and China.

The year 2010, when China will celebrate its "India Year" and India its "China Year", marked the 60th anniversary of the establishment of diplomatic ties between the two countries.

Both sides agreed that the two countries should take this opportunity to strengthen mutual trust, promote cooperation and work together for a better development environment as well as the regional and international peace and stability.

The first consultation was held in 2008.

[http://news.xinhuanet.com/english/2010-01/08/content\\_12779277.htm](http://news.xinhuanet.com/english/2010-01/08/content_12779277.htm)

- Commentary: Thicker Sino-EU bonds needed (8<sup>th</sup> January)

China and the European Union (EU), as two global powers, should be more diligent to move bilateral ties on a number of issues forward, especially in the post-Lisbon Treaty era.



The treaty was signed by EU member states on Dec 13, 2007, partly because grievances had emerged among European nations over the bloc's inability to mold its dominant economic weight into the status as a world-leading power that commands political influence on a global scale. With the Lisbon Treaty taking effect late last year, a more cohesive EU is expected to play a bigger role in world affairs. Some have blamed the bloc's inability to boost its international status on its failure to forge a unified foreign policy as well as its overly soft diplomatic stance.

China, as an emerging player in Asian and world affairs that has expanded its relationship with the EU, should be well adapted to the EU's formation of a new power framework. Undoubtedly, the new composition of the EU "troika" will play a very important role in establishing the bloc's policies toward China and implementing its course of action.

Currently, the so-called troika consists of Herman Van Rompuy, the newly elected president of the EU; Jose Manuel Barroso, European Commission president; and Catherine Ashton, the new chief of EU foreign affairs.

Despite the disappointment among some European political elites and the public after the less-reputed Van Rompuy, the former Belgian prime minister, and Ashton, the former EU trade commissioner who has been criticized for her lack of deep diplomatic experience, assumed their EU posts, the empowered troika has essentially taken the lead in EU foreign affairs. The trio's success lies with whether they can effectively coordinate the multitude of viewpoints among its 27 member states.

Compared with Barroso and Van Rompuy, Ashton's role should be garnering more of the spotlight given that she not only chairs the monthly meetings of EU foreign ministers, but also wields considerable sway in deciding EU foreign aids distribution as the vice-president of the European Commission. According to the Lisbon Treaty, the European External Action service, which is now being prepared, will also be under her charge.

China and the EU should reflect on frequent instances that have made bilateral ties tense over the past few years. Compared with the Chinese people's understanding of Europe, Europeans lack a thorough grasp of China's national conditions. As a result, misunderstandings have time and again emerged in dealings with each other.

Europeans are still cloaked in ideological perspectives of the Asian nation although two decades have passed since the end of the Cold War. It is common for a lot of biased and partial coverage about Beijing to pop up in European media, which has seriously hampered a smooth development of China-EU ties.

To move relations forward, China and Europe should discard long-existing prejudices of each other and take workable measures to build up bilateral cooperation.

For Europe, China is an inalienable partner on the international stage either in the economic or political front. China and Europe's accusations against each other in the wake of the Copenhagen climate summit highlighted the importance of jointly dealing with international challenges and advocating good global governance. China's overshadowing economic performance amid the global financial crisis makes its role in the world economy more important than ever. At the same time, China also cannot afford to look down upon the EU and its expanded international influence.

Economic interests continue to play the most important bond that tightly ties Sino-EU relations. Bilateral trade volume in 2008 reached \$425.6 billion, exceeding China's trade with the United States. Despite the global financial crisis, EU's trade volume with China

in the first 10 months of last year still approached \$300 billion, maintaining its top trading partner status with the country.

As China's second largest trading partner and the fastest-growing exporting market, EU has benefited greatly from deepened economic links with China. The establishment of a high-level economic and trade dialogue between China and EU in 2007 has to some extent helped ease tensions in bilateral trade ties. The two sides should therefore focus on this path of their relationship. In view of the vital role played by the European Commission in the bloc's decision-making process on foreign trade, China should see the commission as an important partner for dialogue.

China and EU should also advocate cooperation in dealing with the environment, climate change and policies toward Africa. As a developing nation, China is unlikely to stop modernizing. But the country has also recognized that the environment is important for sustained development and has taken a series of measures to strike a balance between the two. Given its crucial role in pushing global climate talks forward, Europe should try to be constructive in the process and cease lashing out at China over the issue of global warming.

There is broad potential for China and the EU to cooperate on clean energy as well as new energy - considerable efforts should be made to tap the potential of what each can do to strengthen clean and new energy technology. In their policies toward Africa - a region that is vital both to China and Europe - the two sides should take practical and effective measures to fully display their respective advantages in the vast continent.

The author is director of the Institute of European Studies under the China Institutes of Contemporary International Relations.

- Chinese foreign minister kicks off visit to Nigeria (8<sup>th</sup> January)

Chinese Foreign Minister Yang Jiechi arrived in Abuja , capital of Nigeria, on Friday to start his one-day working visit on the second leg of his six-nation tour.

In his arrival address, Yang Jiechi said: "I am delighted to pay a visit to the Federal Republic of Nigeria at the beginning of the new year at the invitation of Ojo Maduekwe, Minister of Foreign Affairs of Nigeria."

Yang said over the 39 years since China and Nigeria established diplomatic ties, bilateral relationship has seen sound and steady growth.

In recent years, China-Nigeria strategic partnership has continued to deepen. The two countries have enjoyed growing political mutual trust, productive cooperation in economic, trade and other fields as well as mutual support and close collaboration in international affairs, he said.

With the first ever bilateral strategic dialogue held last year, the two countries further substantiated the strategic partnership. China-Nigeria relationship is showing a sound momentum of all-round and fast growth.

Yang said both China and Nigeria are major developing countries. Further consolidating and deepening China-Nigeria relationship not only serve the fundamental interests of the two countries and their peoples, but also contribute to peace and development in the region and beyond.

He said he is confident that his visit will help deepen friendship between the two countries, increase mutual trust, expand common ground and promote cooperation, thus making new contribution to China-Nigeria strategic partnership.

During his first visit to Nigeria since he took office as foreign minister in 2007, Yang will hold talks with his counterpart Ojo Maduekwe in the afternoon. He will exchange in-depth views with Maduekwe on bilateral relationship as well as regional and international issues of common interest. He is also to meet with Vice-President of Nigeria Goodluck Jonathan in the presidential villa.

Chinese ambassador to Nigeria Xu Jianguo and Nigerian government officials were at airport to greet the Chinese minister, who is expected to complete his visit and leave Nigeria on Saturday.

- Ambassador outlines Chinese culture year in Italy (8<sup>th</sup> January)

Chinese Ambassador Sun Yuxi announced Chinese culture year in Italy at a press conference at the Chinese embassy here Friday.

The culture year, which follows Italian year in China in 2006, will officially start in September.

"The Chinese culture year in Italy is set to be a central obelisk supporting further exchange between the two countries. It is a crucial project on which both governments have long been working," said Sun.

The ambassador said nine Chinese central government departments and 22 local authorities would be involved in organizing more than 100 events all over Italy, including performances of traditional Chinese musical bands, dances and operas.

Meanwhile, business conferences will offer opportunities for important meetings between Chinese and Italian entrepreneurs and facilitate trade agreements.

The Italian government has nominated former culture minister Giuliano Urbani as coordinator of the organizing committee, which is composed of representatives from 13 Italian government ministries.

Sun said 2010, which marks the 40th anniversary of diplomatic relations between China and Italy, is set to be a crucial year for political and economic ties.

China-Italy ties were "in the best period ever in the history of diplomatic relations," the ambassador said.

Cooperation at all levels had recently been enhanced and Italy was a crucial partner for China, he added.

The press conference was the first of a series preparing the ground for the Chinese culture year in Italy.

The ambassador is scheduled to give a press conference at the beginning of each month of this year.

- Cambodia approves China-Cambodia Consular Convention (8<sup>th</sup> January)  
The Cambodia's government on Friday approved the China-Cambodia Consular Convention aimed to not only improve the two countries' diplomatic ties but also to facilitate the trade flows between the two countries, said the government's release.

"The cabinet meeting agreed and approved a draft agreement on China-Cambodia Consul given gradually increasing of economic, trade, investment and tourism relations between Cambodia and China," said the release.

"This convention is also aimed at protecting the rights and the individual interest of the two peoples," it added.

The government release also said that Cambodia has six consular offices in China.

Cambodia received 2.16 million tourists last year compared with about 2.13 million in 2008, a two percent increase, while 114,894 tourists from China.

China is also the Cambodia's biggest foreign direct investment (FDI), according to the state-run investment agency of the Council for the Development of Cambodia (CDC).

- China signs \$1 bln contracts with Turkey (8<sup>th</sup> January)  
China and Turkey signed 38 contracts worth of 1.05 billion U.S. dollars at the end of the forum on economic cooperation and investment here on Friday.

The deals cover Chinese imports of minerals, marble and other products from Turkey as well as contracting power plant projects in Turkey.

The signing ceremony was witnessed by visiting Chinese Commerce Minister Chen Deming and his Turkish host State Minister for Foreign Trade Zafer Caglayan in Istanbul.

More than 100 Chinese entrepreneurs came along with Chen to seek purchase and investment opportunities during the minister's four-day visit to Turkey.

Addressing the forum with more than 400 people from the two countries, the two ministers pledged their efforts to forge close economic and trade relations by expanding trade and increasing mutual investment.

China and Turkey saw their trade surge from more than 1 billion U.S. dollars in 2000 to 12.6 billion U.S. dollars in 2008. Turkey's exports stood at only 1.98 billion U.S. dollars in 2008.

Chinese enterprises' direct investment in Turkey reached 313 million U.S. dollars as of the end of September 2009, with the amount in the first three quarters accounting for more than 90 percent of the total, figures from China's Commerce Ministry show. Meanwhile, actual investment by Turkish companies in China exceeded 100 million U.S. dollars as of the end of October.

- Thai House Speaker: China visit to enhance bilateral parliamentary ties (8<sup>th</sup> January)  
The upcoming official goodwill visit to China will enhance ties between parliaments of China and Thailand in a multi dimension, Chai Chidchob, President of the National Assembly of Thailand told Xinhua on Friday.

Chai, also Speaker of the Thai House of Representatives or the Lower House, will visit China from Jan. 9 to 16 at the invitation of Wu Bangguo, Chairman of China's National People's Congress Standing Committee, the first such visit since he assumed office in May, 2008.

The House Speaker is the first foreign parliamentary head in the world invited to visit China in 2010.

Speaking to Xinhua prior to China tour, the 82-year-old politician said the Thai parliament would like to learn from China's parliamentary working system.

Currently, the parliamentary relations between China and Thailand are going on well and recently a Thai parliamentary delegation has visited China, Chai said.

Now there are some 130 members in the Sino-Thai friendly group under the Thai National Assembly, larger than any other similar groups in Thailand.

Chai also said he is happy that he is invited by Mr. Wu Bangguo, chairman of China's National People's Congress Standing Committee to be a guest of China's parliament.

"The purpose of the visit is to strengthen bilateral cooperation on parliament between the two countries," Chai said, adding "We will discuss about the parliamentary affairs and we would like to link the parliamentary members of the two countries."

Thailand would also ask China for sending Thai parliamentary officials to go to China to learn about China's parliamentary working system, the Thai House Speaker said.

The strengthening of bilateral relations with Thailand will benefit China as Thailand is geographically the center of the ASEAN community, Chai said. It will also be great for Thailand's tourism industry, if China's government encourages more Chinese people to visit Thailand, Chai said.

"Thailand would like more Chinese people to travel to Thailand as they can also meet with their Chinese relatives having lived in Thailand," Chai said.

Chai said that it is possible that he will have a chance to meet with other Chinese leaders during this visit.

The meeting with other Chinese leaders will enable him to learn more about China's political, social, and economic matter, Chai explained.

Also, Chai said during the visit he will invite Mr. Wu Bangguo to participate in the 122nd Inter-Parliamentary Union (IPU) Assembly and related meetings, which will be held in Thailand.

"We hope that Mr. Wu Bangguo will come to Thailand as China's representative for the 122nd Inter-Parliamentary Union Assembly and related meetings," the President of the National Assembly of Thailand said.

Thailand will host the 122nd IPU Assembly and related meetings from March 27 to April 1 in capital Bangkok.

China sent observers to attend the 30th Association of Southeast Asian Nations or ASEAN Inter-Parliamentary Assembly (AIPA), held in Thailand's central resort town of Pattaya on Aug. 2-8, last year.

- China says Japan's plans for atoll not to change its legal status (8<sup>th</sup> January)

A Chinese Foreign Ministry spokesperson said here Thursday that Japan's move to build facilities on the Okinotori atoll will not change its legal status, as Japan is seeking vast economic interests at the nearby southern Pacific.

According to the United Nations Convention on the Law of the Sea (UNCLS), and based on the natural and geographic situation of the Okinotori atoll, neither exclusive economic zones nor continental shelves should be claimed on it, Spokesperson Jiang Yutold a regular press briefing.

Japan has asked the UN Commission on the Limits of the Continental Shelf to recognize the extended area around the so-called "Okinotori island," 1,740 km south of Tokyo, as its continental shelf, which would enable it to claim a vast surrounding area as an exclusive economic zone.

According to Article 121 of the UNCLS, rocks that cannot sustain human habitation or an economic life of their own shall have no exclusive economic zone or continental shelf.

According to Japanese media report, the Japanese government plans to build a port and conduct mineral explorations on the atoll in 2010.

"Building facilities on it would not change the atoll's legal status," Jiang said.

Such a bid did not conform to the international laws of the sea and was against the interests of the international community, she said.

- China again reaffirms resolute opposition to U.S. arms sales to Taiwan (9<sup>th</sup> January)

China on Saturday again expressed strong dissatisfaction and firm opposition to the U.S. arms sales to Taiwan, urging the U.S. to respect China's core interests and withdraw related arms sales plan.

"The U.S. arms sales to Taiwan infringe upon China's security interest as well as peace and stability across the Taiwan Strait, and interfere with China's internal affairs," said Foreign Ministry spokeswoman Jiang Yu in a statement.

Jiang made the comments in response to a reporter's question on U.S. government approval for Raytheon Company to sell 1.1 billion U.S. dollars of Patriot antimissile system to Taiwan.

"We have raised solemn representations to the U.S. side," said Jiang. "We urge the U.S. to stop arms sales to Taiwan to avoid undermining China-U.S. cooperation."

Jiang said, "We urge the U.S. to clearly recognize the severe consequences of arms sales to Taiwan, reject the cold war mentality, and adhere to the three Sino-U.S. joint communiques, especially the principles established in the Joint Communique on Aug. 17, 1982."

The "Aug. 17 communique" stated that the U.S. would not seek to carry out a long-term policy of arms sales to Taiwan, and intended to gradually reduce arms sales.

"We also persuade the Raytheon Company to stop pushing or participating in arms sales to Taiwan, and refrain from doing anything that harms China's sovereignty and security interest," Jiang said.

- China-Nigeria strategic partnership improved: Chinese FM (9<sup>th</sup> January)

The China-Nigeria strategic partnership has been improved for the past few years, said visiting Chinese Foreign Minister Yang Jiechi in Abuja, capital of Nigeria, on Friday.

In a meeting with Nigerian Vice President Goodluck Jonathan, Yang said after the two countries established strategic partnership in 2005, both China and Nigeria witnessed all-round development in their bilateral relations.

He said the mutual trust between the two sides was deepened and exchanges in various sectors were frequent. The two countries were engaged in closed cooperation in international and regional affairs. The economic and trade cooperation continued to make progress and the human and cultural exchanges were facilitated on wide ranges.

He noted that under the new situation, the two countries are expected to enhance cooperation and exchanges so as to cope with challenges.

China is willing to make joint efforts with Nigeria to promote mutual understanding and trust so as to facilitate economic and trade cooperation, he said.

The Chinese foreign minister called for both sides to improve their strategic partnership and benefit the two peoples.

After the fourth ministerial meeting of the China-Africa Cooperation Forum, he said, the Chinese government is willing to cooperate with Nigeria and other forum member states to fulfill the eight-point measures for China-Africa cooperation.

Jonathan spoke highly of the Nigeria-China relations, saying Nigeria sets great store by the strategic partnership between the countries.

He said on the climate change and other international issues, the two countries support each other and played a key role in the achievement in the Copenhagen Conference. The two countries made a major contribution to the unity of the developing countries.

Nigeria will cooperate with China to further strengthen and develop the friendly cooperation and raise the Nigeria-China strategic partnership to a new standard, he said.

Jonathan reassured that Nigeria will adhere to one-China policy and it will never change its stand on this issue.

On the same day, Yang also held talks with his Nigerian counterpart Oyo Maduekekwe on the development of the bilateral relations. The two ministers attended the signing ceremony of cooperation documents and jointly gave a press congress.

The Chinese top diplomat arrived in Nigeria on Friday morning for a day-long visit to the West African country.

- Vietnamese Ambassador: Activities marking 60th anniversary of Vietnam-China relations to be held (9<sup>th</sup> January)

Vietnamese Ambassador to China Nguyen Van Tho said here Friday the two countries will host more than 30 activities in 2010 as Vietnam and China celebrate the 60th anniversary of Vietnam-China diplomatic ties and the year of friendship.

The activities also aim to boost mutual understanding, trust and cooperation between the two countries and peoples, said the ambassador.

In 2010, Vietnam and China expect to maintain high-level exchanges and conduct political, economic, cultural and people's exchanges as well, Nguyen told a press conference at the Vietnamese embassy in Beijing.

Vietnam will also actively participate in the 2010 World Expo, to be held in Shanghai in May, and China-ASEAN Expo in Nanning of southern Guangxi Zhuang Autonomous Region to carry out sport and cultural activities between the two countries' border areas. The Chinese side has proposed to invite 3,000 Vietnamese young people to visit Guangxi.

Nguyen said Vietnam, which assumes rotating presidency of the Association of the Southeast Asian Nations (ASEAN), attached great importance to establishing strategic cooperation relations with China.

China has been Vietnam's largest trade partner since 2004. Despite the global financial crisis, bilateral trade reached nearly 18 billion U.S. dollars in the first 11 months this year, up 0.6 percent year-on-year.

Nguyen said China-ASEAN Free Trade Area (CAFTA) would give new impetus to the development of China-Vietnam bilateral trade and economy.

CAFTA, the world's largest free trade area of developing countries, started operation on Jan. 1. It covers a population of 1.9 billion and accounts for about 4.5 trillion U.S. dollars in trade volume.

"We look to capable Chinese enterprises to invest and contract projects in Vietnam," the ambassador said.

- Chilean presidential candidate vows to deepen ties with China (9<sup>th</sup> January)  
Chilean presidential candidate of the ruling coalition Eduardo Frei Friday promised to further boost ties with China if he wins the Jan. 17 run-off election.

The former president told Xinhua that he is "proud" of being the first Chilean president engaging in direct contact with China when he was in office in 1994-2000.

"Now we have closer ties with China and in the future we have to march ahead much further," Frei said.

"We have had excellent ties with China," Frei said, adding that official statistics to be released soon will prove that "China is the main commercial partner of Chile."

He called for more efforts to enhance mutual investment and academic exchanges between both countries. There also exists a huge potential for the two developing nations to collaborate on environmental protection, he said.

The second round presidential election will be held on Jan. 17, pitting Frei against opposition candidate Sebastian Pinera, after the first round on Dec. 13 failed to produce an outright winner.



Pinera garnered 44 percent of the vote in the December poll, while Frei got 29.6 percent.

The new president is expected to take office on March 11 to replace President Michelle Bachelet.

- Chinese ambassador to Italy says 2010 is crucial year for bilateral ties (9<sup>th</sup> January)  
The Chinese ambassador to Italy Sun Yuxi said on Friday that 2010 is set to be a crucial year in Sino-Italian ties.

