

Business and Politics in Muslim World

China

Fareeha Sarwar

31st to 6th February 2010

Presentation Date: 20th January 2010

REPORT No. 105:

Outline

National report

Political front

- Chinese premier visits village, community to seek opinions on gov't work (2nd February)
- China's top judge urges to fight court-related corruption (3rd February)
- Chinese Vice Premier urges favorable army-civilian relations (4th February)
- China's government procurement saves 2 bln yuan in 2009 (4th February)
- Senior CPC leader urges more efforts for stability (4th February)

Foreign relations

- Chinese FM urges U.S. to stop selling weapons to Taiwan (31st January)
- Chilean parliamentary delegation to visit China (31st January)
- China flexes its diplomatic muscle (1st February)
- Analysis: Tibet, Taiwan, Google sour U.S.-China ties (3rd February) CNN.com
- Corrected: Obama to meet Dalai Lama despite Chinese warnings (3rd February)
- Chinese President Hu meets with Jamaican Prime Minister Bruce Golding (4th February)
- Chinese FM meets French counterpart on bilateral ties (4th February)
- China hopes for early consensus on Iran's nuclear-fuel supply issue (4th February)
- China says Swiss decision to take terrorist suspects hurts ties (4th February)
- Chinese culture week in Brussels to break mental barriers (4th February)
- China, Serbia sign preliminary contract on power station cooperation (4th February)
- Britain, China pledge closer military ties (4th February)
- Chinese diplomat calls for global perspective in tackling global issues (4th February)
- Analysts defend China government's sanctioning of U.S. companies selling arms to Taiwan (4th February)
- China, Vietnam vows to strengthen ties (5th February)
- China an increasingly important energy partner of Russia: Russian expert (5th February)
- Chinese FM to attend Munich Security Conference (5th February)

- After China pull-out bluster, will Google backtrack? (5th February)
- China for diplomacy over Iran (6th February)
- Clark T. Randt: U.S.-China relationship growing despite potential friction (6th February)
- Chinese FM highlights role of "a changing China in a changing world" (6th February)
- Italian authorities urged to support Chinese immigrants' integration (6th February)
- China attaches great importance to relations with Europe: Chinese FM (6th February)
- Chinese FM sees "new opportunity" to restart six-party talks (6th February)
- China calls for int'l efforts to push Sudan issue settlement (6th February)

Economic front

- BoCom report: China to enter upward growth period in 2010 (31st January)
- China will be biggest contributor to US, says Asia CEO of Standard Chartered (31st January)
- Chinese vice premier calls for better use of economic census results (31st January)
- China shares close lower Monday on new PMI data (1st February)
- Investment contributes over 90% to China's GDP growth: NBS (2nd February)
- Huatai hopes to enliven China's IPOs (2nd February)
- China's local governments land sale revenue close to 233 bln USD in 2009 on property mkt surge (2nd February)
- China officials unimpressed by Obama yuan pressure (3rd February)
- UPDATE 1-Senator urges Obama call China currency manipulator (3rd February)
- China vows more efforts to raise awareness of IPR protection (3rd February)
- President Hu says faster economic adjustment "brooks no delay" (3rd February)
- Yuan is becoming a strong regional currency: Russian official (4th February)
- Factbox: China, U.S. spar over value of the yuan (4th February)
- EU defends measures against Chinese shoe imports (4th February)
- China says RMB exchange rate "reasonable", dismisses U.S. criticism over trade (4th February)
- Experts: U.S. Commerce Secretary Locke's allegation China creates "headaches" for U.S. firms groundless (4th February)
- China, Switzerland FTA talks kick off in Beijing (4th February)
- Record U.S. budget deficit renews China's concern about its dollar assets (4th February)
- Post-crisis era calls for tightened macroeconomic controls: Chinese economist (4th February)
- Rio Tinto appoints new China chief to mend fences (5th February)
- China's fiscal revenue rises 55.8% in Dec. (5th February)
- Chinese vice premier stresses economic structure adjustment (5th February)
- Statistics of capital account in 2009 not comparable to 2008: SAFE (5th February)
- China to levy anti-dumping duties on U.S. chicken (5th February)
- China's current account balance falls 35% in 2009 (5th February)

- Australian mining magnate secures coal export deal with China (6th February)

Social front

- Policy paper promises more efforts for rural-urban integration (1st February)
- Senior leader urges to provide better cultural services to the blind (2nd February)
- China pours money into cultural resources network building (2nd February)
- A/H1N1 flu deaths down for four straight weeks in China (3rd February)
- Chinese cabinet passes public hospital reform guideline (3rd February)
- Chinese Premier stresses development of social undertakings (5th February)
- Chinese government urges to settle migrant workers' pay dispute (6th February)