Speaking at a press conference focused on the upcoming Chinese culture year in Italy, he described the initiative as a major event aimed at spreading awareness of China in Italy and boosting trade and diplomatic relations.

Sun praised the good state of bilateral ties, listing the progress made so far in trade, tourism and cultural exchange.

"Cooperation in all fields between the two countries has been enhanced and at present there are more than 10,000 Italian projects in China," he said.

Economic relations between China and Italy are strengthening. The Chinese mission to Italy last July, headed by Chinese President Hu Jintao, led to the signature of many commercial agreements which has a total value of more than 2 billion U.S. dollars.

According to Sun, the Chinese government predicted bilateral trade value to reach 40 billion dollars last year, up from 38 billion dollars in 2008.

The ambassador announced that tourists' visa procedures are expected to be simplified during 2010.

But it is not only a question of diplomatic relations. Despite the good state of bilateral ties, Italians' awareness of China is still limited.

This is why for Sun the Chinese culture year in Italy represents a good opportunity to improve the Italian perception of China.

"Those who have not been to China do not know much about China," he said. "Many Italians may have a view of China influenced by western media, an impression of China belonging to the past and dating back before WWII or after the liberation."

According to Sun, in 2008 approximately 190,000 Italian tourists visited China, 0.2 percent less than a year earlier. On the other hand, 380,000 Chinese have traveled to Italy, up 26 percent from 2007.

Sun went on explaining that through the Chinese culture year in Italy the government of Beijing aimed "at making Italian people know what China looks like today and how it is developing, how Chinese people are living and what they do, their feelings and intentions."

"We want Italians to have the right picture of China, it's very important to help them understand today's China," he added, stressing, however, that the majority of the population already had very good feelings towards China.

The ambassador's press conference was the first of a series preparing the ground for the Chinese culture year in Italy. The ambassador from now on will give a press conference at the beginning of each month, not only focused on China's culture year in Italy but also on bilateral relations and Chinese issues in general.

- Sino-Norwegian economic ties stronger than ever: Norwegian minister (9<sup>th</sup> January)

Norwegian Minister of Trade and Industry Trond Giske said on Friday that economic relations between Norway and China are strong than ever as trade between the two countries is growing rapidly over past few years and FTA (Free Trade Area) negotiations are underway between the two sides.

"When it comes to Sino-Norwegian economic relations, they are stronger than ever," the minister told Xinhua in a written interview before he leaves for China for a visit, which is scheduled to start on Monday in Shanghai.

He said that Sino-Norwegian economic cooperation has been strong in the maritime sector, the energy sector, the marine sector, tourism and the environment, which, according to the minister, are also the sectors where the potential for further cooperation is largest.

Quoting Norwegian statistics, the minister said that Norway's export of goods to China registered a 14-percent growth from 9.4 billion Norwegian kroner (about 1.65 billion U.S. dollars) in 2007 to almost 11 billion Norwegian kroner (about 1.93 billion U.S. dollars) in 2008 while China's export of goods to Norway during the period increased 13 percent from 28 billion Norwegian kroner (4.9 billion U.S. dollars) to 31 billion Norwegian kroner (about 5.43 billion U.S. dollars).

"According to our statistics this trend will continue also in 2009," Giske said, citing the 39 percent increase in export of goods from Norway to China in the first 11 months of 2009 over that of the corresponding period of 2008.

Export of goods from Norway to China amounted to 13 billion Norwegian kroner (about 2.28 billion U.S. dollars) from January to November in 2009 and growth was witnessed in all important product groups -- machinery, nickel, seafood, chemicals as well as optical/medical instruments, the minister said in the exclusive interview.

Export of goods -- mainly machinery, clothes, furniture, toys, footwear -- from China to Norway grew 4.5 percent to almost 30 billion Norwegian kroner (about 5.25 billion U.S. dollars) in the January-November period of last year, said the Norwegian minister.

The comprehensive strategy the Norwegian government adopted in August 2008 for its relations with China illustrates the importance the Norwegian government places on the relationship with China, Giske said.

"With regard to potential for increased economic relations I would like to mention that I am particularly excited about the fact that the governments of Norway and China are currently conducting FTA negotiations," he said.

The Norwegian minister said he believes that an FTA would be of benefit to both our countries' economies and contribute to increased trade and economic interaction between the two countries.

"The increased predictability following an FTA will provide companies in Norway and China with the framework necessary for having a long-term perspective on business opportunities, which will also lead to increased investments between our countries," said the minister.

## **Economic front**

- China encourages private investment in publishing business (3<sup>rd</sup> January)

China will encourage private enterprises to play a bigger role in the publishing business, according to guidelines to be released by the industry watchdog.

Private enterprises will be allowed to publish books on science and technology, finance and economy, supplementary materials to textbooks, music and arts, and children's books, says a document to be issued by the General Administration of Press and Publication (GAPP).

They can be involved in the publication of these books by supplying content, with project cooperation or being a unit of state-run publishers, the document says.

The document will be officially released Monday, said Jiang Jianguo, deputy director of the GAPP, at a media briefing last week.

The guidelines also support the private players in exploring the overseas publishing market.

Previous guidelines issued early April last year asked the market-oriented news organizations and publishers to turn into full-fledged commercial players in one to two years.

They also pledged policy support to media giants which publish newspapers and magazines overseas, and acknowledged the status of private publishers for the first time.

The object of nurturing six or seven press and publishing giants with annual revenues of more than 10 billion yuan (about 1.46 billion U.S. dollars) in three to five years is reiterated in the to-be-released document.

As of 2009, the country has 958 publishers of books and electronic products and boasts 9,549 magazines and 1,943 newspapers. The output of the press and publishing industry is expected to hit 1 trillion yuan in 2009, the document said.

- GM reaps strong sales on Chinese market in 2009 (4<sup>th</sup> January)

Whole year auto sales for the U.S. auto giant General Motors (GM) in the Chinese market topped 1.82 million units, up 66.9 percent from a year earlier, the company said Monday in an annual business report.

Bullish sales of Buick, Chevrolet and Wuling vehicles boosted the market share, which expanded to an estimated 13.4 percent in 2009, up 1.3 percentage points from that in the previous year, according to the report.

Sales for GM's original brand Buick in China in 2009 surged 59.6 percent from a year earlier to 447,011 units. The company's Chevrolet sales in China reached more than 330,000 units, up 67.1 percent year on year.

SAIC-GM-Wuling, GM's commercial vehicle tie-up with Shanghai Automotive Industries Corp (SAIC) and Liuzhou Wuling Automobile, sold more than 1 million vehicles in 2009, up 65.1 percent year on year, the report said.

GM China president Kevin Wale expected better performance on China's market this year, saying the GM would expand further but at a slower pace.

From January to November, China produced and sold more than 12.2 million cars, making it the world's largest auto market, the China Association of Automobile Manufacturers announced early this month.

The government has helped to shore up auto sales by cutting tax and providing subsidies to drivers shifting to cleaner, more fuel-efficient cars.

Since January, China has halved its vehicle purchase tax to 5 percent on vehicles with a displacement of less than 1.6 liters.

Two months later, a mini-vehicle incentive program in rural areas enabled buyers to enjoy up to 5,000 yuan in government subsidies for a vehicle with a displacement less than 1.3 liters.

Both policies, which are scheduled to expire on Dec. 31, have been approved by the State Council for an extension through 2010.

[http://news.xinhuanet.com/english/2010-01/04/content\\_12754427.htm](http://news.xinhuanet.com/english/2010-01/04/content_12754427.htm)

- CICC named top underwriter for China's IPOs (4<sup>th</sup> January)  
China International Capital Corp (CICC) topped the rankings of the underwriters of China's initial public offerings (IPOs) in 2009, making an estimated 1.23 billion yuan from fees, Bloomberg data showed.

The earning of the country's largest investment bank was boosted by underwriting the China State Construction Engineering Corp's 50.1 billion yuan IPO, the world's second-largest in 2009. CICC also took two other heavyweight companies public, China Shipbuilding Co Ltd and China CNR Co Ltd, raising 14.7 billion yuan and 13.9 billion yuan respectively.

CITIC Securities, the top underwriter in 2008, fell to the No 2 spot in the ranking, making 855 million yuan from IPO deals totaling 28.7 billion yuan, according to Bloomberg data. The third slot went to Orient Securities, which earned 258 million yuan from IPO deals worth 11.9 billion yuan.

IPOs are among the most lucrative advisory businesses for Chinese securities firms as China has witnessed an IPO boom since it reopened the market last June after a 10-month halt blamed on the widespread global credit crunch.

Chinese securities companies saw an exponential growth in their revenues from the IPO business, making a total of 4.76 billion yuan from underwriting fees, doubling the 2.35 billion yuan in 2008. But the earnings still lagged far behind the 7.61 billion yuan made during the pre-crisis period in 2007.

Last year, 43 Chinese securities firms helped 111 companies go public on the mainland's A-share market, raising 202.2 billion yuan. The value of the IPO deals taken by the top 10 underwriters accounted for more than 70 percent of the total IPO values.

Market insiders said the IPOs of heavyweight companies will remain the target for large investment bank and securities companies such as CICC and CITIC Securities next year while small and medium securities companies will make start-up board ChiNext their primary focus.

Stock prices of listed securities companies soared sharply in the past two weeks, mainly stimulated by unconfirmed reports that China's State Council has given the final nod for the introduction of index futures in 2010.

Analysts said Chinese securities companies would likely see a surge in revenues this year after the regulators announce a clear timetable for the launch of the index futures, margin trading and short selling.

"The new products will certainly boost the earnings and valuations of the brokerage stocks," said Cheng Binbin, an analyst with Qilu Securities "It not only means strong profit growth for securities firms in the future but also a gradual transition toward a more risk-diversified business model."

It is forecast that margin trading and short selling will likely contribute 9.41 to 14.3 billion yuan in revenues of securities companies in 2010 while index futures will contribute 5.76 to 6.34 billion yuan.

The net profit of China's brokerage industry may reach 90 billion yuan in 2009, a year-on-year increase of 90 percent, according to an estimate by Guotai Junan Securities.

Meanwhile, foreign banks also grabbed a share of the lucrative pie of China's booming capital market last year with Swiss bank UBS ranked the largest underwriter of Chinese overseas IPOs. The bank contracted \$728 million in underwriting fees from Chinese companies that sought IPOs in the Hong Kong market, worth a total of \$26 billion last year, Bloomberg data showed.

Mergers and acquisitions (M&As) made by the Chinese companies remained the traditional cash cow for foreign investment banks in 2009. Morgan Stanley was the No 1 financial advisor in M&A deals worth \$20.9 billion on the Chinese mainland and Hong Kong, according to Bloomberg data.

The largest M&A deal in 2009 made by a Chinese company was the \$7.5 billion acquisition of Swiss oil company Addax Petroleum by China's largest oil refiner, Sinopec.

- ACNielsen: Chinese consumer confidence grows as economy rebounds (4<sup>th</sup> January)  
With the majority believing the recession is behind them, Chinese consumer confidence is expected to continue to grow in the coming year, according to a survey by global marketing research firm ACNielsen, Monday's China Daily reported.

The survey said Chinese shopper confidence remains strongest in the East and due to increasing optimism in job and financial prospects, the nation's middle and western regions are getting increasingly upbeat as well, the newspaper said.

ACNielsen recently questioned more than 3000 shoppers across China, discovering that, during the third quarter, consumer confidence rose 12 percentage points to 101 compared with the second quarter, largely driven by renewed trust in job and financial prospects, according to China Daily.

Consumers in western and central China recorded the greatest lift -- eight percentage points higher than the second quarter -- but shoppers in the west of the nation remain noticeably less optimistic than in other areas.

The survey also found that the rebound in consumer confidence has not had much influence on saving habits, according to the newspaper.

Despite the fact that almost nine out of ten Chinese consumers believe the nation is out of the recession, more than half continue to put spare cash firstly into savings, followed by investing in their children's education and purchasing new clothes, the newspaper said.

- Chinese shares open higher on new year's 1st trading day (4<sup>th</sup> January)  
Chinese shares opened higher on the first trading day of the new year Monday with the benchmark Shanghai Composite Index up 0.38 percent to open at 3,289.75 points.

The Shenzhen Component Index also opened 0.48 percent higher at 13,766.10 points.

- GM reaps strong sales on Chinese market in 2009 (4<sup>th</sup> January)  
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Both policies, which are scheduled to expire on Dec. 31, have been approved by the State Council for an extension through 2010.

- Chinese shares close lower on Monday (4<sup>th</sup> January)

Chinese equities closed lower on Monday as the benchmark Shanghai Composite Index went down 1.02 percent, or 33.38 points, to close at 3,243.76 points.

The Shenzhen Component Index lost 1.21 percent, or 166.43 points, to close at 13,533.54 points.

Combined turnover shrunk to 147.97 billion yuan (21.7 billion U.S. dollars), from 220.86 billion yuan on the previous trading day.

- China imposes anti-dumping measures on imported food additives (4<sup>th</sup> January)

China's Ministry of Commerce (MOC) announced Monday that it is to impose temporary anti-dumping measures on food additives imported from Thailand and Indonesia.

The preliminary ruling required importers of disodium 5'-inosinate, disodium 5'-guanylate and disodium 5'-ribonucleotide to place deposits starting Tuesday, said a statement on the MOC website.

The statement said companies from the two countries had dumped the additives on the Chinese market and this had caused substantial damage to the domestic industry.

The statement also listed deposit rates for products imported from the two Indonesian companies of PT. Cheil Jedang Indonesia and PT. Kirin Miwon Foods at 16.9 percent and 8.1 percent respectively, and a 6.5-percent rate for the Ajinomoto Co., (Thailand) Ltd.

For all the other food additives companies from the two countries, a temporary 29.7 percent deposit rate would be implemented, the statement said, but it gave no details on when a final ruling would come.

The ministry had launched an anti-dumping investigation into imported additives from Indonesia and Thailand in March last year.

The additives are mainly used in monosodium glutamate, soy sauce and other condiments to enhance flavor.

- China to continue promoting inbound, outbound investment (5<sup>th</sup> January)

The Chinese government will continue encouraging outbound investment while attracting foreign investment in 2010 for "stable and relatively fast" growth of the country's economy, a government official has said.

Outbound investment, or "go-global" strategy, should aim at making use of overseas resources, market and advanced technologies, so as to help facilitate development of China's domestic economy, Zhang Xiaoqiang, vice minister in charge of the National

Development and Reform Commission, said in the speech posted on the commission's website Tuesday.

The remarks were made at a conference held in Beijing on foreign investment on Dec. 11, but was not released until Tuesday.

In the first three quarters of 2009, China saw its investment overseas at 32.87 billion U.S. dollars, up 0.5 percent year-on-year, according to the Ministry of Commerce (MOC).

The country would also continue to attract foreign investment, he said. "Social stability, huge potential market and low cost of productive resources are still advantages for foreign investment," he said.

The country would see more advanced technologies and talents from foreign countries and foreign investment would better serve the structural reform of the country's economy.

Zhang said the government would stress national economic security while seeking to increase foreign investment. "We have to properly handle new challenges and situations when further opening sectors, including finance and telecommunications."

China's foreign direct investment shrank 14.26 percent from the same period last year to 63.77 billion U.S. dollars in the first nine months as foreign companies cut spending amid the global economic downturn, according to the MOC.

In the speech, Zhang also said China's currency was facing renewed pressure to appreciate because of the quantitative easing monetary policy in developed countries, a weakening dollar and recovery of China's economy.

The pressure would likely spur massive inflow of speculative money, making liquidity management more difficult.

Premier Wen Jiabao also said in December in an interview with Xinhua that the yuan faced appreciation pressure. "China will not yield to foreign pressure for the appreciation of its currency yuan in any form," Wen said.

"A stable Chinese currency is good for the international community," Wen said.

- China rejects report its growth caused world financial crisis (5<sup>th</sup> January)  
A Chinese Foreign Ministry spokeswoman Tuesday rejected a British newspaper report that its development led to the world financial crisis.

"Whether the world economy develops or not does not rely on one certain nation, but needs the joint efforts of the whole international community," said Jiang Yu at a regular press conference.

The report in the Guardian on Sunday said some economists claimed "China's emergence on to the world stage brought with it a key reason for the global economic meltdown between 2007 and 2009."

Jiang said when economic crises occurred in Latin America, east Asia and Russia, Western economists attributed it to these countries or regions themselves.

"The current crisis obviously originated in developed countries in the West, but these economists laid the blame on other countries rather than on their own," she said.

Jiang said China's economy had integrated into the world economy in all aspects as a responsible member, and China would continue to strengthen cooperation with the international community to contribute to the sustainable development of the global economy.

- China Issues Rules On Chinese-HK Securities Consulting JVs (5<sup>th</sup> January)



The China Securities Regulatory Commission issued rules Tuesday governing the launch of joint-venture securities consulting firms between Chinese and Hong Kong brokerages under the two sides' free-trade pact.

According to a statement posted on the regulator's Web site, securities firms from the two sides are allowed to set up joint ventures in Guangdong province under the Closer Economic Partnership Agreement. The joint ventures, in which the Hong Kong firms are allowed to hold a maximum 33% stake, can provide consulting services on securities investments.

To be eligible for such a joint venture, a Chinese securities firm must have net assets of at least CNY1.2 billion and have met all risk-control standards over the year prior to the launch of the joint venture.

A Hong Kong securities firm seeking to participate in such a joint venture must have been in operation for at least five years and met the Hong Kong securities regulator's financial requirements for the three years prior to the launch of the joint venture. Firms that have had to pay major fines or been censored by Hong Kong's regulatory or legal authorities over the three years prior to the launch of the joint venture aren't eligible.

China signed the first agreements with Hong Kong under CEPA in 2003. Supplementary agreements since then have strengthened the city's economic cooperation with China.

Under CEPA, China has dropped tariffs on products originating from Hong Kong and granted Hong Kong-based companies greater access to its domestic market.

<http://online.wsj.com/article/BT-CO-20100105-714895.html>

- Software Maker Alleges China Stole Web Filter (6<sup>th</sup> January)

A \$2.2 billion lawsuit that targets the Chinese government and several international computer makers is the latest twist in the saga of China's controversial Green Dam software, which last year was introduced to filter Internet content on individual computers.

The suit, filed Tuesday by a California maker of parental-control filtering software, largely hinges on the applicability of U.S. copyright law to a product distributed almost exclusively in China. When Cybersitter LLC first raised complaints that Green Dam appeared to have pirated coding from the U.S. firm's software last year, legal analysts said the company would face an uphill battle if the product was sold only in China.

But in an interview Wednesday, Gregory Fayer, an attorney at Gipson Hoffman & Pancione who is representing Santa Barbara, California-based Cybersitter, said that China had in fact made the software available for download globally, and had even marketed the product to U.S. users.

"For some time on the government's official Green Dam Web site, there were links specifically targeting users in San Francisco and New York, which happen to be the largest Chinese speaking populations in the U.S.," Mr. Fayer said.

Calls for comment on the suit, filed in Los Angeles federal court, to China's Ministry of Industry and Information Technology were unanswered.

In the suit, the company alleges that "many thousands" of copies of the software have been downloaded in the U.S., including thousands in California alone. However, Cybersitter is claiming damages for all 56.5 million copies of the software distributed in

China as of early June 2009. Its \$2.2 billion damages claim is arrived at by multiplying that figure by \$39.95, the price for a copy of Cybersitter's software to help parents screen out undesired Web content.

The company alleges that Green Dam copied over 3,000 lines of code directly from its filtering software, a finding initially reported by independent researchers at the University of Michigan.

Cybersitter's suit also hinges on its argument that several global PC makers, which all have U.S. operations, colluded to offer the software even after being told it was pirated. Mr. Fayer said this allegation is separate from the complaint of copyright infringement by the software's Chinese designers.

"Here you have basically a Who's Who of computer makers that were conspiring with the Chinese government and the two Chinese software makers to disseminate software that they knew was illegal," he said.

The suit names as defendants China-based Lenovo Group and Haier Group, Japan-based Sony Corp. and Toshiba Corp., and Taiwan-based Acer Inc., Asustek Computer Inc., and BenQ Corp. Cybersitter, which was previously called Solid Oak Software Inc., sent cease-and-desist letters on June 15 to the PC makers asking them to halt shipments of the software.

In a final twist of intrigue, Cybersitter also alleges in its complaint that there have been thousands of attempts originating in China to gain access to its private servers, which hold all its proprietary code and information. The complaint said that at least one such attempt originated from within a Chinese government agency.

The case is the latest controversy related to the Green Dam software, which China has said is intended to shield children from pornographic or violent content, but which critics say also blocks politically sensitive information, and which when conceived was part of Beijing's efforts to extend its Internet censorship system into individual homes and offices.

In June last year, China's Ministry of Industry and Information Technology set a July 1 deadline for the software to be installed on all PCs sold in China, but after an outpouring of dissent from industry groups and the general Chinese population, China indefinitely shelved those plans and made installation of the software voluntary for end users. For a while, some computer makers shipped the software along with PCs in China on a separate CD that users can install, but many no longer ship the software at all.

Spokespeople for Acer, Lenovo and BenQ all declined to comment on the suit, but said they are no longer shipping the software. Spokespeople for Toshiba and Asustek declined to comment. Haier and Sony did not immediately respond to requests for comment.

Since the Chinese government backed down on its requirement that Green Dam be shipped with every PC, controversy over the issue has died down. Analysts say a requirement to ship Green Dam is unlikely to resurface.

Duncan Clark, chairman of research firm BDA China, said the entire Green Dam issue is basically moot, even if the government has technically only delayed mandatory installation. "Bad policy never dies in China, it just slowly fades away," he said.

Spokespeople at the two Chinese software developers behind Green Dam, Zhengzhou Jinhui Computer System Engineering Ltd. and Beijing Dazheng Human Language Technology Academy Ltd., were not available for comment.

<http://online.wsj.com/article/SB126276313884117571.html>

- China Tries to Tame its Swinging Stock Market (6<sup>th</sup> January) Business week

Chinese investors are a brave bunch. The country's stock markets are notorious for their dizzying swings. After soaring in 2007, Chinese stocks suffered a sharp fall in 2008, with the benchmark Shanghai index losing two-thirds of its value. Last year, Chinese stocks again reversed course and increased 80%, thanks largely to \$586 billion of stimulus spending by Beijing and \$1.3 trillion in lending by state-owned banks. With China's economy now showing signs of overheating, officials are worried that the equities market may be poised for another sudden turn. Liu Mingkang, chairman of the China Banking Regulatory Commission, warned on Jan. 4 of hot money forming new "structural bubbles" in China's markets.

That could be why Liu and his fellow regulators are rolling out a series of [financial market reforms](#) designed to reduce market volatility and make investing in Chinese stocks less of a thrill ride. The latest: a long-anticipated move to introduce trading in equity index futures, which would allow investors to hedge risk by profiting from falls in stock prices. Stock index futures trading could begin as early as March, says an official with knowledge of the matter.

Index futures trading would be the most dramatic step yet by officials aiming to make China's markets more like the bourses of developed countries than those of emerging markets. As China closes in on Japan as the world's second-largest economy, the government wants Shanghai to be more New York and London and less Mumbai and Istanbul. Among reforms the government has launched in the past year is the [debut in October of a Nasdaq-like market](#) for younger companies, called Chinext. Regulators have also lifted restrictions that had kept prices artificially low on initial public offerings—almost ensuring a big jump on the first day of trading.

The reforms are long overdue, say many analysts. The changes will help local investors become more sophisticated and make Chinese markets more palatable for investors from outside the country. "In other markets, IPO prices can go up and can go down, but in China they could only go up," says Thomas Deng, chief China strategist for Goldman Sachs ([GS](#)). Changes such as futures trading and IPO pricing reform make Chinese markets more mature and "give investors more tools to manage their risks," he says.

#### **slow reforms via central planning**

There are still plenty of other changes on the to-do list. The biggest obstacle is the government's control of the IPO process, with regulators limiting the number of companies it allows to list on the main board in Shanghai. That prevents companies from swamping the market with new listings, but also leaves many companies—and investors—frustrated. "A more market-based stock market needs investors to decide whether a company will go public or not, not the regulator," says Zhang Xiang, a Beijing-based strategist for Guodu Securities. "The next step should be removing the restrictions on IPO approvals."

Don't expect Chinese officials to heed that call soon. Despite a background in central planning, they can move quickly when they want; witness the government's swift implementation of the stimulus program after the Lehman Brothers bankruptcy in 2008. When it comes to the wild experiment in capitalism that characterizes the country's stock markets, however, Chinese officials typically move with great caution. The Chinext

market in Shenzhen, for instance, was a decade in the making, and the March debut for futures trading follows years of anticipation.

There are advantages to having less-advanced markets. That China doesn't yet allow margin trading, for example, has helped cushion the damage to many investors when markets fell. So regulators are likely to continue moving slowly. "The system itself is more in line with international practice," says Lu Yizhen, chief investment officer at Tianhong Asset Management in Beijing, which oversees the equivalent of \$665 million in funds. "But the possibility of having it completely international-like isn't quite realistic."

[http://www.businessweek.com/globalbiz/content/jan2010/gb2010016\\_835230.htm](http://www.businessweek.com/globalbiz/content/jan2010/gb2010016_835230.htm)

- China's power consumption grows 6% in 2009 (6<sup>th</sup> January)

China's electricity consumption in 2009 grew 5.96 percent year on year to 3.643 trillion kilowatt-hours (kWhs), the National Energy Administration (NEA) said in a statement on its website Wednesday.

The growth rate was 0.47 percentage points higher than that in 2008.

Consumption in the primary industry sector accounted for 94.7 billion kWh, up 7.86 percent year on year.

Secondary industry consumption rose 4.15 percent to 2.7 trillion kWh and the tertiary sector demand was up 12.11 percent to 392.1 billion kWh.

Residential power use rose by 11.87 percent to 457.1 billion kWh.

Investment in power construction projects increased by 755.84 billion yuan (110.7 billion U.S. dollars) in 2009, a rise of almost 20 percent. But investment in coal-fired power projects declined by 11 percent while that in nuclear projects rose 75 percent and in wind power by 44 percent, according to the NEA statement.

By the end of 2009, the country's total installed power generation capacity was 874.07 million kilowatts, an annual rise of 10 percent, the statement said.

- Suit Says 2 Chinese Firms Stole a Web-Blocking Code (6<sup>th</sup> January) New York Times

A software company in California has sued two Chinese technology firms, charging that they stole its computer code to make an Internet-monitoring program that China's government sought to install on every computer in the country last year before backing down. The lawsuit by [Cybersitter](#) also names as defendants seven computer makers, including [Sony](#), Lenovo and Acer, accusing them of willingly joining a Chinese government plan to spread the software, known as Green Dam Youth Escort, throughout the country. The Chinese government was also named in the suit.

Cybersitter said the two Chinese software companies had pirated 3,000 lines of its code to create Green Dam, which was ostensibly designed to block Web sites that featured pornography and violent content.

But critics and computer experts said the Chinese version was tailored to enable Chinese government censors to block some political and religious speeches and other content, like references to the 1989 Tiananmen Square protests, that the government deemed unsuitable.

Cybersitter's suit, filed Tuesday in the Federal District Court in Los Angeles, claims that the pirated lines of code "include the heart of Cybersitter software: its proprietary content filters" that tell a computer to block sites containing banned keywords.

The chief defendants, Zhengzhou Jinhui Computer System Engineering and Beijing Dazheng Human Language Technology Academy, developed and marketed the software. They could not be reached for comment.

Each of the computer makers complied with a Chinese government requirement to install Green Dam on new computers, or to include a CD containing the program with each new computer. The lawsuit claims that the computer makers eventually found out that the software included pirated code, but continued to comply with the government directive.

The government originally sought to require that Green Dam be installed on every new computer sold in China. But authorities backed down last summer after an outcry from computer users.

"They were conspiring to distribute an illegal program to millions of users. They continued to distribute even after everyone knew they were stolen programs," Gregory Fayer, a lawyer for Cybersitter, said in a phone interview on Wednesday. "There were reports just last week that some of the defendants continue to distribute in China."

The theft by the firms was so shoddily executed, Mr. Fayer said, that some of the software code directs users to the Cybersitter Web site.

The suit seeks more than \$2.25 billion in damages, a figure attained by multiplying the number of Chinese computers using Green Dam by the price of the Cybersitter software.

<http://www.nytimes.com/2010/01/07/technology/companies/07censor.html>

- Chinese Vice Premier urges more efforts for 3G development (6<sup>th</sup> January)

Chinese Vice Premier Zhang Dejiang Wednesday said the country should step up efforts to promote the development of third-generation (3G) and domestically-developed TD-SCDMA technology.

Zhang urged accelerated construction of the 3G network, strengthened technological innovation and enhanced information security management, during a visit to the country's four major 3G operators including Datang Telecom, China Telecom, China Unicom and China Mobile.

Zhang said the 3G technology should be given full play to promote the informationization and upgrading of the traditional industries and boost the development of modern service industries.

He required the four major telecom operators to make unswerving efforts to develop the TD-SCDMA technology, explore new business opportunities and improve the construction of a full-fledged industrial chain, so as to sharpen the competitiveness of the TD technology.

Zhang also asked the technology developers to enhance information security management to ensure a safe and steady operation of the 3G technology.

China issued the long-awaited 3G licenses January last year, with China Mobile getting the TD-SCDMA standard, China Telecom receiving a license for the U.S.-developed CDMA2000 and China Unicom getting permission to operate Europe's WCDMA.

As of now China has invested 160.9 billion yuan (23.6 billion U.S. dollars) in building 325,000 new 3G base stations covering the country's major cities, according to Zhang.

- Expired LNG deal has limited impact on China's gas supply: experts (6<sup>th</sup> January)  
China will not face a natural gas shortage despite an expired 40 billion U.S. dollar-LNG deal between its largest oil and gas producer and Woodside Petroleum, Australia's second biggest, Chinese experts said.

China National Petroleum Corporation (CNPC), announced late Tuesday that the initial accord between its listed arm PetroChina and Woodside, which was signed in 2007, is no longer valid due to project delay.

Woodside made the same announcement on its official website on Monday, indicating that the deal was supposed to create a potential sale of 2 to 3 million tonnes a year of liquefied natural gas (LNG) from its Browse LNG Development to PetroChina.

The deal was estimated to worth up to over 40 billion U.S. dollars, as the LNG supply was supposed to start between 2013 to 2015 for 15 to 20 years, according to the expired accord.

The deal expiration had given rise to market worries over the increasing possibility of natural gas shortage in future, as China had been grappling with shortages of natural gas since late 2009 triggered by the extraordinarily freezing winter weather.

However, Liu Xiaoli, deputy director of the Center for Energy Research Institute of the National Development and Reform Commission (NDRC), said there is no need to over-worry, as China will not face such shortage in the near future with increasing sources of natural gas supply.

"The deal expiration is largely a commercial practice, as failing to reach an agreement after the initial accord is so common in business," she said.

#### CONCERNS OVER OVER-SUPPLY

The two parties did not reach an agreement to extend the deal since "the Browse LNG Development is postponed, and Woodside would not be able to provide the supply by the time agreed in the previous accord," said CNPC in a statement on its website.

The statement did not elaborate on the reason of the project delay, but Australian local media said it was because Woodside and its partners would not give a final investment decision on Browse Development until 2012, pushing the beginning of the proposed gas export to years after that.

Liu Yijun, a professor with the China University of Petroleum, said an estimation the future global market will face an oversupply of natural gas was one of the reasons that had made Australian investors "cautious and prudent".

A recent report from the International Energy Agency on the world energy outlook said the over-capacity of gas pipelines and LNG terminals will increase to at least 250 billion cubic meters by 2015, more than four times of the 2007 level.

However, such prediction should be dealt with caution, said Liu Yijun, as China, India and their neighboring countries are all facing huge natural gas demand, which had not been fully revealed due to the lingering economic crisis.

## DIVERSIFIED GAS SUPPLY

Analysts had also pointed out that the expired deal would have limited impact on China's domestic gas supply as the supply from Woodside is not crucial and the country has been exploring more ways to meet its demand.

According to Liu Yijun, a supply of 2 to 3 million tonnes LNG would bring China 4 billion cubic meters of natural gas each year, accounting for only 4.5 percent of China's estimated annual consumption of 90 billion cubic meters in 2009.

"Considering that China's natural gas market would further expand in 2013, the loss of supply from Woodside would not have a significant impact on China's domestic supply," he told Xinhua.

Besides, China's structure of natural gas supply is witnessing improvements with rising domestic production, import from Central Asia, Myanmar and Russia, and imported LNG as its major sources, said Liu Xiaoli.

A 1,833-kilometer natural gas pipeline linking China, Turkmenistan, Kazakhstan and Uzbekistan started operation last month, which will be providing over 30 billion cubic meters of natural gas annually from Turkmenistan to China when reception terminals in China get fully prepared.

Progresses in the construction of the China-Myanmar oil and gas pipelines and the planned project between China and Russia would also help ease the shortage, said Liu Yijun without giving further details.

According to BP Statistical Review 2009, China's natural gas output in 2008 was 76.1 billion cubic meters, as compared with its consumption of 80.7 billion cubic meters in the same period.

"Based on current progress, China would enjoy an abundant supply of natural gas in three years," said Liu Yijun.

## COOPERATION TO CONTINUE

Despite the expired deal, China's cooperation with Australia concerning natural gas and other energies would continue, considering Australia as a growing power in the global natural gas industry, said Liu Yijun.

In August 2009, PetroChina signed an agreement with ExxonMobile to purchase 2.25 million tonnes of LNG annually from the Gorgon field in Australia for 20 years, while in May, China National Offshore Oil Corp. also inked an agreement with United Kingdom-based BG Group on a LNG development project in Queensland, Australia.

In the Woodside announcement, the company also stated that the two parties had agreed to "keep each other informed of progress in their respective LNG export and LNG import projects", and would continue to "negotiate in good faith to progress a detailed LNG supply agreement".

- China to see rising gold sales in 2010 (6<sup>th</sup> January)

As a solid, tangible, intrinsically valuable store of wealth, gold will be increasingly popular in China with the nation soon set to surpass India as the biggest consumer, the China Daily reported Wednesday.

China is already the largest gold producer in the world with an output of around 282.504 tons in the first 11 months of 2009. The figure represents a 14.6 percent increase over the same period in 2008, said the Ministry of Industry and Information Technology on its website Tuesday.

Miners expanded output last year after bullion prices soared to record highs, with production alone reaching 27.952 tons, the newspaper quoted the ministry as saying.

According to the China Gold Association (CGA), the estimated demand for gold in the country was 450 tons in 2009, up 13.8 percent from 395.6 tons in 2008.

"With household income increasing, Chinese consumers are buying more jewelry and investing in gold assets. All of these are boosting gold demand," the newspaper quoted Zhang Bingnan, general secretary of the CGA, as saying.

Chinese miners are also eyeing overseas resources to expand their footprint to meet the rising domestic demand.

The latest move is Zijin's \$498 million takeover offer for Australian mining company Indophil Resources in November, a deal that will help secure copper and gold mining assets in Philippines.

- China's foreign debt rises in first 3Qs (6<sup>th</sup> January)

China's State Administration of Foreign Exchange (SAFE) announced on Wednesday that by the end of September, the outstanding amount of China's foreign debt stood at 386.77 billion U.S. dollars, an increase of 12.11 billion U.S. dollars, or 3.23 percent from the end of 2008.

China's foreign debt rebounded for the first time since the fourth quarter of 2008. The outstanding amount of foreign debt stood at 360.58 billion U.S. dollars by the end of June.



The SAFE said that China's mid- and long-term foreign debt outstanding reached 164.79 billion U.S. dollars by the end of September, taking up 42.61 percent of the total. It was up 0.56 percent, or 917 million U.S. dollars from the end of the last year.

Short-term debt rose 5.31 percent, or 11.19 billion U.S. dollars. to 221.98 billion U.S. dollars, accounting for 57.39 percent of the total.

During January and September, new mid- and long-term debts totaled at 13.85 billion U.S. dollars, down 13.54 billion U.S. dollars, or 49.43 percent.

- China's tourism revenue to grow 13% in 2010: report (7<sup>th</sup> January)

Total revenue in China's tourism industry is expected to grow 13 percent to hit 1.4 trillion yuan (205 billion U.S. dollars) in 2010, as the country rolls out favorable policies to back the industry, said the China Tourism Academy in a report released Thursday.

Chinese tourists are forecast to make 2.1 billion domestic trips in the new year, up 12 percent from 2009, which would generate 1.1 trillion yuan of revenue for the industry, a rise of 14 percent year on year, according to the report.

The number of inbound trips by overseas tourists would stand at 136 million, up 8 percent from a year earlier, while outbound trips by Chinese tourists would advance 15 percent to 5.4 billion.

The Chinese government posted guidelines last December to promote the development of the tourism industry, vowing to lower market threshold and simplify approval procedures for tourism enterprises, and encourage local authorities to attract overseas investment, opening the domestic tourism market to foreign companies.

- China's commerce minister stresses yuan stability, concerned about U.S. dollar value (7<sup>th</sup> January)

China's Commerce Minister Chen Deming said here Thursday the stability of the Chinese currency contributes to the recovery of the world economy while voicing concerns over the strength of the U.S. dollar.

"The Chinese government has stated on many occasions it will keep the exchange rate of the yuan, or Renminbi, basically stable," said Chen during a visit to the Turkish capital Ankara, adding "We feel that is an important support and contribution for the world economy, which is undergoing a crucial period of recovering."

An unstable currency of China, whose trade volume accounts for about 10 percent of the world's total, would have a great impact on the global trade, Chen told a joint press conference with Turkish State Minister for Foreign Trade Zafer Caglayan.

China's major trade partners have complained about an undervalued yuan, which they said give price advantages for Chinese exports. The yuan has gained more than 21 percent against the greenback since the currency was unpegged from the U.S. dollar in July 2005.

Chen said China will press ahead with reforms for a controllable, freely floating Renminbi exchange rate, while reiterating China's concerns about the value of the U.S. dollar.

"Recently we're more concerned about whether the U.S. dollar can maintain its stability and strength, as China holds a large amount of U.S. dollar-denominated bonds," said Chen.

China is the biggest holder of U.S. Treasury securities, with its holdings totaling 798.9 billion U.S. dollars in value as of the end of October 2009, according to U.S. Treasury data.

Caglayan, who met Chen on Thursday morning, said the two sides had discussed the possibility of using local currencies in bilateral trade and China's purchase of Turkish bonds.

Chen said China is experimenting with Renminbi settlement with countries which have relatively balanced bilateral trade with China and that the practice will be expanded and promoted after maturing.

China announced in December last year it would start allowing Renminbi settlement of international accounts on a trial basis.

The government announced last month it would increase the number of pilot cities carrying out yuan settlements in foreign trade from the current five -- Shanghai, Zhuhai, Guangzhou, Shenzhen and Dongguan -- to help export companies avoid foreign exchange rate fluctuations.

In those pilot cities, Chinese enterprises have the right to decide on their own whether they use the yuan or the U.S. dollar in settlement, said Chen.

China and Turkey saw their trade surge from about 1 billion U.S. dollars in 2000 to about 12.6 billion U.S. dollars in 2008, but Turkey witnessed a huge trade deficit with China, said Chen.

"China has no intention of expanding the trade surplus with Turkey," he told reporters, "we hope we can achieve trade balance gradually through the work of both sides, especially the efforts of our enterprises."

China will further encourage Turkish companies to sell products to China and Chinese enterprises to invest in Turkey to reduce the imbalance.