Ethnic issues

- Study: Tibetans part of N China ethnic groups
- Door for talks with Dalai Lama still open, national sovereignty non-negotiable: CPC official (1st February)
- Over 40 Chinese foreign missions harassed by Dalai Lama followers last year: official (2nd February)
- China says Tibet on its own path "with or without Dalai Lama" (2nd February)
- China rebuts Dalai Lama's claim as "legal representative" of Tibetans (2nd February)
- Door for talks with Dalai still open: CPC official (2nd February)
- Senior Chinese legislator stresses common prosperity of all ethnic groups (3rd February)
- China's top political advisor calls on Buddhists to contribute to social stability, ethnic unity (4th February)

Environmental front

Regional report

North

Politics

Social front

Economic front

- Top political advisor addresses Beijing's economic, social development (31st February)
- China's coal mining hub urged to adopt low-carbon technologies (31st January)
- China-Africa Economic and Technology Cooperation Committee of CESC founded in Beijing (3rd February)

Northwest

Politics

- Urumqi mayor pledges persistent crackdown on separatism (5th February)

Social front

- Xinjiang's capital to build new homes for shantytown residents (4th February)

Economic front

Northeast

Politics

Social front

Economic front

Southwest

Politics

Social front

- Tibet to have 100,000 Internet users (31st January)
- All Tibetan villages to have medical staff this year (1st February)
- China to add 30 mln yuan for Inner Mongolia snow disaster relief (4th February)

Economic front

- Chang'an Suzuki to recall 10,326 cars for faulty filters (5th February)

South central

Politics

Social front

- Charity travel project supports rural education (31st January)

Economic front

- Provincial governments lower GDP targets as nation seeks balanced recovery (1st February)
- Top Chinese search engine Baidu to build Int'l headquarters (2nd February)

East

Politics

Social front

Economic front

- China's top legislator urges economic mode transformation in Shanghai (2nd February)
- Great Britain to contribute to success of Shanghai Expo, says ambassador (4th February)
- Expo likely to power city's economy strongly (4th February)
- Shanghai to provide high-quality financial services for World Expo (5th February)

- Mainland province may open government jobs to Taiwanese (5th February)

HONGKONG AND MACAU

Politics

Social front

- Over 100,000 people take A/H1N1 flu jabs in Macao
- HK, mainland to enhance co-op in police training (2nd February)
- HK education, careers expo opens with 540-plus exhibitors (4th February)
- Macao's biggest historical residence opens to public (4th February)

Economic front

- Hong Kong stocks close up 0.61% (1st February)
- HK retail sales value grows 16% (1st February)
- HK's negative-equity mortgages drop (1st February)
- Macao's gaming revenues surge 55% in January (2nd February)
- Macao's exports down sharply in 2009 (2nd February)
- Hong Kong stocks close up 0.14% (2nd February)
- HK stocks end down 1.84 pct; Chinese banks fall (4th February)
- Value of 5 major domestic exports fall in HK (4th February)
- HK Stock Exchange looks to attract more overseas companies (4th February)
- Hong Kong stocks end sharply on U.S. market losses (5th February)
- Hong Kong stocks fell below 20,000 (5th February)

National report

Political front

- Chinese premier visits village,community to seek opinions on gov't work (2nd February)

Chinese Premier Wen Jiabao has for the first time gone to a village and an urban community to seek public opinions for the government work report he is to deliver at the annual session of the National People's Congress, the legislature, in March.

Over the weekend, Wen visited a village in Hebei Province and an urban community in Beijing's Chaoyang District, according to a statement issued Tuesday by the General Office of the State Council, the Cabinet.

Previously, Wen has invited people from different social strata to Zhongnanhai, the compound of the central authorities in the heart of Beijing.

At the village called Pianqiao which Wen visited in 2000 and 2005, villagers voiced their concerns, said the statement.

Villager Su Hongxi, 68, said his family earned more than 20,000 yuan (2,900 U.S. dollars) a year by growing vegetables in a plastic greenhouse.

Su said the village had cement roads, chicken farms and feed processing plants.

Among the villagers' concerns were inadequate compensation for land expropriation, relatively low prices for grain and vegetables, difficulties in getting bank loans, and lack of training for doctors and teachers.

Wen told the villagers the government planned to increase subsidies to them, raise grain purchasing prices, and advance the pilot project of endowment insurance in rural areas and the new rural cooperative medical system.

"It is an important principle that the newly gained financial revenue should be mainly spent on the rural area, agriculture and farmers," Wen said.

The government has increased spending on developing rural areas and promulgated favorable policies for farmers, such as subsidies for purchasing electric household appliances and vehicles.

Meanwhile, Wen agreed there were still problems awaiting solutions.

He explained to the villagers that purchasing prices for farm produce could only be raised gradually as grain prices were closely related to other living costs.

He also advised farmers to better plan and use their land, plant more trees and make each household cleaner and tidier so that they could develop tourism when possible.

At the community in Chaoyang District, participants included local officials, community workers, disabled persons, migrant workers, college students, teachers and sanitary workers.

Li Nan, former secretary of the Communist Youth League of the Beijing Youth Politics College who lost her legs in a car accident in 2003, suggested the government pay more attention to the employment and psychological health of disabled persons.

Li also suggested the standard of compensation for people injured at work should be revised.

Advice from other participants included reducing student study loads, balancing the development of quality education resources, improving the welfare of community medical workers, and building community-level theaters to enrich elderly people's lives.

Wen said the representatives had been very helpful for improving the government's work and stressed that a government that puts people first should listen to what the people thought and wanted.

He also said work at the grass-roots level was very important for the government.

Since late January, Wen has also been presiding over symposiums attended by representatives from different social strata to solicit opinions on the government work report.

- China's top judge urges to fight court-related corruption (3rd February)

Wang Shengjun, president of China's Supreme People's Court (SPC), on Wednesday called for stepped-up efforts to fight corruption in the country's court system, two weeks after a former SPC vice president was sentenced to life for taking bribes and embezzlement.

Noting that progress had been made in anti-corruption work in China's court system in 2009, Wang said efforts must still be made to accelerate the establishment of a prevention and punishment system against court-related graft.

He urged Chinese court staff to be more determined and take more decisive and solid measures to fight against corruption in the new year.

Wang's words came two weeks after Huang Songyou, former SPC vice president, was sentenced to life imprisonment for taking bribes and embezzlement on Jan. 19.

Huang was convicted of taking more than 3.9 million yuan (about 574,000 U.S. dollars) in bribes from 2005 to 2008 when serving as SPC vice president, and embezzling 1.2 million yuan of public funds in 1997, when he was president of the Intermediate People's Court of Zhanjiang, a city in south China's Guangdong Province.

In a fresh effort to prevent abuse of judicial power and fight corruption, the SPC on Jan. 27 issued a new regulation which listed restrictions on court staff, ranging from taking bribes to committing adultery with litigants.

The regulation stipulated that judiciary staff would be punished if they were found meddling and intervening court cases, giving bribes to law enforcement personnel, beating or verbally abusing petitioners and over-running timetables to enforce court rulings.

Judiciary staff would receive punishments ranging from demerits on their records, demotion, removal from posts and dismissal, according to the regulation.

- Chinese Vice Premier urges favorable army-civilian relations (4th February)

Chinese Vice Premier Hui Liangyu said Thursday that the civilians and army should develop favorable interactions to secure both economic and defense development.

The government will mobilize various social resources to support the modernization of and various military demands of the army, said Hui at a meeting here.

It will also work to better protect the legal rights and interests of servicemen and their families, he said.

Hui also hoped the armed forces could contribute to the development and stability of the Chinese society.

To develop close army-civilian relations, the government and armed forces should work together to solve problems that common people and soldiers care most and well settle the

disputes between the army and localities, so as to well safeguard the fundamental interests of the army and civilians, he said.

- China's government procurement saves 2 bln yuan in 2009 (4th February)

Centralized procurement by the Chinese government has helped save close to 2 billion yuan (about 290 million U.S. dollars) in 2009, an official said here Thursday.

The Chinese government spent more than 14.7 billion yuan in government procurement last year, Chen Jianming, director with the government procurement center said during a work conference held in Beijing.

The figure was 1.8 billion yuan more than in 2008, he said.

Chen noted that Chinese government departments had made "remarkable" progress in reducing their expenditures in 2009.

For instance, the amount of money spent on purchasing vehicles by the government departments in 2009 dropped by 35 percent year on year, he said.

They also spent two percent less in government procurement for work conferences compared with the year before, he said.

Chen said the government purchases will continue to focus on energy-efficient, environment-friendly, as well as innovative and domestic products in 2010.

The procurement center would stick to the policies of protecting information security and supporting small and medium-sized companies when making purchases, in order to push forward the development of the country's industries and the readjustment of its economic structure, Chen said.

- Senior CPC leader urges more efforts for stability (4th February)

Zhou Yongkang, a senior leader of the Communist Party of China (CPC), has urged party organs, government departments and law enforcement departments to make more efforts in solving social conflicts, promoting innovative social management and law enforcement in a just and clean-fingered style.

Zhou, a Standing Committee member of the Political Bureau of the CPC Central Committee, made the remarks during a meeting Wednesday.

"Currently the situation of our country's overall social stability is good, and our ability and confidence to ensure stability are increasing as the country's comprehensive national strength is on the rise," he said.

"However, we should be alert that there are still many conflicts and problems that may affect social stability," he added.

In addition, he stressed the security work for the Spring Festival and the upcoming annual sessions of the National People's Congress (NPC), the top legislature, and the Chinese People's Political Consultative Conference (CPPCC), the top advisory body, which are scheduled to open in early March.

Foreign relations

- Chinese FM urges U.S. to stop selling weapons to Taiwan (31st January)

Chinese Foreign Minister Yang Jiechi expressed his solemn position on the U.S. arms sales to Taiwan here Saturday, urging the U.S. to stop selling weapons to the Chinese

province.

Yang, who is paying an official visit to Cyprus, said in disregard of strong opposition and repeated protest from China, the U.S. administration flagrantly announced its plan to sell the weapons to Taiwan worth about 6.4 billion dollars.

Such a move is gravely against the three joint communiques between China and the United States, especially the "Aug. 17" communique, Yang said, adding that it constitutes crude interference in China's internal affairs, and harms China's national security and peaceful reunification efforts.