Chen Deming arrived at Ankara Wednesday evening on a four-day visit to Turkey and will go to Istanbul on Jan. 8.

- Vice Commerce Minister: China's investment in ASEAN to rapidly increase (7<sup>th</sup> January)

China's investment in southeast Asia will rise rapidly as firms become more eager to go abroad with economic recovery, a senior commerce official said Thursday.

Both China and the Association of Southeast Asian Nations (ASEAN) should make full use of investment funds and other resources and step up infrastructure construction to meet the need of further trade cooperation, said Vice Commerce Minister Yi Xiaozhun at the ceremony marking the establishment of China-ASEAN Free Trade Area.

The CAFTA, the world's largest free trade area of developing countries, started operation on Jan. 1. It covers a population of 1.9 billion and accounts for about 4.5 trillion U.S. dollars in trade volume.

"The FTA is mutually beneficial," Yi said. "With full consideration of economic development levels and market capacities of both sides, the FTA will advance the regional economic integrity by eliminating barriers of trade and investment."

Under the FTA, the average tariff on goods from ASEAN countries to China is reduced from 9.8 percent to 0.1 percent. The six original ASEAN members -- Brunei,

Indonesia, Malaysia, the Philippines, Singapore and Thailand -- slashed the average tariff on Chinese goods from 12.8 percent to 0.6 percent.

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

China helped the southeast Asian countries out of the 1997 Asian financial crisis and now they were working actively together to cope with the current global financial crisis. The ASEAN put more trust in China amid the unstable world economy, said Somesavat Lengsavad, Lao Deputy Prime Minister, at the ceremony.

The establishment of the FTA will greatly promote the cooperation in trade, investment and tourism of both sides, thus helping narrow the economic gaps between ASEAN members, he said.

Despite the financial crisis, the ASEAN remained China's fourth largest trade partner, following the European Union, the United States and Japan. China rose to become Singapore's second largest trade partner and the first for Malaysia in 2009.

- Ford saw record China sales in 2009 (7<sup>th</sup> January)

US auto giant Ford Motor Company and its Chinese partners said Thursday that sales rose a record 44 per cent year-on-year in 2009, with more than 440,000 vehicles sold.

Ford's passenger car joint-venture in China, Changan Ford Mazda Automobile, sold 315,791 units last year, an increase of 55 percent over the previous year, the company said in a statement.

The joint venture's sales were boosted by tax cuts on small engine vehicles that strengthened demand for the Focus compact car and the Fiesta subcompact, the US auto maker said.

Sales at Ford's commercial vehicle joint venture, Jiangling Motors Corp, totalled 114,688 units, it said in a statement, rising 21 per cent from 2008.

Ford is increasingly looking to China for growth after a major restructuring and is also currently in talks with Chinese carmaker Geely over the sale of its Swedish brand Volvo.

China overtook the United States a year ago to become the largest car market in the world, boosted by Beijing's efforts to stimulate domestic consumption.

The country's auto sales for the first 11 months of the year reached 12.23 million units, according to the China Association of Automobile Manufacturers.

Market leader and fellow US carmaker, General Motors, announced this week it sold a record 1.83 million vehicles in China last year, and expressed optimism for even better results in 2010.

GM's results marked a 66.9 per cent sales jump year-on-year.

<http://economictimes.indiatimes.com/news/international-business/Ford-saw-record-China-sales-in-2009/articleshow/5419804.cms>

- Chinese Decision on Rates Seen as ‘Turning Point’ (7<sup>th</sup> January)

China’s central bank raised a key interest rate slightly on Thursday for the first time in nearly five months, a move that economists interpreted as the beginning of a broader move to tighten monetary policy and forestall inflation.

After breaking stride a year ago during the global economic slowdown, the Chinese economy resumed galloping growth last summer. Government investments, real estate construction and consumer spending are all rising briskly thanks to a surge in lending by government-controlled banks.

Even exports have begun to recover despite continued economic weakness in the European Union and the United States, China’s two biggest overseas markets.

Raising interest rates may help discourage speculative investments by Chinese companies and individuals in real estate and other realms. China’s dilemma is that higher rates may also prompt overseas investors to redouble their efforts to push money into China despite the country’s stringent capital controls.

The People’s Bank of China announced Thursday that the yield from its weekly sale of three-month central bank bills had inched up to 1.3684 percent. The yield had been stuck at 1.362 percent since August.

An increase of less than 0.05 of a percentage point might sound small, but economists said it was a harbinger of further interest rate increases to come. They cited expectations that consumer and producer prices will rise in the months ahead, particularly compared to low price levels a year ago, when demand slumped in China as well as the rest of the world.

“It is a turning point,” said Ben Simpfendorfer, an economist in the Hong Kong offices of the Royal Bank of Scotland. “There is a convergence of events that will lead to higher rates.”

Central banks around the world have a history of taking small steps at first when they begin raising interest rates after a long period of keeping rates low in response to an economic downturn. Because China does not have a well-developed bond trading market, the yields on weekly sales of central bank bills are widely watched as a barometer of the central bank’s intentions.

The central bank bills are mainly sold to banks, which pay renminbi that the central bank then effectively takes out of circulation.

Weekly sales of central bank bills are part of what economists describe as “sterilization” of China’s massive currency market intervention: The central bank prints vast sums of renminbi, issues them in exchange for dollars that go into the foreign exchange reserves, then claws back the renminbi from the market through a series of measures that include the sale of central bank bills.

The goal of sterilization is to keep inflation under control in China while keeping the renminbi weak relative to other currencies. This helps keep exports competitive overseas and preserve employment in China.

China’s foreign-exchange regulators have redoubled their efforts in the past two months to prevent inflows of so-called hot money — capital that moves on a short notice to any country providing better returns. Such funds often enter China in violation at least of the

spirit of the country's foreign exchange controls, although not necessarily the letter of the regulations.

With the exception of investments that bring the transfer of scarce technologies or management expertise, China has a dwindling need for foreign capital. A domestic savings rate of close to 40 percent has made ample money available for new projects.

The central bank is already buying over \$300 billion a year worth of foreign currencies, mainly U.S. dollars, to keep China's own currency, the renminbi, weak against the dollar and preserve the formidable competitiveness of Chinese exports in foreign markets. So the central bank has had little appetite to buy even more foreign currency so as to allow foreigners to invest in China's growth while preventing the renminbi from appreciating.

<http://www.nytimes.com/2010/01/08/business/global/08chinaecon.html>

- China, ASEAN mark FTA with grand ceremony (7<sup>th</sup> January)

China and the Association of Southeast Asian Nations (ASEAN) on Thursday held a ceremony marking the establishment of world's largest free trade area of developing countries.

"Let's take the FTA as an opportunity to lift China-ASEAN relations to a new high," Huang Mengfu, vice chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), said at the ceremony.

Officially established last Friday, the FTA covers a population of 1.9 billion and accounts for about 4.5 trillion U.S. dollars in trade volume.

Under the FTA, the average tariff on goods from ASEAN countries to China is reduced from 9.8 percent to 0.1 percent. The six original ASEAN members, Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, slashed the average tariff on Chinese goods from 12.8 percent to 0.6 percent.

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

Pinning much hope on the FTA, Huang called for China and ASEAN nations to seek stronger political trust, deeper trade cooperation, as well as closer social and cultural exchanges.

In his key-note speech, Pushpanathan Sundram, deputy secretary-general of ASEAN, said the signing of the FTA "signified a milestone in the cooperation between China and ASEAN nations."

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

"It took a decade to realize the FTA. We hope it will bring great benefits in the next decade," Sundram said.

With the global economic downturn still looming, Sundram said the FTA would help lift ASEAN nations out of the recession and help integrate the East Asian economy.

Sundram said the FTA would help narrow the wealth gap between different nations and boost cross-border trade and investment.

About 300 officials, scholars and business executives from China and 10 ASEAN nations attended the ceremony.

A one-and-a-half-day forum will follow the ceremony to discuss new opportunities and challenges of the FTA.

- China to open first three pilot consumer financing companies (7<sup>th</sup> January)

China's banking regulator Wednesday approved the establishment of the country's first three consumer financing companies, which are scheduled to be started in Shanghai, Beijing and Chengdu, according to the financial services authority in Shanghai Wednesday.

The Bank of China, Bank of Beijing, and Bank of Chengdu are the promoters of the three pilot consumer financing companies, which are expected to offer personal loans to finance purchases of durables without taking deposits, said sources from the financial service authority of Pudong New Area, Shanghai.

China Banking Regulatory Commission (CBRC) issued in May, 2009, a draft rule on the establishment of consumer financing firms, in an attempt to further spur the country's domestic consumption.

- The "China answer" to crisis (7<sup>th</sup> January)

The world economy experienced unprecedented ups and downs in 2009 because of the international financial crisis, and China's economy withstood a series of challenges. The country experienced the most severe test since the beginning of the new millennium, becoming the first to achieve economic recovery and acting as a new growth engine for the world economy to bottom out.

In the face of the challenges in 2009, China handed over an excellent answer sheet. During that time, China's contribution to global economic growth exceeded 50 percent, leading to a new global economic pattern since the end of World War II.

The truth is, China prepared early for the challenges it faced. As early as August 2007, Chinese leader Hu Jintao urged the country to strengthen monitoring and early warning on national economic security, as well as enhance its ability in responding and tackling crises and boosting the capacity of the financial industry to resist risks during globalization.

When the financial crisis wreaked havoc on the world, the Communist Party of China Central Committee made three critical judgments in November 2008. First, the important period of strategic opportunity for China's development still exists. Second, the bases and good long-term trend of China's economy have not changed. Third, the crisis had brought unprecedented challenges, as well as unprecedented opportunities.

Based on these insightful judgments, the State Council introduced 10 major measures to expand domestic demand and promote economic growth one month before the 2008 Central Economic Work Conference was held. Macroeconomic policy saw major adjustments with fiscal policy turning to "positive" from "prudent" and monetary policy from "tight" to "moderate easy". Maintaining growth, promoting people's livelihood and keeping stability became top priorities of China's economy in responding to impacts.

Since the beginning of 2008, China's GDP growth has showed a perfect "V" shape, indicating solid recovery from the slump. Now there is no doubt that China has achieved the goal of 8 percent GDP growth in 2009.

The Chinese economic recovery in 2009 has been both swift in speed and good in quality. While seeking to stabilize exports, China has made great efforts to boost domestic demand.

Even if China has summoned all hands on deck to boost economic growth, it still makes a lot of effort to improve the living standards of the people. The harder the economic circumstance, the more important the livelihood of the people.

China did not simply imitate the Keynesian model, nor has it merely sprinkled various sectors with stimulus investment. What it has done is focus on the areas where investments can ameliorate people's livelihood.

Last year, more than 11 million new jobs were created in China's cities and towns, basic health insurance scheme for urban residents was implemented, and cooperative health insurance in the rural areas was steadily pushed forward.

China has behaved as a responsible power in this crisis. As a nation with 1.3 billion people, China's economic recovery has been a great contribution itself to the world. China has duly undertaken its international responsibility and obligation, taken part actively in international cooperation to fight the crisis, promoted the reform of the international financial system, coordinated its macroeconomic policies with other economies, and driven the economic recovery of the world together with the international community.

Many commentators outside China have praised the country's capability in dealing with the crisis. Andrew Spencer, a Nobel laureate in economics, concluded that China adopted the most impressive measures in the quickest time. China chose the most opportune time to implement its measures.

American economist Stephen Roach said that China's system has been more effective than other market systems in economic hardship. An economist at the UN hailed China's stimulus package as a strategic turning point in global efforts to fight the crisis.

The institutional defect of capitalism is fully exposed as neo-liberalism came to a dead end amid the financial crisis. However, China, when pushed to the crossroads, has demonstrated its national capability to meet challenges in the crisis with a superior system of socialism with Chinese characteristics.

The advantage of this system makes it possible for us to make collective efforts to accomplish great and difficult tasks. Central policies can be carried out throughout the country, from the north to the south, from the coast to the hinterland, and from cities to the countryside. Fiscal, financial and tax leverage have been fully used by the central and local governments to mobilize people from all walks of life.

The financial crisis forced China to strive for scientific breakthroughs and industrial upgrading, bringing historic opportunities for the country to grow into a nation of innovation. The Outlook of Scientific Development promoted by the Party is forming a foundation for China to achieve more in the new round of development.

When the international media talks about "China building Noah's Ark to save the world economy", when foreign government leaders say international talks can make no progress without China's presence, we can see that the financial crisis has reshaped the world's economic map.

China, with the rise of its economic power, comprehensive capability and international influence, is playing a pivotal role on the international stage. The voice of China is heard in the world, and the world feels the national strength of a socialist country.

[http://news.xinhuanet.com/english/2010-01/07/content\\_12769079.htm](http://news.xinhuanet.com/english/2010-01/07/content_12769079.htm)

- Commentary: Face down protectionism (7<sup>th</sup> January)

The high number of trade sanction measures imposed by other countries against China seems to have come as an unavoidable price for the nation's rise to the top of the world's largest exporters last year. But the large share China takes in the global trade, in itself, does not make a case for other countries to resort to protectionism.

If the world is to find a solid footing for lasting recovery from the worst recession in decades, all countries must guard against following the trend of protectionism.

Unfortunately, the latest preliminary anti-dumping duties the United States government slapped on a steel product from China show that the world's largest economy is no stranger to trade protectionism.

The tariffs, imposed on Tuesday, levy a 43 to 289 percent tax on imports of more than 300 million U.S. dollars of Chinese wire decking.

This is another move that will escalate trade disputes between the two major trade players in the world.

Just a week ago, the U.S. International Trade Commission approved duties ranging from 10 to 16 percent on some 2.74 billion U.S. dollars worth of Chinese-made oil well tubing and casing in the biggest U.S. trade case against China.

These U.S. trade barriers fly in the face of widely recognized comparative advantages of Chinese exporters. They are also poorly timed during a year when a weak global recovery is wearing down the sense of urgency and unity that the international community instilled amid the global financial crisis to stand against protectionist pressures.

The fact that there has been no collapse in the international trading system last year indicates that the international community learned some lessons to prevent trade protectionism from further damaging the global recession.

But the fight against trade protectionism is far from over as high unemployment raises more and more concerns in some developed countries.

The World Trade Organization already predicted that the number of anti-dumping accusations will jump to 437 this year, twice the figure in 2009.

Even some Nobel Prize-winning economists in the US are resorting to arguments of protectionism against China as a recipe to cure the U.S.' jobless rate.

It may be too early to conclude that the US will be in a trade war with China. Yet, serious US acts of trade protectionism against Chinese products coupled with the departure from the very broad consensus among economists for free trade can make 2010 a year full of trade frictions.

In a fragile global recovery, policymakers are keen on risking an exit from stimulus measures too soon. However, to sustain the recovery, they must also understand the very danger of responding to rising protectionism too late or too lightly.

- E-book sales to explode in China (7<sup>th</sup> January)

Chinese hi-tech firm Hanwang Technology said it expected shipments of its e-book readers to increase 400 percent this year, as demand for the portable reading device grows both domestically and overseas, the China Daily reported Thursday.

The company plans to sell 2 million e-book readers this year as compared with 500,000 in 2009, the newspaper quoted Liu Yingjian, president of Hanwang as saying.



According to research firm Display Search, China's e-reader sales will grow from 800,000 units in 2009 to 3 million units this year, accounting for 20 percent of global e-reader sales, the newspaper said.

Hanwang claims to control 95 percent of China's e-book market, and 20 percent of its products were sold abroad, mainly in Russia, Italy and Spain.

According to Liu, foreign revenue will make up 40 percent of Hanwang's total revenue this year, as it provides a cheaper alternative to Amazon's popular Kindle e-book reader.

Amazon, Sony and Samsung are currently the world's top producers of e-book readers, yet none of their products are officially available in China, partly due to the lack of support from domestic telecom carriers and opposition from copyright holders, the newspaper said.

- China shares fall on report of lower lending goal (7<sup>th</sup> January)

Chinese shares fell Thursday, led by banks, after a news report that official lending goals might be lower than expected this year.

The benchmark Shanghai Composite Index lost 61.44 points, or 1.9 percent, to close at 3,192.78. The Shenzhen Composite Index for China's smaller second exchange declined by 1.9 percent to 1,179.99.

Investors were cautious after the official newspaper China Securities Journal, citing unidentified sources, said total 2010 lending was likely to be capped at 7.5 trillion yuan (\$1.1 trillion), below expectations. The central bank has yet to announce a target but lower lending could mean less money flowing into the market.

"The report aroused a renewed concern about this year's liquidity despite the government pledge of maintaining the relaxed monetary policies," said Zheng Gang, an analyst for Yingda Securities in the southern business hub of Shenzhen.

Industrial & Commercial Bank of China Ltd., China's biggest commercial lender, declined 2.3 percent to 5.22 yuan. Bank of China Ltd. dropped 1.9 percent to 4.21 yuan, while China Construction Bank Ltd. shed 1.5 percent to 6.02 yuan.

Home appliance makers weakened on concerns that rising commodity prices could push up manufacturing costs. Sichuan Changhong Electric Co., a TV maker, sank 5.2 percent to 6.26 yuan, while Hisense Kelon Electrical Holdings Co., another major appliance producer, dived 5 percent to 8.55 yuan.

Auto shares pared some earlier gains. Dongfeng Automobile Co. sank 4.8 percent to 6.56 yuan. SAIC Motor Corp., the local partner of General Motors Co. and Volkswagen AG, shed 4.4 percent to 24.12 yuan.

In currency markets, the yuan weakened to 6.8290 to the U.S. dollar, down from Wednesday's close of 6.8277.

<http://www.businessweek.com/ap/financialnews/D9D2PHH80.htm>

- China gives nod to index futures, margin trading (8<sup>th</sup> January)

China's securities regulator said Friday the State Council had approved "in principle" the launch of index futures and given the green light to pilot the margin trading business, in an attempt to boost the stable and healthy development of the capital market.

The regulator would select the first batch of securities companies for the margin trading business soon, based on their net capital, risk control and regulatory

management, said an official with the China Securities Regulatory Commission (CSRC).

Margin trading allows securities companies to lend stocks and money to investors, which would interest companies with abundant capital, such as CITICS Securities.

The pilot program would be gradually expanded according to its progress, said the official, offering no specific timetable.

It would take about three months to prepare for the launch of stock-index futures, a long-awaited futures item, according to the CSRC.

The CSRC would prepare a series of standards which investors would have to meet, an entry-permit for financial institutions, as well as regulations for approving futures contracts and opening of investors' accounts.

- Stop importing Chinese goods not in U.S. consumers' benefit: economist (8<sup>th</sup> January)  
Stopping importing from China may result in an increase in the U.S. trade imbalance, chief economist of the World Bank Justin Yifu Lin said during a speech here on Thursday.

Addressing the audience at a forum about the forecast and views of Chinese economy held at the New York Stock Exchange, Lin said the imbalance between the United States and China actually "reflects some kind of specialization due to the state of development."

The type of products that China exported to the United States are labor-intensive living necessities that the United States will never produce anymore and has no competitive advantages, Lin said.

"If China will not export those type of labor-intensive products, U.S. will have to import from other middle income or lower income countries," he added. "And very likely, the cost of importing from other countries will be higher."

Lin said U.S. companies always have a free choice to import from China or other countries, and they currently choose China is because the cost is lower.

"If U.S. has to switch the source of the import from another country, (U.S.) people will have to pay for them no matter how high the price is because that is a definite necessity," Lin said, "that means most likely the trade imbalance in U.S. may increase."

- Chinese auto market takes over US as world's largest (9<sup>th</sup> January)  
China's passenger vehicle market ended last year with a 59 percent year-on-year sales increase to surpass the United States as the world's largest auto market for the first year, thanks to the central government's stimulus package.

The domestic sales of cars, sports-utility vehicles (SUV), minivans and multi-purpose vehicles (MPV) hit 10.26 million units last year, surging from 6.4 million units in 2008, said Rao Da, secretary-general of the China Passenger Car Association on Friday.