China firmly opposes such a move which runs counter to the U.S. commitment to support the peaceful growth of the cross-Strait relations, he said.

The Chinese foreign minister urged the U.S. side to adopt a serious attitude towards the Chinese position, earnestly respect China's core interests and major concerns, revoke immediately the erroneous decision on the arms sales to Taiwan and stop selling weapons so as not to undermine the China-U.S. relations.

Yang Jiechi said China has repeatedly stated its position on the U.S. arms sales to Taiwan. During a recent meeting in London between the foreign ministers of the two countries, the Chinese side again made clear its solemn stand on the issue, urging the U.S. side to fully recognize the gravity of the issue and stop selling weapons to Taiwan, he added.

The Obama administration Friday notified the U.S. Congress of the plan to sell the weapons to Taiwan. The arms sales would include 114 Patriot (PAC-3) anti-missile systems, 60 UH-60M Black Hawk helicopters, 12 Harpoon Block II Telemetry missiles, 2 Osprey Class mine hunting ships and a command and control enhancement system, according to a Pentagon website.

- Chilean parliamentary delegation to visit China (31st January)

A parliamentary delegation of Chile will pay a visit to China from Feb. 3 to 10, according to the Standing Committee of the National People's Congress (NPC) of China on Sunday.

The delegation, led by Jovino Novoa Vazquez, president of the Senate of the Republic of Chile, was invited by Wu Bangguo, chairman of the NPC Standing Committee.

- China flexes its diplomatic muscle (1st February)

In his seven years as Chinese president, Hu Jintao has rarely looked more relaxed than on a 2006 visit to a Boeing plant near Seattle. Smiling broadly, he donned a baseball cap with the Boeing logo and gave a factory supervisor a hug.

If Mr Hu's speech leant towards the diplomatic - "Boeing's co-operation with China is a vivid example of mutually beneficial cooperation and win-win outcome" - the then Boeing chief executive Alan Mulally was more effusive. At the end of the public event, he pumped his fist and shouted: "China rocks!"

Since Richard Nixon restored diplomatic ties with China in the 1970s, Boeing has been at the crux of US-China relations. If Beijing has wanted to defuse criticism of its policies in the US, one of the preferred tactics has been to place a big order with the aerospace giant, which is the US's largest exporter to China.

As a result, China's threat at the weekend to place unspecified sanctions on Boeing and three other US companies in retaliation for their participation in an arms deal with Taiwan is one of the most concrete signs yet that Beijing is adopting a more assertive stance towards the US and other countries.

Buoyed by the rapid recovery in its economy and sensing that its international importance has advanced over the past year, Beijing is looking for ways to push its main priorities - egged on by a loud nationalist audience among Chinese internet users.

China's public rhetoric towards the US has turned more critical since the start of the global financial crisis in 2008. The potential sanctions on US companies could, however, be a sign that rhetoric is beginning to turn into substance. While China has reacted angrily to US arms sales to Taiwan before - by cutting off military-to-military ties - and has in effect blacklisted some companies, this is the first time it has threatened sanctions publicly.

The threat also comes ahead of what could be the most important diplomatic showdown this year between the US and China over how to respond to Iran's nuclear programme.

"They are just so confident at the moment," said a Beijing-based executive for a US multinational. "They just have this complete confidence that 'everyone will keep wanting to do business with us anyway because we are China'."

At a time of intense debate in Beijing on how to take advantage of its rising influence, Chinese relations with a number of countries have become more tetchy. Beijing clashed with the European Union last year over Tibet and with several member states at the Copenhagen climate change conference. There has also been renewed tension between China and India, although the two countries stuck closely together at December's Copenhagen summit.

Wang Dong, an academic at Beijing University, says that China is not becoming more aggressive diplomatically but is trying to defend what it considers its "core interests", which include Taiwan. "It should not really be much of a surprise to see China taking a strong attitude on issues such as Taiwan," he said.

Analysts point out that US-China relations have been through many cycles and, with Mr Hu planning a US visit in the summer, the mood might rebound.

One test will be over Iran. If Russia supports the US push for tougher sanctions, China could find itself isolated and forced to choose between maintaining good relations with the US and defending its own growing energy interests in Iran.

The fallout from the sale of arms to Taiwan will also depend in part on the details of any sanctions that China does impose. If recent trade disputes are a guide, the actual impact could be much less than the symbolism. After the US imposed tariffs on Chinese tyres, Beijing responded by opening investigations on US imports of autos and poultry and later placed tariffs on some speciality steel, but the volume of trade affected was limited.

<http://www.ft.com/cms/s/0/2111669a-0ed3-11df-bd79-00144feabdc0.html>

- Analysis: Tibet, Taiwan, Google sour U.S.-China ties (3rd February)

Challenge China's position on Taiwan and watch China go ballistic. When the United States last week announced plans to sell advanced weapons to Taiwan, China fired back with vitriolic anger. It's a "crude interference in China's domestic affairs," said He Yafei, vice minister of foreign affairs. It could "lead to repercussions that neither side wishes to see," he said. The same day, China suspended plans for military exchanges and threatened sanctions on American companies involved in the arms sales.