The growth is also the highest in the country's auto history, with total automobile sales expected to surge 44 percent year-on-year to 13.5 million units in 2009.

Statistics from the US consulting institution Center for Automotive Research showed that new car sales in the US last year plunged 21 percent year-on-year to a 27-year low of 10.43 million units, more than 3 million behind China.

The China Association of Automobile Manufacturers (CAAM) is expected to release detailed market figures of the country's automobile industry on Monday.

The spike in vehicle sales was largely boosted by the government's stimulus policies for lifting market demand, which included tax cuts on small-displacement automobiles, subsidies for trade-ins and subsidies for farmers to buy vehicles.

A low comparative base in 2008, when car sales growth slowed to 6.7 percent with 9.38 million vehicles sold, also helped boost 2009 figures.

To further support the world's fastest growing auto market, the Chinese government said last month it will extend stimulus measures in the automobile industry for one more year.

The purchase tax for smaller cars will be lifted from the current 5 percent to 7.5 percent of the total vehicle price. The government also decided to raise the subsidy for trade-in cars from between 3,000 and 6,000 yuan (\$440 to \$880) to between 5,000 yuan and 18,000 yuan per vehicle.

The government's continued support for the industry promises to fuel its rise for the coming years.

Automobile industry consulting firm Sinotrust predicted that vehicle sales will reach 15.13 million units this year, with a year-on-year growth rate of 15.2 percent.

According to the Ministry of Public Security, until the end of last year, almost 200 million Chinese people are able to drive a vehicle, making up about 15 percent of the country's 1.3 billion population.

"Natural demand will continue to expand in the next few years," said Lang Xuehong, chief auto industry analyst at Sinotrust.

Chinese automakers launched a record 221 new passenger vehicle models last year, with a majority of them upgraded models and less than half being new ones, according to the latest statistics from the CAAM.

Chinese automakers are expected to launch about 100 new models this year.

The brisk sales have also brought challenges to China's appeal for a green society.

However, a number of analysts said the sales may also speed up automakers' efforts to develop next-generation energy-efficient and emission-free vehicles.

Moreover, "the revised policy for this year, with tripled subsidies to encourage the replacement of outdated vehicles with high emissions and unstable driving performance, will contribute to an environmentally friendly society in which the automobile industry has a heavy responsibility," said Yale Zhang, director of the Greater China Vehicle Forecasts for US auto industry consultancy CSM Worldwide.

Still, Chinese cities may face worsening traffic as the car boom puts an increasing number of people behind the wheel, with a number of local governments already expressing concern about the rising number of cars.

Zhang Gong, director of Beijing's municipal commission of development, said the capital will enter the "automobile age" when every 100 families own 66.1 cars.

The capital is rated in a Sohu.com survey of more than 5,000 Web users as the most crowded Chinese city in November.

[http://www.chinadaily.com.cn/china/2010-01/09/content\\_9291861.htm](http://www.chinadaily.com.cn/china/2010-01/09/content_9291861.htm)

- Hu Jintao underlines improvement on fiscal, taxation systems (9<sup>th</sup> January)  
Hu Jintao, general secretary of the Central Committee of the Communist Party of China (CPC), urged to deepen fiscal and taxation system reforms, and improve the efficiency of

fiscal management, so as to maintain steady and comparatively fast economic development.

It is imperative to continue the pro-active fiscal policy and moderately loose monetary policy, with priority given to the implementation of policies that support domestic consumption expansion, economic growth, economic structure adjustments and projects concerning people's livelihood, said Hu at a seminar attended by members of the Political Bureau of the CPC Central Committee and researchers from the nation's top think tanks on Friday afternoon.

He also called for more investment in agriculture and rural areas, independent innovation and fostering of emerging strategic industries.

More fiscal resources should be channeled to promote public welfare development and back up undertakings concerning people's livelihood, especially education, employment, social security, medical care, affordable housing construction, and environmental protection, according to Hu.

Hu also called for improving the taxation system by optimizing taxation system structure, working out a more fair distribution of the tax burden, and standardizing income distribution, in a bid to promote healthy economic development.

- More Chinese products to become global brand names in next decade: Hisense chairman (9<sup>th</sup> January)

As the Chinese economy is gaining clout, more Chinese firms' brands will become top global ones in the next decade, Zhou Houjian, chairman of China's Hisense Group, said Friday.

As the Chinese government is aggressively advocating a strategy of invigorating China through science and education, leading Chinese enterprises are making bold innovations and promoting "Made-in-China" products in the world market, Zhou said in his keynote speech at the four-day Consumer Electronics Show (CES). The CES kicked off here on Thursday.

Zhou is the first Chinese entrepreneur to be invited to deliver a keynote speech at the CES since the show first started 43 years ago.

In his speech, Zhou expressed how Hisense became a rising star in the global consumer electronics market. He also envisioned how multimedia technologies and green science would improve the quality of people's lives in the Internet era.

Moreover, he voiced his confidence in the future of the consumer electronics industry.

"There will be quite a number of Chinese-made products ranked as top global brand names in the next 10 years," Zhou said. "More Chinese enterprises will become leaders in different industries and sectors," he predicted.

- Reform is to occur to monopolized Chinese salt industry (9<sup>th</sup> January)

The seemingly endless discussion on China's salt industry reform is once again entering a critical moment. The National Development and Reform Commission, the country's top economic planner, is taking the lead in drafting a reform plan, China Business News Daily learned Thursday.

An NDRC official said the plan's framework has been completed but details still need to be filled in. The NDRC expects to submit the proposal to the State Council for approval, noting that the end of China's salt industry's monopoly is imminent.

China Salt's senior official rebuffed rumors that the company opposed the reform, saying the open market competition wouldn't undermine the company and it wouldn't resist the reform. He said China Salt is already making the necessary preparations for the change in the way of they conduct business.

In an effort to popularize iodine salt, the central government once required cooking salt to include iodine. It also stipulated that the franchise be strictly limited to China Salt and its subsidiary companies in each province.

The franchise restriction led to China Salt's monopoly. Salt companies purchase crude salt from base producers at about 400 to 500 yuan (US\$58.56 to US\$73.20) per ton, while iodine is about 20 to 25 yuan (US\$2.93 to 3.66) per ton. But the wholesale price jumps to 1,500 to 2,000 yuan (US\$219.62 to 290.83) per ton.

"The huge profit is obvious," said an assistant research fellow with the Chinese Academy of Social Sciences.

The NDRC official noted that salt in China isn't a rare resource and is in mature condition to go off strict franchise, and that breaking the monopoly and loosening the franchise is a long term tendency. To balance various interests, the reform will be carried out in several steps.

Last month, 28 salt manufacturers convened in Nanchang about the industry's reform. They produced a report, "Advice on Salt Industry's Reform," and submitted it to the NDRC and Ministry of Industry and Information Technology for review.

"The gradual loosening of the franchise is an irreversible trend, and China Salt has been gearing up for it," said a senior official with China Salt. "We have already given instructions to our subsidiaries to get prepared for a full scale market completion."

The official did not deny that the reform will dampen the company's profit to a certain extent.

Easier accessibility to salt franchise will be good news to most salt producers because they will be able to directly compete with each other and face consumers.

## **Social front**

- Chinese vice premier stresses professional ethics for medical workers (5<sup>th</sup> January)  
Chinese Vice Premier Li Keqiang here Tuesday urged medical workers to improve their professional ethics and skills to contribute to the country's medical reform.

"All medical staff should strengthen their professional ethics, pay attention to humane solicitude, improve professional techniques, strengthen service skills and strive to serve the people well," said Li during a ceremony awarding outstanding organizations, individuals and rural doctors in the medical field.

Li, also a member of the Standing Committee of the Political Bureau of the Communist Party of China (CPC) Central Committee, said that for a long time all medical staff had pooled their wisdom, sweats, love and actions to the country's health services.

He asked people in the medical field to carry on the fine tradition of saving the dead and curing the injured, learn from the outstanding organizations, individuals and rural doctors, do their duty well and contribute their wisdom to the country's medical reform.

Li praised the prevention and control measures in the face of the A/H1N1 flu, saying the country's health service still has a long way to go as people are having new expectations for health improvement.

- China considers foreigners for "National Model Worker" accolade (5<sup>th</sup> January)  
Foreigners in China could be eligible for the title of "National Model Worker," one of China's highest honors, under a draft regulation that was opened to public submissions Tuesday.

The draft on commendations and awards, drawn up by the State Council, China's Cabinet, states that foreigners who have made remarkable contributions to China's socialist modernization can be honored.

According to the regulation, all nominees for the award should work on the frontline or in the grassroots and the laureates will be given material rewards.

However, a notice on the official State Council website gave no other details of the draft.

If the regulation is approved, the honor, usually restricted to Chinese citizens, will be open to people from other countries for the first time.

The notice did not reveal when it would be tabled for approval.

The nationwide honors system was initiated in 1950 and has been held once every five years since 1989, in a bid to pick out exemplary figures from millions of the country's working people.

Individuals and groups can be honored as "National Model Workers" and "National Advanced Groups" if they make great contributions in areas such as the national economy, democratic politics, Chinese culture, environmental protection and national security.

- China orders detention houses, jails to improve medical care (6<sup>th</sup> January)  
China's ministries of public security (MPS) and health have ordered detention houses, prisons, drug rehabilitation centers and hospitals to improve medical care for detainees and convicts.

The ministries said in a notice that detention facilities should have in-house nurses and doctors, and practitioner pharmacists if possible, according to a statement on the MPS website Wednesday.

Detention facilities with insufficient in-house doctors should seek assistance from hospitals for daily medical requirements, the notice said.

Detention facilities are also required to establish medical profiles for those in custody and hold consultations on major medical cases.

- Senior Chinese leader urges better media supervision (6<sup>th</sup> January)

A senior Communist Party of China (CPC) leader Tuesday called for intensified efforts to enhance media supervision to better channel public opinions and foster healthy social trends.

Liu Yunshan, head of the Publicity Department of the CPC Central Committee, made the call at the closing ceremony of the national conference on publicity.

"We should explore new ways to keep close contact with the people and serve the people," Liu said.

Liu also urged publicity departments to help publicize the socialist core value system, and stressed the importance of publicity work at grass-root levels in cities and villages.

Liu also called for a breakthrough development in the country's cultural industry.

- Mainland, Taiwan to add 88 cross-Strait flights for Spring Festival (6<sup>th</sup> January)  
The Chinese mainland and Taiwan will add another 88 cross-Strait flights during the upcoming Spring Festival holiday to better deal with the travel rush, the island's top negotiator Chiang Pin-kun said Wednesday.

Chiang, chairman of Taiwan's Straits Exchange Foundation (SEF) and vice chairman of the ruling party Kuomintang(KMT), said at a party meeting that four more regular cross-Strait terminals would be added in the mainland, bringing the total number of mainland terminals to 31.

The four terminals would be opened in mainland cities of Taiyuan, Changchun, Nanning and Yantai, Chiang said. He did not reveal detailed schedule.

The mainland and Taiwan currently have 270 flights weekly.

It was necessary to increase cross-Strait flights, Chiang said, adding that he hoped to add one more terminal in Shanghai Hongqiao Airport as well as simplify entry and exit procedures of flight crews.

Earlier last week, Fan Liqing, spokesperson for the State Council Taiwan Affairs Office, also said that at least 44 flights would be added weekly between the four mainland terminals of Beijing, Shanghai, Guangzhou, Shenzhen and Taiwan terminals from Jan. 31 to Feb. 28.

The Spring Festival, or the Chinese Lunar New Year, falls on Feb. 14.

The mainland and Taiwan began direct air and sea transport links and postal services on Dec. 15, 2008. Previously, air and sea connections, including mail, were routed through a third location, usually Hong Kong.

On Nov. 4, 2008, the mainland and Taiwan agreed to launch regular passenger charter flights across the Taiwan Strait. Before that, flights were offered on weekends and during the four major Chinese traditional festivals -- the Spring Festival, Tomb-Sweeping Day, Dragon Boat Festival and the Mid-Autumn Festival.

## TALKS WIN PUBLIC SUPPORT

Chiang also said that his talks with Chen Yunlin, president of the mainland's Association for Relations Across the Taiwan Straits (ARATS), had won much of public support, citing results of polls conducted by the local authorities.

Up to 69 percent of respondents believed the institutionalized consultation system would benefit cross-Strait peace and stability, 65 percent supported continued negotiations, and nearly 60 percent said they were satisfied with the new agreements reached in the latest round of talks, Chiang said.

Earlier last December, SEF and ARATS held their fourth round of talks in Taichung and signed three agreements on farm produce quarantine, cooperation in standards measuring, inspection and certification, and on cross-Strait employment of fishermen.

In the previous three rounds of talks, the two sides had reached nine agreements concerning transport, trade, tourism, cooperation in finance and fighting crime among other issues.

- A/H1N1 flu cases decrease in China (6<sup>th</sup> January)

A/H1N1 flu cases in the Chinese mainland decreased last week, said the Ministry of Health on Wednesday.

According to the ministry's weekly report, 2,935 cases were confirmed in the Chinese mainland from Dec. 28, 2009, to Jan. 3, 2010. The figure was down from 4,448 the previous week.

A/H1N1 cases also accounted for a smaller portion of flu cases, according to the report, taking up 68.5 percent of flu cases in the mainland, down from 78.8 percent the previous week.

As well, the people who died from A/H1N1 was down from 93 to 67.

However, the ministry said that people should still take care to protect themselves from the A/H1N1.

"We have seen an increasing number of expectant mothers who showed serious symptoms or died of A/H1N1 flu," the Ministry of Health stated. But the exact numbers were not given.

The ministry suggested that vulnerable people, especially pregnant women, should be vaccinated.

By Tuesday, a total of 51.38 million people had been vaccinated in the mainland.

The ministry also warned about increased possibility of catching bird flu in cold winter. People who have close contacts with birds and flu symptoms should see a doctor immediately, the statement said.

- Corruption hurts China's international image: Poll (6<sup>th</sup> January)

The Chinese consider corruption the biggest blot on the country's international image, followed by counterfeit and shoddy goods, and pollution, a recent survey has found.

The poll conducted by the Horizon Research Consultancy Group said 59.2 percent of respondents think corruption among government officials hurts China's image the most.



The telephone survey polled 1,350 people in five major cities - Beijing, Shanghai, Guangzhou, Wuhan and Chongqing - in mid-December.

About 44.1 percent of the interviewees ranked counterfeit and shoddy products as a major problem area.

It was followed by pollution (31.4 percent), uncivil conduct (22.7 percent) and industrial accidents (10.3 percent).

It was the third consecutive year people picked corruption as the biggest blemish on the country's reputation.

Shi Yinhong, an expert on international studies at Beijing-based Renmin University of China, said the survey indicated that ordinary people tend to look at the country's international image from a "domestic perspective".

In both Chinese and foreign media, corruption "has been severely criticized", Shi noted. But he did not think it is the most serious factor hurting China's international image.

"People chose corruption as the biggest problem mainly because they feel resentful about it."

Ye Duchu, a professor at the Central Party School, said the survey reflected the public's growing unhappiness with corruption.

"But we should also note that the leadership of the Communist Party of China has taken positive steps to curb corruption," he told China Daily yesterday.

Last year saw 15 senior officials at provincial- or ministry-level removed from their posts as the nation stepped up the battle against graft.

"People are more aware about supervising the government and officials, which in turn makes them more concerned about corruption," the professor said.

The main way to improve China's international image is to deal well with domestic affairs, Shi said.

"It requires better handling of problems ranging from corruption to narrowing the wealth gap, balancing economic growth and environmental protection," he said.

- Crimes rising among Chinese business elite: report (7<sup>th</sup> January)

<b>Troubled entrepreneurs in 2009</b>		
<b>SOE entrepreneurs</b>		<b>Private entrepreneurs</b>
36 people	Number	49 people
Corruption Misappropriation	Charges	Various kinds of fraud Violent crimes
In their 50s	Average age	In their 40s
3.4 billion yuan (\$500 million)	Money involved	No Calculation 36 people's personal assets surpass 100 million yuan
		7 sentenced to death penalty

Source: Crime report on Chinese entrepreneurs 2009, author Wang Rongli

Graphic by Zhao Yuekai

A growing number of Chinese entrepreneurs are committing criminal offences, and most of them enjoy high political status or social recognition, a report by a senior lawyer shows.

Wang Rongli, a Shenzhen-based lawyer, collected case files of 85 influential entrepreneurs sentenced or accused of criminal offences in 2009. A total of 36 were from State-owned enterprises (SOE) and 49 from private enterprises.

"I have watched this field for over 20 years, and I found entrepreneurial crime has grown quickly in recent years, with an increasing amount of money involved," Wang told China Daily yesterday. His report was considered the first annual crime report on Chinese entrepreneurs.

Statistics show the SOE entrepreneurs' cases involved 3.4 billion yuan (500 million U.S. dollars), including 932 million yuan from corruption and about 1.3 billion yuan misappropriated.

Money involved with private entrepreneurs has not yet been calculated, but 36 of the 49 people have over 100 million yuan in personal assets, and seven have already been sentenced to death.

"Accusations against SOE bosses are mainly for taking bribes, corruption or misappropriation, while private entrepreneurs tend to cross the line from different angles," Wang said.

In contrast, crimes committed by private entrepreneurs are more complicated.

"Various kinds of fraud have most frequently occurred with private companies' lust for profit, followed by violent crimes and offering bribes," he said.

But nearly all the entrepreneurs in trouble enjoyed high political status before the halos over their heads were taken off.

For example, among the SOE entrepreneurs, Chen Tonghai, who was sentenced to death in July with a two-year reprieve for taking huge bribes, was once an alternate member of the Party's central committee.

Kang Rixin, removed in August as Party secretary and general manager of the State-owned China National Nuclear Corporation, was serving as a member of the Party's central commission for discipline inspection.

Many of the private entrepreneurs also acted as members of local people's congresses or had various honorary titles.

Wang's report was considered the "first annual crime report on Chinese entrepreneurs" by the media.

He said he had worked for 10 years in SOEs or listed companies, and found the entrepreneurs lacked "legal consciousness".

"This group of entrepreneurs did not form in China until the early 1990s. And although SOE reform has gone deeper and private companies have developed vigorously these years, the legal quality of the entrepreneurs did not grow with it," Wang said.

Xu Zhengzhong, a professor with the Chinese Academy of Governance, said Chinese traditional culture and the immature legal system are also to blame.

China has a tradition of power centralization. Successful bosses tend to keep power to themselves, while the lack of checks and balances easily lead to problems, he said.

On the other hand, legal developments could not "catch up" with economic development. "Risk takers can often gain great fortunes by going into the gray area of the legal system, which means some people will fall," he said.

- Migrant workers see themselves as city slickers: report (7<sup>th</sup> January)

An increasing number of migrant workers consider themselves urban residents after improvements in their standard of living, and fewer of them have moved back to rural areas, according to a report released Wednesday by Global Call to Action Against Poverty in China.

The report studied the income, social security, and the training of 2,600 migrant workers in Beijing, as well as in Guangxi, Anhui, Sichuan, Guansu and Hubei provinces.

The report was co-written by Fan Lei, an assistant professor with the Institute of Sociology at the Chinese Academy of Social Sciences (CASS).

Some 8.27 percent of migrant workers who have purchased commercial houses in towns or counties identify themselves as urban residents, while 1.8 percent of those who have no property shared the same identity, the report said.

"Though the figures can't represent the overall situation in China, it reveals that migrant workers obtain a sense of identity by improved living conditions, not by certain policies," Fan told the Global Times Wednesday .

Fan said the research showed an increase in migrant workers moving to cities in hopes of becoming urban dwellers instead of making "instant money."

"The government is responsible for providing equal opportunities when migrant workers wish to move to cities," said Wang Chunguang, another researcher at CASS.