China's angry response comes as no surprise. "The Chinese take this seriously," said Jim McGregor, senior adviser at APCO, a U.S. consulting company. "We're in a political season in China. People are jockeying for positions for a change in leadership a few years down the road, so I guess it makes the Taiwan issue even more sensitive."

China considers Taiwan as a mere renegade province. Beijing said it seeks Taiwan's "peaceful reunification" with the mainland, but it has also hinted readiness to resort to military means if Taiwan declares independence. Beijing considers Taiwan a "core interest" issue that is non-negotiable.

Washington said it plans to sell a package of weapons that include Black Hawk helicopters, anti-missile missiles, mine-hunting ships and a command and control enhancement system.

Estimated price tag: \$6.4 billion. Under the Taiwan Relations Act, passed by the U.S. Congress in 1979, Washington is obligated to help Taiwan, its longtime ally, to defend itself. The State Department said the latest round of sales is a way to guarantee security and stability across the Taiwan Strait.

Some America-watchers believe the arms sale is ill-conceived.

"It comes at a point when you have the best mainland-Taiwan relations, with opening of direct transport links across the Strait, and the two sides working for a possible peace treaty. There is no hostility, no threat from Beijing to use force and no Taiwanese eagerness to provoke the mainland. This is not a wise choice in terms of strategy," said Wenran Jiang, a political science professor at University of Alberta in Canada.

Other analysts warn it may just backfire. Victor Gao, director of Center for China and Globalization, a Chinese think tank, says: "If the United States think the Taiwan issue is just a Taiwan issue, that it can do whatever it wants regarding Taiwan without triggering backlashes from China, it's dead wrong."

In recent months, [China](#) and the U.S. have been at loggerheads over a slew of prickly issues: the U.S. trade deficit with China; U.S. pressure to revalue China's currency; and U.S. criticism of China's human rights record, its ethnic and religious policies in Tibet and Xinjiang.

In recent weeks, Washington and Beijing have traded sharp words over China's Internet policy after the search engine company Google threatened to pull out of China, citing problems of censorship and hacking attacks.

In the coming months, President Barack Obama is expected to meet the Dalai Lama, the exiled Tibetan spiritual leader when he visits Washington. The Nobel Peace prize laureate said he advocates genuine autonomy for Tibetans, not Tibet independence. Beijing regards him as not just a religious figure but a dangerous "separatist," a politician who wishes to sever Tibet from China.

When asked how China would react to such a meeting, Zhu Weiqun, a senior Communist Party leader in charge of ethnic and religious affairs, warned of serious damage. "It will

seriously undermine the Sino-U.S. political relations," he said. "We will take corresponding action to make relevant countries see their mistakes."

Such seemingly unrelated events feed into China's paranoia, analysts say. "Beijing will connect the dots of recent events," said Jiang, the University of Alberta professor. "The U.S. government criticisms on Internet freedom in China and now the arms sale to Taiwan -- [China] will use these events as proof that the Obama administration is now pursuing a hard-line strategy against China. So Beijing feels it must respond with much stronger measures."

It's not clear how else Beijing will match its bark with bite. Its threat to impose unprecedented sanctions on American companies could hurt the business of aerospace giants like Boeing. That will send a bad signal to the American business community in China, which is already complaining about creeping Chinese protectionism at its expense. "It's a tough business climate here right now," said APCO's McGregor, who once served as chairman of the American Chamber of Commerce in China. "This is just one of a number of things that are troublesome." China also is now the biggest holder of U.S. treasury debt. "China may also consider buying less U.S. treasury bonds, which will make the U.S. economic recovery much more painful," Gao said.

The souring of relations comes only three months after Obama visited China during which the two sides issued a joint statement that signaled cordial and steady ties. Some political analysts at that time spoke of "G2," wondering if much of the global issues will now have to be discussed and solved by the two big economic powers.

"There was too much of a hype about sea change in Sino-American relations," says Peking University professor Zha Daojong. "There was never a G2 to speak of. Sino-American relations are going to be shaped by the same sort of issues that have troubled the two governments in the past."

But Beijing's retaliation could hurt more by inaction.

As a rising power and a permanent member of the U.N. Security Council, the U.S. needs China's acquiescence, if not cooperation, to help resolve intractable global issues: the financial crisis, terrorism, cross-border crimes, climate change, and North Korea and Iran. In the U.S. standoff with Iran, for example, Washington has been leading a move to impose additional U.N. sanctions on Iran over its nuclear activities.

China, which relies on Iran for supply of oil and natural gas, has typically resisted sanctions, saying they are counterproductive. U.S. Secretary of State Hillary Clinton last week met her Chinese counterpart in Paris to lobby for China's crucial support for that. So far, China remains noncommittal.