The average monthly salary of migrant workers in big cities has risen from 100 to 200 yuan (14–28 U.S. dollars) in the late 1970s to 1000 - 1100 yuan (146–161 U.S. dollars) in 2008, the report said.

Meanwhile, representatives from 32 NGOs discussed how they might better help the workers to get benefits from supporting policies.

Mao Yushi, an economist, called for the government release of employment rates along with the GDP.

- Almost one in six Chinese can drive: ministry (7<sup>th</sup> January)

Almost 200 million Chinese can drive a vehicle, about 15 percent of the 1.3 billion population, the Ministry of Public Security said Thursday.

Sixty-nine percent of licensed drivers can drive a car, according to the ministry's statistics.

About 19 million Chinese obtained a driving license in 2009.

A total 16.7 million vehicles were sold in China last year, bringing the country's total vehicles to more than 186 million, figures showed. Around 41 percent of the vehicles were cars and 51percent were motorcycles.

The ministry attributed the rapid rise in vehicle numbers to the government's stimulus policies, which included lower taxes on small-displacement automobiles, subsidies to replace old vehicles and subsidies to farmers buying vehicles.

- China's Vice Premier underscores safety of railway transport (7<sup>th</sup> January)  
Vice Premier Zhang Dejiang urged the country's railway departments to make efforts to promote safe railway transport and build quality railway projects to better serve socio-economic development.

Continuous efforts should be made to relieve railway transport capacity shortage and further expand the country's railways network, Zhang told a national railway conference.

"Although shortage of the country's passenger and goods transportation by railways has been eased to some extent, railways are still a bottleneck restricting economic development," Zhang said.

He stressed railway technology innovation, railway project quality and improvement of services for the convenience of passengers.

Zhang also urged railway departments make full preparations to cope with traffic peak during the upcoming holiday, when millions of people rush back home for the Spring Festival, China's Lunar New Year, which falls on Feb. 14.

In 2009, China's railways saw a passenger flow of 1.52 billion and transported 3.32 billion tonnes of freight, both breaking records. The country's railways are expected to see a record of 1.64 billion passenger trips in 2010, up 7.6 percent from last year.

- China to crack down on land hoarding (7<sup>th</sup> January)  
The central government will crack down on the hoarding of undeveloped land in an effort to tackle rising property costs, officials from the Ministry of Land and Resources said.

Zhu Liuhua, the ministry's director of farmland protection, said local governments would be penalized if land is left idle two years after it was approved for use by the central government.

Under the current regulation, local officials must apply annually to the central government for land allocation and show how they plan to use plots.

If approved, local government officials distribute the land for different uses, including housing, commercial and industrial. The land must be used within two years.

"Curbing land banking or the speculative hoarding of government-released land is the top priority of our work schedule this year," Zhu said.

"In order to curb land hoarding by local governments, we will determine how they used land allocated before 2007 and will take this into consideration when assessing new land release applications."

Ministry data shows about 10,000 hectares of land approved for real estate development is idle across China. The practice is blamed for increasing housing costs as it lowers the amount of available land.

Dong Zuoji, the ministry's director of land, said that under the new measure, if 1,000 hectares of land approved for development before 2007 is still idle, then that government will lose 1,000 hectares from this year's land allocation.

The penalty system is the latest in a series of measures that the central government has taken to stop land hoarding by governments and developers.

A China Index Academy real estate report released on Dec 31 showed the land transfer fees last year for 60 major cities doubled year-on-year and the average price for residential land had reached 2,035 yuan (300 U.S. dollars) per sq m, a year-on-year increase of 36 percent.

On Dec. 23, the ministry released 18 idle land plots held by developers across nine provinces and municipalities.

Several days earlier, the Ministry of Finance and the Ministry of Land and Resources announced that developers must pay land transfer fees within one year of the sale, starting with a 50 percent down payment at the time of the transaction.

Yao Honglai, a professor at the real estate research center of the Shanghai Academy of Social Science, said the crackdown should have a positive impact on the price of housing.

"The new measure can avoid the land hoarding at the government level and help control housing prices," Yao said.

- Chinese police free 10,820 trafficked women, children in nearly nine months (8<sup>th</sup> January)

Chinese police have freed 3,455 children and 7,365 women in nearly nine months since a campaign against human trafficking was launched in early April last year, an official from the Ministry of Public Security said Friday.

The police broke up 1,684 criminal gangs in the process as of Dec. 28, said Huang Zuyue, a deputy director of the ministry's criminal investigation bureau, in a statement on the ministry's official website.

He said so far 19 out of 20 suspects on the ministry's most-wanted list of serious abduction crimes had been arrested.

As a move to intensify the fight against abduction, once a missing child case was reported, the ministry would ask police to immediately search for the missing person, investigate the criminal scene, file evidence for further investigation, and collect blood samples for the database, he said.

A special group should be set up to handle each child abduction case, and the group would not be dismissed until the case was cracked, he said.

Police would also speed up the building of a DNA database to combat child trafficking, Huang noted.

The database would include DNA from the parents of abducted children and DNA from the children who were suspected of having been abducted or vagrant children whose history was unclear, he said.

- China drug watchdog orders tightened market supervision (8<sup>th</sup> January)

China's State Food and Drug Administration (SFDA) has ordered local drug watchdogs to tighten market surveillance as it exposed eight unregistered websites marketing and selling medicines that could allegedly treat diseases such as high blood pressure.

The websites, including the Beijing-based jwsjkw.com, had been engaged in illegal dealing of medicines in the name of non-existent organizations or legal drug manufacturers, said a statement on the SFDA website.

The websites were still accessible.

The SFDA asked local drug authorities to probe into the cases once they find the problematic drugs on market and "severely penalize" those involved.

Those suspected of criminal offences should be referred to public security departments to claim criminal responsibilities, said the statement.

The SFDA advised consumers to buy medicines through official channels and take medication under professional guidance.

- China to see 29 mln travel by air during Spring Festival holiday (8<sup>th</sup> January)

Airlines in China are expected to carry close to 29 million passengers during the Spring Festival holiday period, which falls on Feb. 14 to Feb 21. this year, according to the General Administration of Civil Aviation of China(CAAC) Friday.

The air passenger flow totaling 28.94 million will be 12.5 percent more than last year's same period, the busiest time for transport companies as many Chinese rush back home for family reunions.

The administration urged airline companies to make proper arrangements of flights, in a bid to ensure a smooth passengers flow and transportation of important goods for the holiday.

It also asked the airline operators to pay close attention to the weather condition and airline operation and improve contingency plans in case of flights delays.

- Chinese box office grow 43% to hit 6.2 bln yuan in 2009: official (8<sup>th</sup> January)

Some 600 films screened in China last year grossed 6.2 billion yuan (about 908 million U.S. dollars) at the box office, according to Chinese film authority here Friday.

It was a 42.9 percent increase from 2008, said Tong Gang, director of film bureau of the State Administration of Radio, Film and Television.

Home made films outperformed foreign ones for the seventh consecutive year, accounting for 56.6 percent of the overall revenue.

Twelve films made by Chinese filmmakers each raked in 100 million yuan, including the star-studded film, "The Founding of a Republic," which was made to commemorate the 60th anniversary of the founding of the People's Republic of China (PRC).

The film, a huge domestic box office success, almost leveled with Hollywood blockbuster "Transformers: Revenge of the Fallen" which took 450 million yuan.

Due to increasing revenue in the past year, 626 new screens have gone up, bringing the total number to 4,723 nationwide. And, 142 new cinemas went into operation, Tong said.

The booming film market signaled a comeback of moviegoers to cinemas, which has encouraged distributors to open theaters in small towns, experts said.

In the 1990s when China's film industry was seriously challenged by a booming TV market, cinemas closed in many small cities and towns.

Chen Dunliang, general manager of Hubei film distribution company provincial distributor, told Xinhua earlier this month that the company opened its first cinema at county level in Danyang in December.

The company has moved into four medium cities in Hubei and is testing the market in small cities and towns as well. It planned to open five to six cinemas in county seats by 2015, he said.

Tong said, though the Chinese film industry was developing at a fast pace nationally, it still held little sway on the world stage and needed to enhance innovation to improve its global competitiveness.

- China aims to upgrade substandard dwellings in urban areas (9<sup>th</sup> January)  
China issued a directive Friday that aims to promote renovation of the substandard dwellings in the country's urban areas and at state-owned factories and mines, in a move to improve the livelihood of low-income people.

Renovation of squatter homes in cities and at state-owned factories should be completed in the next five years, according to the directive posted by the Ministry of Housing and Urban-Rural Development on its website.

Priority should be given to "the shanty towns covering large areas and with severe safety defects," according to the ministry.

It also urged relevant departments to give full respect to the rights and interests of the people living in substandard dwellings, who are mainly low-income laid-off workers, and to ensure that renovating work be conducted in an open and fair way.

The directive put forward multiple ways to finance the renovation work, including government funds, favorable loans from financial institutions, and tax rebates.

By the end of 2008, China had 11.48 million families living in substandard housing, 7.44 million of which lived in cities, 2.38 million near state-owned plants and mines, 1.66 million in forest zones and reclamation areas.

- China to start pilot system of name-based train ticket (9<sup>th</sup> January)

China will pilot a system requiring train travelers to buy tickets with their own personal IDs to crack down on hoarding by scalpers during the annual transportation peak.

Traveler's name and ID card number will be printed on the ticket, and ID card is also necessary for boarding, the Ministry of Railway said on Friday.

The new system will be implemented in 37 stations along the trunk lines passing through the southern Guangdong and Hunan provinces, as well as the southwestern Sichuan, where large numbers of migrant workers arrived and left.

The system will be effective between Jan. 30 and Feb. 13. This year's Lunar New Year fell on Feb. 14. Travelers could buy tickets ten days before departure.

Student ID card and foreign passport are also eligible.

It has long been a headache for the Chinese authorities that inadequate railway service resulted in severe ticket shortages notably during the festival transportation peak season when people moved across the nation for family reunion and vacation.

The situation was exacerbated as scalpers stockpiled tickets and resold them at higher prices for fat profit margins.

The National Development and Reform Commission predicted the nation's railway network will carry 210 million people, a rise of 9.5 percent from a year ago.

## **Ethnic issues**

### **Environmental front**

- Organizers highlight China's strong presence at UAE energy summit (3<sup>rd</sup> January)  
More than 40 world leading renewable energy companies from China have confirmed their participation in the upcoming World Future Energy Summit (WFES) in Abu Dhabi, organizers said Sunday.

The Chinese pavilion at the meeting, which is now in its third year and will be held in the capital of the United Arab Emirates (UAE) on Jan. 18-21, has already grown to more than 1,000 square meters, ASDA'A Burson-Marsteller, a public relations consultancy, said in a press release.

Leading companies and organizations from all across China, including Suntech Power, Yingli Green Energy Holding and China Sunergy, are expected to participate in the summit, the press release said.

It noted that there is a particularly strong presence of companies from China's eastern province of Jiangsu, where solar power is a pillar of the local economy, saying approximately half of the Chinese firms participating are from the province.

According to the press release, Shi Zhengrong, Suntech's chairman and CEO, will take part in a discussion on International Policy and Climate Change Action Plans during the summit.

Suntech, a NYSE-listed company with a market capitalization of nearly 3 billion U.S. dollars, is the world's largest producer of crystalline silicon solar panels and has delivered solar energy products to more than 80 countries over the past eight years, it said.

The China Greentech Report, recently issued by the China Greentech Initiative, a partnership of more than 80 of the world's leading companies and organizations, projects



that the Chinese government's investment in its "greentech" industry will drive private sector investment, which could create a national market worth up to 1 trillion dollars annually.

Such significant investment and government commitment have led to China playing a significant role in the exhibition at the WFES this year, the press release said.

The WFES, a global platform for sustainable future energy solutions launched in 2008, gathers industrial leaders, investors, scientists, specialists, policymakers and researchers to discuss challenges of rising energy demand and actions to achieve a cleaner and more sustainable future for the world.

Abu Dhabi, an emerging global hub for renewable energy, is the venue for the annual meeting, held along with the World Future Energy and Environment exhibitions.

In June last year, the International Renewable Energy Agency (IRENA) decided to base its headquarters in the UAE capital.

- China restricts production of two minerals over reserve, environment concerns (3<sup>rd</sup> January)

China has begun to restrict the mining and production of refractory clay and fluorite over concerns about reserve decrease and environmental pollution, according to a notice posted on the central government's website Sunday.

The government would implement comprehensive measures, which involve taxation, production planning management, industry entry standards and export policies, for the restriction, says the notice posted on [www.gov.cn](http://www.gov.cn).

Land and resources authorities would enhance efforts to address problems in refractory clay and fluorite mining, and would not accept applications for new prospecting and mining projects starting from Jan. 2.

The central government ordered authorities to promote industrial restructuring, close down backward production facilities, and implement strict industry entry regulations to avoid blind investments.

The notice says the industry entry standards for refractory clay and fluorite enterprises would be published on March 1 this year with immediate effect.

The notice also calls for intensified customs efforts to crack down on smuggling and supervision on refuse ore treatment.

The government plans to raise the rate of resource tax on the two minerals.

- Maldives, China vow to work closely on climate change (6<sup>th</sup> January)  
Maldivian President Mohamed Nasheed and the visiting Chinese Foreign Minister Yang Jiechi on Tuesday pledged to work closely on climate change and other global issues.

Nasheed said his country appreciated the important and active role played by China in the Copenhagen Climate Change Conference held last month.

He said the Maldives is looking forward to strengthening its cooperation with China in dealing with global issues including climate change.

Nasheed said his country respects China's sovereignty and core interests, adding that the Maldives will not do anything that might hurt China's core interests and the two countries' relationship.

Yang said China will continue to work closely with the Maldives on climate change and other issues, promoting the interests of developing countries including those of Small Island Developing States.

The two leaders said they were satisfied with the good relationship between the two countries and pledged to promote the cooperation in the areas of economy, trade, tourism and fishing.

Yang also held talks with Maldivian Foreign Minister Ahmed Shaheed in the visit.

Yang arrived here Tuesday afternoon on his way of paying official visits to five African nations and Saudi Arabia. He is expected to leave Maldives Wednesday morning to continue his tour.

- China's power generation goes greener with total capacity up 10% (7<sup>th</sup> January)

China's power generation capacity rose 10.23 percent to 874 million kilowatts by the end of 2009, second only to the United States, according to figures released Thursday.

Thermal electricity accounted for 74.6 percent of the total, or 652 million kilowatts, down 1.45 percentage points year on year, as the nation strived to reduce dependence on polluting energy sources, according to the China Electricity Council.

Hydro-power capacity was 197 million kilowatts, or 22.51 percent of the total, up 0.74 percentage points.

Wind power capacity nearly doubled in 2009 to 16.13 million kilowatts.

Nuclear power capacity was 9.08 million kilowatts, with 23.05 million kilowatts of capacity under construction by the end of last year.

Some 755.84 billion yuan (111.15 billion U.S. dollars) was invested on the improvement of power generation and transmission facilities in 2009, up 20 percent year on year. Investment in wind and nuclear power projects rose while that for thermal power expansion fell.

To fulfill its target of emission cuts, the authorities closed small coal-fueled power plants with a generating capacity of 26.17 million kilowatts in 2009.

The government has pledged to increase the capacity of new energy to 15 percent of the total by 2020.

Despite the rising capacity, power supply still fell short of demand notably when the icy weather that hit most parts of the nation this winter strained power grids.

Several provinces including Jiangsu and Hubei cut power temporarily in some areas to ration electricity.

- Norway, China well positioned for further cooperation in tackling climate change: Norwegian minister? (9<sup>th</sup> January)

Cooperation documents signed by the Norwegian and Chinese governments provide a good foundation on which the two countries can engage themselves in further cooperation in meeting the common challenge of climate change, Norwegian Minister of Trade and Industry Trond Giske said on Friday.

In a written interview with Xinhua before he embarks on a journey to China just in days, the Norwegian minister said that established frameworks between Norway and China make the two countries well positioned in further cooperation with a view to contributing to combating climate change.

The documents the Norwegian and Chinese governments inked for cooperation in dealing with global warming include the memorandum of understanding on environmental cooperation and the framework agreement for Cooperation and Dialogue on Climate Change, said the minister.

Echoing Norwegian Prime Minister Jens Stoltenberg's views, Giske identified cooperation on environmental technologies, including carbon capture and storage (CCS) and renewable energy as priority areas of cooperation under the framework agreement on climate change.

Stoltenberg, when interviewed last month by Chinese reporters in Oslo, capital of Norway, said that many areas exist in which Norway and China can cooperate in the combat against climate change and China was doing an excellent work to promote green technology.

Norway is investing 5 billion Norwegian kroners (about 876 million U.S. dollars at the current exchange rate) in developing CCS technologies, which are viewed here as the key to reduce emissions from existing facilities.

Giske, when answering a question on European difference in approaches to climate change, said that the EU has had to "handle considerable differences in economic development and political culture within the union, but has successfully reached agreement, including ambitious emission reduction targets, on all important issues up for negotiation under the UNFCCC (United Nations Framework Convention on Climate Change)."

European countries outside the EU such as Norway and Switzerland also hold positions along the same lines as the EU in these negotiations, the Norwegian minister said. He said that he would not agree to that the European countries differ that much in their approaches to climate change.

## **Regional report**

### **North**

#### **Politics**

#### **Social front**

#### **Economic front**

- China's Shanxi Province sees higher coal output (6<sup>th</sup> January)

Coal industry consolidation in Shanxi province is on track and may lead to a boost in output soon, even as the government maintained that prices of the commodity would remain stable this year, the China Daily reported Wednesday.

&nbsp;Shanxi, which accounts for nearly one-fourth of the country's coal needs, intends to step up its output by 80 million tons this year to 700 million tons, the newspaper quoted Wang Shouzhen, director of the Shanxi Coal Industrial Bureau, as saying.

The expanded output is expected to bring some cheer on the price front after prices of the commodity rose sharply in the past few days as demand peaked and supplies dwindled due to transportation problems.

"Coal prices should be relatively stable this year. Though some areas are facing temporary coal shortages, the government is taking steps to address the problem," the newspaper quoted Wu Yin, deputy administrator of the National Energy Administration, as saying.

Shanxi started the restructuring moves in April 2009. The central government launched a pilot project in the province to reduce the number of mines and companies.

By the end of 2009, the province reduced the number of coal firms from 2,200 to 130. Of the 130 companies, 50 percent are shareholding companies while 20 percent are state-owned and the rest are private firms, the newspaper said.

- Minister: Record numbers set to travel on China's trains (7<sup>th</sup> January)

China's rapidly expanding and modernizing rail network will record 1.64 billion passenger journeys in 2010, up 120 million or 7.6 percent from last year, Railways Minister Liu Zhijun said Thursday.

At a national railways work conference in Beijing, Liu forecast the larger network would also carry 3.5 billion tonnes of freight, up 5.4 percent year on year.

In 2009, a total of 1.52 billion journeys were made, and 3.32 billion tonnes of freight were transported, both breaking records.

The Ministry of Railways (MOR) forecast 210 million train passengers during the Spring Festival "peak period" (Jan. 30- March. 10) this year, 9.5 percent more than last year.

The MOR revealed at the conference the China's railways in operation reached 86,000 kilometers (km) in length by the end of 2009, second only to the United States.

Railways investment in 2009 alone was more than the total amount from 1995 to 2005, hitting 600 billion yuan (88 billion U.S. dollars), up 79 percent year on year, according to the MOR.

"Another 33,000 kilometers of railways are now under construction. This will need 2.1 trillion yuan of investment in the years to come," said Liu.

Investment on the Beijing-Shanghai High-speed Railway had reached 122.4 billion yuan, he said.

Construction of the high-speed railway, with a designed travel speed of 350 km per hour, started in April 2008 and would finish in around five years. The 1,318-km line would cut travel times between the two cities to only five hours from about 12 hours.