<http://edition.cnn.com/2010/WORLD/asiapcf/02/02/china.us/>

- Corrected: Obama to meet Dalai Lama despite Chinese warnings (3rd February)

U.S. President Barack Obama still plans to meet the Dalai Lama, the White House said on Tuesday, despite China's warning that such a meeting would hurt ties already strained by U.S. weapons sales to Taiwan.

Digging in on two points of discord, China vowed to impose unspecified sanctions against U.S. companies selling arms to Taiwan and said any meeting between Obama and the exiled Tibetan Buddhist leader would hurt bilateral ties.

The White House shrugged off Beijing's warning.

"The president told China's leaders during his trip last year that he would meet with the Dalai Lama and he intends to do so," White House spokesman Bill Burton told reporters traveling with Obama to New Hampshire.

"We expect that our relationship with China is mature enough where we can work on areas of mutual concern such as climate, the global economy and non-proliferation and discuss frankly and candidly those areas where we disagree."

China has become increasingly vocal in opposing meetings between foreign leaders and the Dalai Lama, who Beijing deems a dangerous separatist. A meeting between the Tibetan leader and Obama would raise tensions between the world's biggest and third-biggest economies.

Ties between the United States and China have also soured over trade and currency quarrels, cyber security and control of the Internet, and Beijing's jailing of dissidents.

U.S. State Department spokesman P.J. Crowley said Washington wanted to "work through" disputes in various bilateral meetings the United States has with China.

"You have two of the most powerful nations on earth and our interests coincide in many areas and our interests collide occasionally in a handful of those," he told reporters.

A senior Democratic senator said on Tuesday he had asked 30 companies, including Apple, Facebook and Skype, for information on their human rights practices in China in the aftermath of Google's decision to no longer cooperate with Chinese Internet censorship efforts.

"Google sets a strong example in standing up to the Chinese government's continued failure to respect the fundamental human rights of free expression and privacy," Assistant Senate Majority Leader Dick Durbin said.

Google, the world's top Internet search engine, said last month it would not abide by Beijing-mandated censorship of its Chinese-language search engine and might quit the Chinese market entirely because of cyber attacks from China.

Recent cyber attacks on Google were a "wake-up call" and neither the government nor the private sector can fully protect the U.S. infrastructure, Dennis Blair, director of national intelligence, said on Tuesday.

"Malicious cyber activity is occurring on an unprecedented scale with extraordinary sophistication," he said in written testimony for a Senate intelligence committee hearing.

"China's aggressive cyber activities" were among challenges posed by the Chinese military, Blair added.

'DAMAGE TRUST'

There had been expectations that Obama would meet the Dalai Lama as early as this month, when the Tibetan leader visits the United States. The White House has not announced a schedule.

Zhu Weiqun, a vice minister of the United Front Work Department of China's ruling Communist Party, said Beijing would vehemently oppose a meeting.

"If the U.S. leader chooses this time to meet the Dalai Lama, that would damage trust and cooperation between our two countries, and how would that help the United States surmount the current economic crisis?" said Zhu, whose department steers party policy over ethnic issues.

China routinely opposes meetings between the Dalai Lama and foreign leaders, especially after violent unrest spread across Tibetan areas in March 2008. Beijing blamed the Dalai Lama's "clique" for the turmoil, a charge he repeatedly rejected.

Previous U.S. presidents, including Obama's predecessor George W. Bush, have met the Dalai Lama, drawing angry words from Beijing but no substantive reprisals.

But when French President Nicolas Sarkozy would not pull out of meeting the Dalai Lama while his country held the rotating presidency of the European Union in late 2008, China hit back by canceling a summit with the EU.

The Dalai Lama has said he wants a high level of genuine autonomy for his homeland, which he fled in 1959. China says his demands amount to calling for outright independence.

China recently hosted talks with envoys of the Dalai Lama but they achieved little.

The United States says it accepts Tibet is a part of China but wants Beijing to sit down with the Dalai Lama to address their differences over the region's future.

TAIWAN ARMS SALES

Beijing is already irate over U.S. proposals last week to sell \$6.4 billion of weapons to Taiwan, the island that China treats as an illegitimate breakaway province.

The United States switched diplomatic recognition from Taipei to Beijing in 1979 but Washington remains Taiwan's biggest backer and is obliged by the 1979 Taiwan Relations Act to help in the island's defense.

Blair told the Senate intelligence hearing that China-Taiwan ties were now "relatively stable and positive" with progress on economic deals across the Taiwan Strait.

"Nevertheless, the military imbalance continues to grow, further underscoring the potential limits to cross-Strait progress," he said.

Chinese Foreign Ministry spokesman Ma Zhaoxu on Tuesday repeated Beijing's threat to impose "corresponding sanctions" against U.S. companies that sell arms to Taiwan, saying the firms had "ignored China's opposition."

He offered no details on how China would impose sanctions.

Companies that could be affected by Chinese sanctions include Sikorsky Aircraft Corp, a unit of United Technologies Corp; Lockheed Martin Corp; Raytheon Co; and McDonnell Douglas, a unit of Boeing Co.

Bruce Lemkin, deputy under-secretary of the U.S. Air Force, said China had over-reacted to the arms sales.