In late December, the Wuhan-Guangzhou high-speed line opened with a 350-km-per-hour average speed. Travel time between the cities was cut to three hours from 10 previously.

However, the country's vast rail system is also vulnerable to natural mishaps. The worst snow in five decades hit central and south China in mid-January 2008, causing rail disruptions and stranding tens of thousands of people, many of them migrant workers rushing back home for the Spring Festival, at rail stations.

In the northern Inner Mongolia Autonomous Region, passenger trains have been trapped in snow and icy weather that hit north China last week, and on Tuesday, the Ministry of Transport called on transport authorities to make "all-out efforts" to clear the snow.

- Beijing's per capita GDP estimated to exceed \$10,000 in 2009 (8<sup>th</sup> January)  
The annual per capita GDP in Beijing was expected to top 10,000 U.S. dollars in 2009 as the national capital expected an over 9.5 percent economic growth for the same year, said an official with the municipal economic planning agency Thursday.

Beijing expected to rake in financial revenue totaling 202.7 billion yuan (about 29.8 billion U.S. dollars), up 10.3 percent year on year, said Zhang Gong, head of the Beijing Municipal Development and Reform Committee.

The income of urban and rural residents were estimated to rise by 9 percent and 12 percent respectively in 2009 compared to 2008 figures, said Zhang.

Government policies and investment had helped boost local industries amid the global downturn, Zhang said. The city's industrial added value was expected to grow by about 8 percent and the service sector by more than 10.5 percent in 2009, accounting for 73.5 percent of Beijing overall economic strength.

Beijing also strengthened infrastructure construction in 2009 to raise its capability for sustained development, Zhang said. The length of highways and track traffic lines in operation reached 884 kilometers and 228 kilometers respectively currently. The city still has 276.7 kilometers of track traffic line under construction, he said.

The annual per capita GDP in Beijing was more than 9,075 U.S. dollars in 2008 and the figure was 7,370 U.S. dollars in 2007.

- China's coal-rich province rations power amid icy weather (9<sup>th</sup> January)

China's coal-abundant Shanxi rationed electricity as the province reported the most severe power shortage in three years as the current coal output fell short of demand drove up by the prolonged icy weather.

Two major thermal power plants in the capital city of Taiyuan, namely the branch factories of the China Guodian Corporation and the China Datang Corporation, saw power coal reserves enough for less than the warning level of seven days of use.

The bitterly cold weather pushed up demand for resident heating, which prompted a power shortage of near 500,000 kilowatts, local power supply authority has said.

The municipal government has ordered rotating shutdowns of more than 40 power-guzzling factories to ensure sufficient power supply to residential use.

Outdoor landscape lighting were also turned off during the peak time of power use.

Although having one third of the nation's coal reserves, Shanxi faced coal shortage due to insufficient production and hefty amount of coal outflow to other parts of the nation, Li Jianwei, deputy director-general of the provincial electricity association told Saturday's 21st Century Business Herald.

The closure of small pits drove down the coal output, while the production of the large-scale state-owned factories could not makeup for the gap, he said.

## **Northwest**

### **Politics**

#### **Social front**

- Xinjiang to implement amended public security measures to safeguard social stability (7<sup>th</sup> January)

Northwest China's Xinjiang Uygur Autonomous Region is to implement amended public security provisions as of Feb. 1 to crack down on crimes that threaten the national security.

The revised Regulations on Comprehensive Management of Social Security of Xinjiang Uygur Autonomous Region were expected to strengthen comprehensive treatment of social security in Xinjiang and give hard strike on the "three evil forces" of terrorism, separatism and extremism, and other crimes threatening the national security, said Eligen Imibakhi, chairman of the Standing Committee of the regional People's Congress.

The revised regulations put the crackdown on the "three evil forces" and other crimes threatening the national security as the top task to maintain public order, in a bid to safeguard national unity, ethnic solidarity and social stability.

According to Imibakhi, the occurrence of separatist and terrorist activities, especially the July 5 riot in Urumqi last year, in Xinjiang in recent years exposed the true nature of the "three evil forces" as being violent and terror. At the same time, they also reflected loopholes in the measures to maintain public order.

The regional People's Congress revised relevant regulations to safeguard the fundamental interests of the people, he said.

The new amendment to the local public security regulations was made on the basis of the revised version in 1997. The regulations were first approved by the regional People's Congress in 1994.

## **Economic front**

- Chinese cities benefit from gas supply from Central Asia (6<sup>th</sup> January)

A 1,833-km pipeline carrying natural gas from Central Asia to Urumqi, capital of northwest China's Xinjiang, will take another 10 days to provide a stable supply, said a city official Wednesday.

"The pipeline's pressure is still low, and we are unable to increase the supply," said Wu Jianmin, of the municipal natural gas office. As China's first large pipeline project to import natural gas, the China-Central Asia gas pipeline starts at the Turkmenistan-Uzbekistan border and runs through central Uzbekistan and southern Kazakhstan to China.

Natural gas from the pipeline reached Urumqi on Dec. 31.

Wu said the pipeline was well connected with the municipal gas network. By Tuesday, the line's daily output to Urumqi reached 50,000 cubic meters.

He said Urumqi expected to extract from a supply of 3 billion cubic meters a year, which meant more than 8 million cubic meters a day, but the supply might not reach the planned amount this year.

"The line could help ease the city's energy shortage, estimated at 500 million cubic meters a year if severe weather hits," he said.

He had been told that the China National Petroleum Corp. (CNPC), the major developer of the pipeline, was still researching potential demand in Chinese cities.

Urumqi is the first Chinese city to benefit from the pipeline.

From Xinjiang's Horgos, the pipeline was connected with China's No. 2 West-East gas pipeline, which extends 8,653 kilometers through 14 provinces, autonomous regions, municipalities and special administrative regions, including Shanghai and Hong Kong.

Beijing would benefit from the China-Central Asia pipeline from mid January, as the line from Xinjiang had been linked with a gas pipeline from northwest China's Shaanxi to Beijing, said a statement from CNPC Wednesday.

The company declined to disclose the exact amount Beijing would get from the pipeline's supply.

The statement said CNPC had addressed the capital's weather-induced fuel shortage by expanding upstream production and diverting its network resources to guarantee the city's energy supply.

Beijing's daily natural gas consumption hit a high of 53 million cubic meters this month, compared to the maximum 44 million cubic meters daily high set last winter, it said.

The company said it has increased the daily gas supply via the Shaanxi-Beijing pipeline from the Changqing Gas Field in southwest China from 40 million cubic meters to 43 million cubic meters.

It will divert one more million cubic meters of gas a day, on the basis of 5 million, from its pipeline networks to the Shaanxi-Beijing line in order to ease Beijing's energy shortage.

The Central Asia gas supply is seen as an important energy source for Beijing, which has been gripped by a cold snap. After the snowfall on Sunday, temperatures plummeted by 7 to 8 degrees to minus 16 degrees Celsius, the lowest in decades.

Mu Bingjie, deputy director of the municipal affairs committee, said Beijing on Tuesday embarked on an emergency scheme to cope with the energy shortage, under which residential gas use was deemed a priority, while shopping malls, office buildings and industries were rationed.

Elsewhere in China, cities like Wuhan, in central China's Hubei Province, Changsha in Hunan Province, and Hangzhou in east China's Zhejiang Province have reported shortages of fuel for power generation and heating.

Wang Dong, deputy manager of Hangzhou Natural Gas Group Corp., said Hangzhou would get access to the supply from the China-Central Asia pipeline in 2011.

"We can only cut supply to industrial and commercial users to save energy," he said.

President Hu Jintao attended a ceremony marking the inauguration of the pipeline in Turkmenistan in December. He said the China-Central Asia natural gas pipeline was "a model of sincere solidarity and mutually beneficial cooperation of China, Turkmenistan, Uzbekistan and Kazakhstan."

- West China oilfield sees rise in reserves (8<sup>th</sup> January)

West China's Tarim Oilfield registered a record 497 million tonnes of 3P (proven, probable and possible) reserves of oil and gas in 2009, the company has announced.

Last year was the fourth consecutive year that the field in Xinjiang Uygur Autonomous Region, China's largest natural gas supplier, developed more than 400 million tonnes of 3P reserves, said Li Baozhong, publicity officer with the PetroChina Tarim Oilfield Company.



The reserves would guarantee the oilfield as a "significant factor" in supply central and eastern China with much-needed energy, he said.

He would not disclose Tarim's specific gas output this year, only saying that the amount would hinge on downstream demand and overall supply planning for China's second West-East natural gas pipeline.

The 8,653-kilometer-long pipeline, starting from Horgos in Xinjiang, through Shanghai and Guangzhou, and ending in Hong Kong, is to enter full operation by the end of 2011.

But the western section between Horgos and Zhongwei in northwestern Ningxia Hui Autonomous Region has been in use since mid-December.

The pipeline will supply homes in Beijing by mid-January.

Company statistics show the Tarim Oilfield had stabilized its annual oil and gas equivalent production at around 20 million tonnes. In 2009, its crude oil output was 5.54 million tonnes while natural gas output reached 18.1 billion cubic meters, up 700million cubic meters year on year and accounting for about 25 percent of China's total.

Li denied a report from Nanfang Daily this week that the company was to invest 10 billion yuan in oil and gas exploration, but he admitted there would be an investment this year and the amount was confidential.

A company statement said the company had explored 27 oil and gas production areas with expected reserves of 3.5 billion tonnes since it began operating in China's fourth largest oil production base 20 years ago.

Its accumulated oil output was 78 million tonnes and gas production was 73.6 billion cubic meters over the past two decades.

Tarim, covering 560,000 square kilometers, has about 16 billion tonnes of oil and gas reserves, but only 12 percent have been proved.

Over the past five years, it has supplied 60 billion cubic meters of gas via a major pipeline to more than 3,000 businesses and 300 million people in 80 cities, including Beijing and Shanghai.

In 2020, Tarim is expected to produce 50 million tonnes of oil and gas, including 50 billion cubic meters of natural gas.

China consumed 80 billion cubic meters of natural gas in 2008, about 3.2 percent of the total consumption of primary energies. In developed countries, the rate is about 25 percent.

Gas demand is expected to hit 110 billion cubic meters in 2010.

## **Northeast**

### **Politics**

### **Social front**

### **Economic front**

## **Southwest**

### **Politics**

- Senior Chinese leader stresses mediation for minor disputes (6<sup>th</sup> January)

A senior Chinese official here Wednesday stressed the importance of solving minor disputes through mediation rather than letting them get worse.

Zhou Yongkang, a Standing Committee member of the Political Bureau of the Communist Party of China (CPC) Central Committee, made the remarks during a visit to southwest China's Sichuan Province.

Zhou praised the province's mediation system that was being implemented at province, city, county and village levels.

He urged local governments to set up mediation services wherever they were needed.

During a visit to the people's court in the Dujiangyan City, Zhou stressed that civil servants and legal professionals should work in a just manner and be morally upright.

He called upon political and legal departments at all levels to constantly improve their credentials, ensuring equity and justice.

In addition, Zhou urged local governments to serve and manage migrant groups well and solve any outstanding security issues.

- Chinese leaders meet to discuss Tibet's development, stability (7<sup>th</sup> January)

China's senior leaders met in Beijing Friday to discuss Tibet's development and its long-term stability.

The meeting, presided over by President Hu Jintao, stressed the system of regional autonomy of ethnic minorities and a development path with Chinese characteristics and suited to Tibet's regional conditions.

The meeting was attended by members of the Political Bureau of the Communist Party of China (CPC) Central Committee who agreed Tibet's development important to the building of a well-off Chinese society, safeguarding national security, and the fundamental interests and long-term development of the Chinese nation.

They pledged to give priority to economic construction in the region, underlined ethnic unity and the improvement of living standards, and stressed that efforts should be made to protect Tibet's ecosystem.

Participants agreed to ramp up support measures for the development of Tibet in the areas of economy, human resources and technology.

## **Social front**

- Beijing lawyer jailed for fabricated evidence in mob trial (8<sup>th</sup> January)

Beijing lawyer Li Zhuang was jailed for two years and a half Friday for giving false evidence and inciting others to bear false witness in an organized crime gang trial in southwest China's Chongqing Municipality.

The verdict was handed down by a court of first instance in Jiangbei district Friday morning.

A statement from the court said 34 alleged gang members headed by Gong Gangmo were charged in Chongqing with organized crime offences on Nov. 20, 2009. On Nov. 22 and 25, Gong's wife and cousin signed contracts with Beijing Kang Da Law Firm in Beijing. Then the law firm assigned Li Zhuang, together with Ma Xiaojun, to defend Gong.

On Nov. 24 and 26 and Dec. 4 when Li visited Gong in Jiangbei district detention house, Li urged Gong to reverse his former confession and to fabricate an accusation of torture by the police during interrogation.

On Dec. 3, Li incited a local lawyer named Wu Jiayou to offer a bribe to a policeman in order to make the policeman to give false evidence of the fabricated allegation of torture against Gong.

Li's lawyer Gao Zicheng told reporters that he believed Li would appeal against the ruling.

## **Economic front**

- Tibet's biggest thermal power plant starts operation to relieve shortage (9<sup>th</sup> January)

The first phase facilities of Tibet's largest thermal power plant started production on Saturday to help relieve the winter power shortage on the chilly plateau.

To bridge a 30 percent of gap between demand and supply in the region, the China Huaneng Group, the nation's leading power generator, invested 300 million yuan in building up contingency projects in Lhasa and Ngari.

The projects involved nine sets of diesel generators with a capacity of 100,000 kilowatts in Lhasa and 10,000 kilowatts in Ngari.

After the first four sets of equipment start working, the other five will function as of the Lunar Spring Festival and the Tibetan New Year, or Losar, which will fall on Feb. 14, the company said.

All the facilities will be transferred to the Tibet Autonomous Region government after the project is completed. By then, Lhasa will not suffer blackout anymore.

## **South central Politics**

- China reiterates "indisputable" sovereignty over South China Sea islands (5<sup>th</sup> January)  
-- China reiterated it has indisputable sovereignty over islands in the South China Sea on Tuesday, a day after it unveiled a tourism development plan involving the islands.

Foreign Ministry spokeswoman Jiang Yu said at a regular press briefing that China's sovereignty over the islands in the South China Sea, including the Xisha and Nansha islands, is indisputable.

The State Council announced Monday a guideline on the development of tourism in the southern island province of Hainan, which says tourism will be promoted on the Xisha Islands and some uninhabited islands.

- Guangdong officials must provide info about spouse, children (7<sup>th</sup> January)  
Party and government officials will have to report the employment of their spouses and children if they want to keep their jobs in Guangdong province.

Each year, in the province's annual report, Party and government officials must report the employment situation, as well as the assets and investments, of their spouses and

children, according to a draft regulation from the Guangdong provincial committee of Communist Party of China (CPC).

The draft was submitted to the ongoing sixth session of the 10th Guangdong Provincial Party Congress for review on Tuesday.

Hu Zejun, head of the organization department of the Guangdong Provincial Committee of the CPC, said the move will promote honesty among Party and government officials and help clean up corruption.

"It is a new and effective measure to strengthen Party building," Hu said.

The draft regulation also stipulates that top Party and government officials are not allowed to directly supervise human resources, financial affairs and related important sectors in their departments, organizations, cities and counties. The move will prevent excessive centralization of power.

"The enforcement suggestion restricts local officials' power and sets clear boundaries," Hu said yesterday.

Guangdong, with a pioneering role in China's reform and opening-up drive, will become the first to restrict the power of its Party and government officials at all levels.

Lai Songling, associate professor in the social science department of Ji'nan University, said the proposed new rule would certainly help improve the leadership of the Party, promote democracy and prevent corruption.

(Source: China Daily)

## **Social front**

- First domestic genetics-based discrimination charges filed (6<sup>th</sup> January)

Three civil servant candidates have filed discrimination charges against the Foshan Human Resources and Social Security Bureau at a local court in Guangdong Province after being denied employment for carrying the genes for Mediterranean anemia, reports the China Youth Daily.

The three young men, surnamed Zhou, Xie and Tang, passed the written test and interview rounds of the Foshan Civil Servant Recruitment Test last April.

But during an extra genetic checkups, they were found to be carriers of Mediterranean anemia genes and denied admission to the civil service, even though carriers of this gene show no symptoms of disease and can function properly in daily life and routine work.

They argue that their physical conditions meet the standards mandated for civil servants. Their vital signs are within the normal range and none of them exhibit any anemia symptoms as described in the civil servant health standards.

This is the first legal case in China to deal with discrimination against carriers of certain genes. The local court has placed the case on file.

Mediterranean anemia is not contagious and the most common symptoms are fatigue and weakness due to the lack of oxygen being distributed throughout the body. Sufferers of the disorder may also experience shortness of breath, unusual paleness, or a yellowing of the skin called jaundice.

Li Chunfu, an expert on Mediterranean anemia, said that around 12 percent of local people carry similar genes. "This huge group can live a normal life and it is improper to say they failed the physical checkup," he said.

"Conducting extra physical checkup items is absolutely prohibited by the government," said Lu Jun, from the Beijing Yirenping Center, a social service organization focusing on anti-discrimination. "And discrimination based on gene checkups must be stopped immediately," he said.

"Everyone carries numerous and different genes," Lu explained; "if we allow such checkups, none of us can escape gene discrimination."

## **Economic front**

- China reveals plan to develop Hainan into global tourism destination (4<sup>th</sup> January)  
The Chinese government said on Monday that it aims to build the southern island of Hainan into a top international tourism destination by 2020.

The country also plans to develop the only tropical island province to be a platform for international economic cooperation and cultural exchanges, according to a statement of the State Council, or the Cabinet, released on Gov.cn, the official web portal of the Chinese government.

The island will also become a base of agricultural production and a base for developing resources and services in the South China Sea, said the statement.

The government said it would maintain the healthy development of the island's property sector and encourage developers to build premium hotels and resorts. It also supports family-run hotels and property-rental services.

Efforts should also go to the financial sector in the island by pushing forward the trial program of cross-border trade RMB settlement and backing qualified tourism firms to get listed in the stock market.

The plan also includes measures to promote modern tropical agriculture in Hainan, including tropical fruits, aquatic products and others, and expand its agricultural cooperation with Taiwan.

The government will further extend its favorable visa-free policy to five other nations including Finland, Denmark, Norway, Ukraine and Kazakhstan from the previous 21 nations including the United States, Japan and Canada.

The statement also said the government would boost the island's development by expanding oil and gas exploration, offering more duty free services, improving transportation networks, developing logistics, reducing pollution, building more information networks and infrastructure.

The government plans to lift the value-added output of tourism in Hainan to more than 8 percent of its gross domestic product (GDP) by 2015 and more than 12 percent by 2020, the statement said. Figure of how much value-added output of tourism accounted for in the province's GDP in 2008 was not available.

Hainan's preliminary GDP stood at 145.9 billion yuan (21.36 billion U.S. dollars) in 2008, up 9.8 percent year on year.

- Guangdong's GDP grows 9.5% in 2009: governor (6<sup>th</sup> January)

South China's booming Guangdong Province saw its economy grow 9.5 percent annually in 2009, one percentage point higher than the government target, governor HuangHuahua said here Wednesday.

The upbeat economic data came on the heels of massive economic stimulus and huge increases in bank loans aimed at reviving economy amid the global financial crisis.

The gross domestic product (GDP) rose to 3.776 trillion yuan (553 billion U.S. dollars) last year, Huang cited initial estimate as saying at a conference.

The provincial government has set the GDP growth target for 2010 at 9 percent, Huang said.

Guangdong's economy expanded 5.8 percent year on year in the first quarter of 2009, lower than the 6.1 percent nationwide, as the financial crisis took a heavy toll on the province, dubbed China's "factory of the world".

But the growth accelerated to 8.6 percent in the first three quarters of 2009, 0.9 percentage points higher than the national average rate.

Last year, the province invested 330 billion yuan (48.3 billion U.S. dollars) in 10 projects that cost a total of 2.3 trillion yuan.