"The U.S. has been consistent with our stated policy and we carry out those policies," he said. "So certainly we believe that China should continue to work with us on issues of mutual concern and to work with Taiwan."

China says the arms dispute will also damage cooperation with the United States over international issues. Washington has sought stronger Chinese support over several hotspots, chiefly the nuclear ambitions of Iran and North Korea.

A former senior U.S. diplomat earlier told Reuters that China may not follow up strong words with strong measures.

"Let's watch what they do, not what they say, because sometimes tough words in China are a substitute for tough action," said Susan Shirk, a professor specializing in Chinese foreign policy at the University of California, San Diego.

http://www.reuters.com/article/idUSTRE6123QL20100203?loomia_ow=t0:s0:a49:g43:r2:c0.138889:b30230808:z0

- Factbox: The rocky path of U.S.-China ties in 2010 (3rd February)

China has said ties with the United States will be hurt by President Barack Obama's decision to go ahead with fresh arms sales to Taiwan, which Beijing claims as its own, and to meet the Dalai Lama.

But Chinese President Hu Jintao is due to make a formal bilateral visit to Washington later this year.

Here is a timeline explaining the main dates in Sino-U.S. affairs in 2010, and other events that could affect ties.

January 29 -- Obama administration notified the U.S. Congress of proposed arms sales to Taiwan totaling \$6.4 billion. Congress has 30 calendar days to review the proposal before the administration may conclude any deals.

February 21-24 -- The Dalai Lama, Tibet's exiled leader, is scheduled to give talks in the United States, visiting California and Florida. He is due to be in Dharamsala, his base in northern India, to lecture on February 28. He thus has openings before February 21 or between February 24 and 28 when it would be possible to meet Obama, an event sure to draw angry criticism from China, which deems the exiled Tibetan leader a separatist threat.

The Dalai Lama returns to the U.S. in May, and could meet Obama on that visit.

February 28 -- Obama administration free to proceed with the weapons sales to Taiwan unless Congress passes legislation barring or modifying a proposed sale, something it has never done. Lawmakers, however, may pass legislation to block or modify an arms sale at any time up to the point of delivery of the arms, a process that may take years.

March 5 -- China's annual parliamentary session, the National People's Congress, opens. China usually unveils its official defense budget for the year at a news conference a day before the open, giving a signal of the pace of its military modernization. The Communist Party-controlled parliament usually meets for about 10 days.

April 12-13 -- Obama hosts an international nuclear security summit in Washington, bringing together leaders to discuss arms control, non-proliferation and reducing the world's stockpile of nuclear weapons.

Chinese President Hu Jintao would be his nation's most fitting representative at the meeting, but Beijing has yet to announce whether he will go.

May 12-23 -- Dalai Lama scheduled to return to the United States, giving talks in Indiana, Iowa and New York, opening another opportunity for him to meet Obama.

May 15-25 -- U.S. Secretary of Commerce Gary Locke leads trade mission to Hong Kong, China and Indonesia, promoting deals with American companies in clean energy.

May onwards -- Senior officials from the United States and China scheduled to gather in Beijing for Strategic and Economic Dialogue, an annual meeting when both sides discuss key economic, foreign policy and security concerns.

Neither government has publicly confirmed a date for the meeting, but some time from May to July appears likely.

During last year's dialogue in July, Secretary of State Hillary Clinton and Secretary of the Treasury Timothy Geithner led the U.S. delegation. China's delegation was led by State Councillor Dai Bingguo and Vice Premier Wang Qishan.

June 26-27 - Meeting of G20 leaders of major rich and developing economies scheduled in Toronto, giving Hu and Obama an opportunity to meet.

October perhaps -- The two countries are preparing for their Joint Commission on Commerce and Trade, a regular meeting that focuses on economic ties. No date has been set. Last year's was held in late October in the east Chinese city of Hangzhou.

November 2 -- Mid-term elections for U.S. Congress. These elections are likely to be a test of the popularity of the policies of the Obama administration. With economic concerns uppermost in many voters' minds, trade and currency tensions with China may become a significant issue.

November -- South Korea scheduled to host second summit for the year of the G20 group of major rich and developing economies, giving Hu and Obama another chance to meet.

That G20 summit is likely to happen immediately before or after the Asia-Pacific Economic Cooperation summit of regional leaders, set to be held in Yokohama, Japan, on November 13-14, a separate opportunity for the two leaders to meet.

November-December -- When Obama visited China in November 2009, Hu accepted his invitation to visit the United States in 2010.

No date has been set for Hu's trip, which China would treat as a major state visit, with every detail negotiated beforehand. Such a visit appears unlikely to happen before the U.S. Congressional mid-term elections.

For all its coolness toward Washington now, China would regard that visit as a major diplomatic trophy, and that may help to ease tensions beforehand.

December -- Local elections for mayors and magistrates across Taiwan. No firm date has been set for the elections, which will cover about 60 percent of the island's electorate.