However, the economic recovery in Guangdong, which boasts bigger GDP than any other mainland regions, was not firm, the governor said.

The economy still faced severe challenges as there was difficulty in boosting consumer spending when the effect of government stimulus measures faded, Huang stated.

The government would unveil measures to spur domestic demand and remove barriers to boost private investment this year, he said, without elaborating.

- Innovation zone to be set up in central China (6<sup>th</sup> January)

Donghu New Technology Development Zone in central China's Hubei Province will be developed into a national innovation demonstration zone, local officials announced Wednesday.

The goal is to trial policies aimed at preventing talent loss in state-owned enterprises and financing difficulties, said Wang Jianqun, vice president of the zone's Strategic Research Institute.

The State Council approved Donghu Development Zone in Wuhan, capital of Hubei, last month as the second national innovation demonstration zone after Zhongguancun Science Park in Beijing, said Wang.

Donghu Development Zone, covering 80 square kilometers, has attracted 748 million U.S. dollars of foreign investment and 15.63 billion yuan (2.29 billion U.S. dollars) of domestic investment since it opened in 1988.

Despite the budding success of many companies in Donghu Development Zone, others were crippled by a lack of funding, said Qin Zunwen, of Hubei Provincial Academy of Social Sciences.

"We will try to get the approval of the China Securities Regulatory Commission to set up a system in which unlisted companies can transfer shares," said Wang Jianqun.

"We will also encourage commercial banks to open branches in Wuhan," Wang said.

- China's tourism plan in Hainan won't have adverse impact on others: official (6<sup>th</sup> January)

China's plan to build its southernmost island of Hainan into an international tourist destination would have no adverse impact on other countries and regions, Hainan's Communist Party of China chief Wei Liucheng said Wednesday.

"We are developing tourism, the economy and society only on our own territory and territorial waters, and I don't think that will have an adverse impact on others," Wei said.

At a press conference in Beijing, Wei was asked to comment on reports that a Vietnamese official claimed the development in Hainan would affect Vietnam.

"China always regards its neighbors as friends and we will not harm the interests of other countries or people to fulfill our development," he said.

The Chinese government announced Monday a comprehensive plan to build Hainan into a top international tourist destination by 2020, including improvements to tourism infrastructure and the development of the service, logistics and financial sectors.

## **East**

### **Politics**

#### **Social front**

- China's richest village to finish its skyscraper in June (6<sup>th</sup> January)

Huaxi Village in East China's Jiangsu Province, allegedly the richest village in the country, saw its skyscraper rise to 250 meters on Tuesday, the Yangtze Evening News reports.

The 74-storey skyscraper is expected to reach 328 meters upon completion this June. Costing more than 1.5 billion yuan, the mega-building is scheduled to go into operation in 2011 to mark the 50th anniversary of the founding of the village.

Now the village is looking to Taiwan for investment and cooperation opportunities.

Wu Renbao, the former village leader who has transformed the sleepy farming community into an industrial hub of Jiangsu Province and a model for industry throughout China, has just visited Taiwan's city of Taichung.

He told the city's mayor, Jason Hu, that Huaxi intends to build a 100-meter gilded pagoda in Taichung.

If viable, the new building will be the tallest of its kind in the world and will feature high-end restaurants on the premises that cater to businesses and tourists.

Mayor Hu has welcomed the proposal and suggested several sites for the pagoda. The construction site has not been decided yet.

- Corruption blamed for Zhejiang's soaring housing prices (7<sup>th</sup> January)

A total of 67 officials were investigated or prosecuted for corruption related to land transactions in Zhejiang province last year.

The 67 officials, which include 15 senior officials above the rank of bureau chief, were prosecuted or remained under investigation in the first 11 months of last year, a source close to the Zhejiang judiciary told China Daily.

Rampant corruption within land allocation departments has been widely attributed to escalating property prices in the province.

Real estate insiders said the cost of paying bribes to officials is often passed on to homebuyers.

"The greed of the accused government officials is definitely responsible for an unreasonable increase in property prices in Zhejiang," said Yin Lin, a senior researcher at the law institute of the Shanghai Academy of Social Sciences.

A source within Zhejiang procuratorate's anti-corruption bureau said corruption was found at all levels of land transactions, including allocation and planning, determination of the terms of sale, and auctioning of the land.

The source said that about 18 of the 61 cases investigated last year demonstrated a conflict of interest between officials and real estate companies.

More than half of the accused officials were alleged to have taken money from real estate companies.

Included in the 67 officials is a former land and resources bureau official accused of accepting 650,000 yuan (95,000 U.S. dollars) in bribes from property developers. She was also accused of helping real estate developers raise funds through a number of illegal channels.

Court records show that the amount of money involved in Zhejiang's land corruption cases is increasing.

Ni Jihua, deputy director of Zhejiang's anti-corruption bureau, said the amount of money increased last year because of the rapid growth in land and housing prices.

Several corruption cases involved millions of yuan, Ni said.

Yin of the law institute said public scrutiny is usually more effective than legislation and media supervision when it comes to corruption.

"Of course, officials should declare their assets before they take office to prevent corruption," Yin said.

- Astronautical exhibition continues to welcome visitors in E China (9<sup>th</sup> January)  
Visitors are seen in the reflection from a glass veil of an extravehicular space suit at an astronautical exhibition focusing on China's first space walk in Hangzhou, capital city of east China's Zhejiang Province, Jan. 8, 2010. The exhibition would open to the public until Jan. 19, 2010, demonstrating almost all the latest space activities of China in recent years.

- Crimes by laborers on the rise in Shanghai: report (9<sup>th</sup> January)  
The number of crimes committed by migrants in Shanghai has sharply increased during the past decade, caused mainly by their poor living conditions, Saturday's China Daily reported quoting a research study.

The findings were based on research conducted by the Minhang District People's Court on the district's crimes between 1997 and 2006.

The research found that the number of non-Shanghai people criminals in the district jumped from 697 in 2002 to 1,971 in 2006, said the newspaper.

The ratio of crimes committed by non-Shanghai people rose from 74.79 percent in 2002 to 76.25 percent in 2006.

"Though the figures are only from the Minhang district, based on my knowledge and working experience, I think it does illustrate the situation of the entire city," Zhang Yue,



one of the authors of the research report and a former staffer with the court, told the newspaper.

"The situation after 2006 is only getting worse. Last year, 80 to 90 percent of the crimes were committed by non-Shanghai residents. I believe other district courts are experiencing the same thing," said Han Weiqing, chief judge of the criminal court of the Minhang District People's Court.

The crimes committed by non-Shanghai residents are mainly property crimes such as burglary, theft and robbery, according to the research.

Most of the criminals are migrant workers younger than 35 with hardly any education. Many of them come from underdeveloped regions, the report said.

Reasons why migrants are more likely to commit crimes than local Shanghai residents are that they do not share equal social benefits with the Shanghai residents, and they are sometimes less paid than the locals doing the same job, Professor Wu Yuhong with the department of criminal law at Shanghai University of Political Science and Law, told the newspaper.

As Shanghai's economic development speeds up, more migrants from rural areas are flooding to the city to seek a better living. According to the Shanghai Statistic Bureau, nearly 4 million migrant workers now live in the city.

## **Economic front**

- 2010: Year of China World Expo Tourism (3<sup>rd</sup> January)

China's tourism market is gearing up for the Shanghai World Expo. The National Tourism Administration has set 2010 as the Year of World Expo Tourism. Laurie Lew looks at this year's first promotional event.

These 60 South Koreans are China's first overseas tourists of the year. They got a special welcome from the China National Tourism Administration at the Shanghai Pudong Airport.

South Korean tourist said, "Shanghai is holding the World Expo this year. That's why I've brought my whole family to tour Shanghai. I hope the event could be just as wonderful as the Beijing Olympic Game."

The tourists all received Expo "Haibao" mascots as gifts.

The CNTA is also planning to hold several campaigns to promote China's World Expo around the world.

Shao Qiwei, Director of China National Tourism Admin., said, "For the inbound tourism sector, we need recovery. For the domestic travel market, we need expansion. So we need to seize the opportunity, and work with other tourism markets around the globe."

The Administration is also planning to use the World Expo as the 2011 tourism theme overseas.

The Shanghai World Expo will open on May 1st and run through October 31st. It's expected to draw 70 million visitors, 3-and-a-half million of them from overseas.

- Foreigners can stay longer in Shanghai (5<sup>th</sup> January)

Six types of foreign professionals and investors in Shanghai are now eligible to live in the city five years, instead of the usual one year, in a move to help boost economic growth, Tuesday's China Daily reported.

Authorities implemented the measures for expatriates on Jan.1 to entice scientific researchers, top managers and investors to stay longer in the city.

Other categories are: individuals with highly specialized skills, celebrities, private investors and foreigners awarded special status in light of their contributions to China. All of these people can apply for five-year residence permits, the newspaper said.

One of the changes makes life considerably easier for business owners, who formerly had to prove that they had 30 million U.S. dollars of registered capital to apply for the extended permit. This figure was slashed by 90 percent at the turn of the year, according to the newspaper.

"Now that the number has dropped to 3 million U.S. dollars, the range of expats who are eligible to qualify has soared," a police officer surnamed Zhang from the exit-entry administration bureau of the Shanghai public security bureau was quoted as saying by the China Daily.

The extended residence permits were implemented citywide following a successful trial in Shanghai's Pudong New District from July 1. In this interim period, police processed more than 500 of the new five-year permits, said the newspaper.

Shanghai saw its population of foreign permanent residents top the 150,000 mark in 2008, up 20,000 from the year before. Figures for last year have not yet been released by the city's bureau of family planning.

Most foreigners live in Shanghai on a short-term basis, using either the tourist (L) or visitor (F) visas, which usually allow them to stay for up to three months, according to the newspaper.

- French high-end faucet producer to set up subsidiary in Shanghai (6<sup>th</sup> January)  
France's luxury faucet producer THG (the House of Tetard-Haudiquez-Grisoni) has planned to set up a subsidiary in Shanghai in 2010 and sign deals with China's high-grade hotel chains and communities, local newspaper reported Tuesday.

The company said it hoped that opening up China's market would help it tide over the negative impacts of the financial crisis.

THG, with 80 percent of its business abroad, has seen a 20 percent drop in turnover in 2009 after continuous growth in the previous two years. Turnover in the United States, the company's largest overseas market, even shrank by 40 percent, the French daily Les Echos reported.

Statistics show that, while the company maintained steady business operation in the Middle East, orders of Olympic-related products from China has increased by 35 percent since 2007. The company now expects to further expand its market in China in 2010.

Established in 1950, THG is a family-owned enterprise and noted for providing luxury faucets and bath products for top-ranking hotels in France and customized services for the world's wealth clients.

- East China's Fujian builds new nuclear generator (8<sup>th</sup> January)

Ningde nuclear plant, the first nuclear power station in east China's Fujian Province, started building its third generator Friday.

With an investment of 50 billion yuan (6.8 billion U.S. dollars), the Ningde plant would be equipped with four one-million-kw generators in first phase construction. Its first generator would be installed in 2012, said Li Yinong, general manager of Ningde Nuclear Power Company Ltd.

When the first phase project is completed, the station could generate up to 30 billion kwh of power every year to ease the power shortage in Fujian. It would also help reduce coal consumption by 12 million tonnes, thus cutting greenhouse gas emission by 27 million tonnes, he said.

China will have an installed nuclear power capacity of 40 million kw by 2020, accounting for 4 percent of the country's total power generation.

- Norwegian minister plans to attend Norwegian Day at EXPO 2010 in Shanghai (9<sup>th</sup> January)

Norwegian Trade and Industry Minister Trond Giske said here on Friday that he plans to visit Shanghai again in May to take part in the Norwegian Day activities at the EXPO 2010 in Shanghai.

"EXPO 2010 is an important event for China and the rest of the World. I am confident that EXPO 2010 will be a great success for China," Giske said in a written interview with Xinhua.

He said he sees the Norwegian participation at the six-month-long event, which begins on May 1 and ends on Oct. 31 in Shanghai, as one of the priorities of the Norwegian Ministry of Trade and Industry in 2010. "This is also why EXPO represents an extensive part of my program during my visit to China in a few days," the minister added.

Giske was scheduled to arrive in Shanghai on Jan. 11 for a five-day visit to China, during which he was expected to meet with Chinese Commerce Minister Chen Deming and join the five Nordic ambassadors to China in a seminar organized to promote Nordic participation in the Shanghai World Expo.

"I will also be going to Shanghai in May and be at the Norwegian pavilion for the Norwegian Day at EXPO (2010)," the Norwegian minister said.

"In addition to the promotion already mentioned, we have a variety of pre-EXPO activities going on in China, and not only in Shanghai," he said. In Norway, he added, two pre-EXPO seminars will also be organized to create further awareness about Norway's participation at EXPO 2010.

With a 3,000-square-meter Norway pavilion designed with the theme "Norway, Powered by Nature" and supported by 15 huge model pine trees, Norway hopes to display its breath-taking landscape and its experiences in use of resources and environmentally friendly energy.

The Norwegian Day falls on May 28, according to the official website of the EXPO 2010.

Norwegian Prime Minister Jens Stoltenberg, when interviewed by a group of Chinese reporters last November, described the EXPO 2010 as "an opportunity for Norway to show to the rest of the world the excellence and advances of Norwegian industry and companies."

## **HONGKONG AND MACAU**

### **Politics**

#### **Social front**

- HK gov't suggested to set up drug safety center (5<sup>th</sup> January)

A drug safety review committee in Hong Kong Tuesday unveiled a report, proposing that a dedicated office be set up to plan and direct the implementation of drug-safety measures.

The proposal was among the 75 recommendations the Review Committee on the Regulation of Pharmaceutical Products forwarded to the Hong Kong government to enhance the regulatory regime of drug products from manufacturing to retailing, after a nine-month study.

According to the committee's report, the dedicated office could help boost the government's regulatory role in enhancing drug safety. It could be expanded into Center for Drug Safety in the long term.

Hong Kong's Secretary for Food and Health York Chow said on Tuesday the recommendations will help raise drug-industry standards, ensure patient safety and protect public health.

The committee considered the framework and rationale behind the existing regime sound; however, it felt the regulatory measures' coverage and depth should be enhanced.

The committee recommended the Hong Kong's Department of Health establish a dedicated team to co-ordinate efforts in drawing up guidelines on risk communication, performing risk assessment in response to incidents, recommending risk-communication actions and providing more drug information to the public.

- HK probes neurological disorder man on getting flu jab (7<sup>th</sup> January)

Hong Kong's Center for Health Protection is investigating whether the A/H1N1 influenza vaccine contributed to a 58-year-old man falling ill with Guillain-Barre Syndrome, according to a Controller of the Center on Thursday.

The man received the inoculation on Dec. 24, 2009 and had weakness in his lower legs for a week before he was hospitalized on Jan. 2. He is in a serious, but not life-threatening, condition.

Controller of the center Thomas Tsang said the center's expert group has not yet found a clear association between the vaccine and the disease which is a rare neurological disorder causing paralysis and even respiratory difficulties.

Tsang said there have been 40 to 60 cases of Guillain-Barre Syndrome annually in Hong Kong, showing the disease existed before the A/H1N1 flu vaccination program.

He said the government's vaccination program will continue unless there is a surge in the number of Guillain-Barre Syndrome cases. He recommended people in high-risk groups get inoculated against the virus before the winter flu peak.

Expert group member Yuen Kwok-yung, professor of the University of Hong Kong's Department of Microbiology said more tests are being conducted to find whether other sources caused the patient's Guillain-Barre Syndrome symptoms. He recommended people with allergies to eggs not to have vaccinations.

- HK to start second batch of Child Development Fund projects (8<sup>th</sup> January)

The Social Welfare Department of Hong Kong Friday said at least 1,500 children from a disadvantaged background will benefit from the Child Development Fund Project in the first half of the year.

The remark came after the government announced its plan to rollout 15 second batch fund projects in the first half of 2010.

The department has invited interested non-governmental organizations (NGOs) to submit proposals for operating the projects. Selected NGOs are expected to start recruiting children for the projects in May.

A department spokesman said the first batch of the fund pioneer projects rolled out in Dec. 2008 were well received and widely supported by different sectors of the community.

The government set up the 300 million HK dollars (about 38.7 million U.S. dollars) fund to provide disadvantaged children with more personal development opportunities, so as to reduce inter-generational poverty.

The fund projects help participants draw up and implement their own development plans as well as develop an asset-building habit, thus preparing them for long-term development.

According to the spokesman, the applicant for the fund must be a charitable organization registered under Section 88 of the Inland Revenue Ordinance (Cap 112), with a good track record in the provision of children and youth services in Hong Kong in the past five years.

## **Economic front**

- Hong Kong stocks open 0.06% lower (4<sup>th</sup> January)

Hong Kong stocks fell 12.46 points, or 0.06 percent to open at 21,860.04 on Monday.

- Hong Kong's forex reserves drop slightly to 9255.8 bln USD (7<sup>th</sup> January)

The official foreign currency reserves of Hong Kong amounted to 255.8 billion U.S. dollars at the end of December, compared with 256.3 billion U.S. dollars one month earlier, the Hong Kong Monetary Authority said Thursday.

Including unsettled forward contracts, the foreign currency reserve assets also stood at 255.8 billion U.S. dollars at the end of December, 2009.

Based on the latest figures, Hong Kong is the world's seventh largest holder of foreign currency reserves.

The total foreign currency reserves of 255.8 billion dollars represent about ten times the currency in circulation, or 55 percent of Hong Kong dollar M3, the broadest measure of money supply in Hong Kong.

- Hong Kong stocks end 0.12% up (8<sup>th</sup> January)

Hong Kong stocks closed up 27.3 points, or 0.12 percent, at 22,296.75 on Friday.

The benchmark Hang Seng Index slightly rose 13.3 points, or 0.06 percent, to open at 22,282.75. Local shares traded between 22,443.22 and 22,206.16 before closing.

Turnover fell to 71.93 billion HK dollars from Thursday's 79.17 billion HK dollars.

The China Enterprises Index went down 38.11 points, or 0.29 percent, to close at 13,035.09 points.

Three of the four major stock categories rose. The commerce and industry sub-index moved up 0.37 percent, the properties, up 0.33 percent, the utilities, 0.21. The finance sub-index edged down 0.1 percent.

Blue-chips ended up. Banking giant HSBC Holdings edged up 0.4 percent to 91.75 HK dollars. Heavyweight China Mobile, by far the largest mobile carrier in the Chinese mainland, rose 1.3 percent to 74.45 HK dollars. The HKEx, the sole exchange operator in Hong Kong, inched up 0.2 percent to 150.8 HK dollars.

Local properties closed higher. Cheung Kong, the flagship of Hong Kong's richest man Li Ka-shing, edged up 0.29 percent to 102.1 HK dollars. Henderson Land jumped 2 percent to 59.25 HK dollars. SHK Properties gained 1 percent to 117.4 HK dollars.

Mainland-based commercial lenders lost. Bank of China gained 0.23 percent to 4.28 HK dollars. CCB fell 1.21 percent to 6.53 HK dollars. ICBC lost 0.16 percent to 6.36 HK dollars.

Chinese insurance companies finished lower. China Life moved down 0.39 percent to 38.35 HK dollars. Ping An slid 0.29 percent to 69.9 HK dollars.

As for energy shares, PetroChina rose 0.8 percent to 10.08 HK dollars, off-shore oil producer CNOOC edged 0.31 percent down to 13.04 HK dollars. Sinopec Corp fell 0.45 percent to 6.68 HK dollars.

Coal stocks retreated on excessive capacity talks from an industry association. Yanzhou and Hidili slid 5 percent and 4 percent to 18.76 HK dollars and 9.86 HK dollars. Shenhua fell 2 percent to 39.65 HK dollars. (7.8 HK dollars = 1 U.S. dollar)