The vote will pit the ruling Nationalist Party (KMT) and against the opposition Democratic Progressive Party, and Beijing's policies toward Taiwan could be a major issue.

<http://www.reuters.com/article/idUSTRE61216E20100203>

- Chinese President Hu meets with Jamaican Prime Minister Bruce Golding (4th February)

Chinese Premier Wen Jiabao pledged Wednesday to continue China's support to Jamaica's economic development, saying the two sides should expand cooperation in infrastructure construction, mining and tourism.

Wen made the remarks when meeting with his Jamaican counterpart Bruce Golding.

"As the international financial crisis has posed severe impact on China and the Caribbean states, we should help each other, enhance cooperation, and jointly cope with challenges so as to consistently boost our friendly ties," Wen said.

China's trade with Jamaica slipped by some 30 percent to 219 million U.S. dollars last year. However, China's imports from Jamaica nearly tripled year on year, according to Chinese custom figures.

He called on the two sides to bolster cooperation in infrastructure construction, mining industry and tourism, and said China is ready to support more cultural, educational and sports exchanges with Jamaica.

"Jamaica is one of the first countries in the Caribbean region to establish diplomatic relations with the People's Republic of China, it always adheres to the one-China policy, and the two peoples have friendly feelings toward each other," Wen told Golding, who is on his first official visit to China.

Wen pledged to boost exchanges with Jamaica at various levels, enhance coordination on international affairs and jointly safeguard the interests of developing countries.

On climate change, Wen vowed to strengthen contact with small-island countries in urging developed countries to carry out their obligations of providing fund, technology and support for capability building of developing countries.

"We comprehend and sympathize with the difficult situation small-island countries, including Jamaica, are in...and will jointly push forward international cooperation (in that aspect)," he said.

Golding hailed Jamaica-China exchanges and cooperation in politics, economy and humanitarian fields.

He pledged to stick to the one-China policy and voiced hope to expand trade and economic ties, as well as consultation on international affairs, with China.

China's prompt humanitarian aid to Haiti after the devastating earthquake last month indicated the friendship between Chinese and Caribbean people, he said.

Golding appreciated China's responsible attitude in tackling climate change and pledged to further cooperation with China.

Golding arrived in Beijing Monday. During his five-day trip, Golding is also expected to meet with Chinese President Hu Jintao and Vice President Xi Jinping.

- Chinese FM meets French counterpart on bilateral ties (4th February)

Visiting Chinese Foreign Minister Yang Jiechi and his French counterpart Bernard Kouchner on Wednesday held talks on bilateral ties and reached important consensus on developing China-France relationship.

Through joint efforts of both nations, Sino-France relations has recently showed rapid development, Yang said.

This year marks an important period for relations between France and China, therefore, the two parties should further implement important consensus reached by two leaders, continue to respect and take care of mutual concerns and promote pragmatic cooperation in various fields, Yang underlined.

The Chinese minister also expected both countries to jointly oppose trade and investment protectionism, and maintain coordination and cooperation over significant international and regional issues in a bid to contribute for worldwide peace, stability and prosperity.

Yang expressed China's willingness to use 2010 Shanghai World Expo as an opportunity to enhance comprehensive cooperations with France, such as on humanism, and to consolidate the basis of bilateral ties.

As to China-Europe relations, Yang said the two sides have massive common interests as China always attaches importance to their relations and regards Europe as its important strategic partner.

China is willing to work with Europe and France along the sound and stable development track to build on bilateral strategic relations and to promote further China-France and China-Europe ties, Yang added.

Kouchner echoed Yang's view on China's relations with France and Europe, saying France attached importance to relations with China.

France is satisfied with the friendly cooperation between the two nations and the recovery and development of bilateral ties, Kouchner said, adding that France is willing to work with China to boost Sino-France and Sino-Europe ties to better prospect.

The two foreign ministers also exchanged views on climate change and other mutually concerned international and regional issues during their talks, which followed by a joint conference. Yang is on a five-nation tour, which has already taken him to Britain and Turkey. After a two-day visit in France, he will attend a meeting on security policy in Munich, Germany on Feb. 5-7.

- China hopes for early consensus on Iran's nuclear-fuel supply issue (4th February)
China hopes relevant parties and the International Atomic Energy Agency could reach consensus on Iran's nuclear-fuel supply issue at an early date, Foreign Ministry spokesman Ma Zhaoxu said here Thursday.

Ma's remarks came two days after Iranian President Mahmoud Ahmadinejad said that there is "no problem" if Iran ships abroad its low-grade enriched uranium and takes upgraded uranium several months later.

"Even if we (first) give them (Russia and France) 3.5 percent (uranium) fuel, there is no problem," Ahmadinejad said in an interview with Iran's state TV Tuesday, adding Iran can take back the 20 percent enriched uranium four or five months later.

Ahmadinejad's remarks signaled a major change in Tehran's position, as the Iranian government rejected the Dec. 31, 2009 deadline set by the United States for Iran to accept a UN-drafted deal for swapping its low-enriched uranium for nuclear fuel outside Iran.

Under a draft deal brokered by the IAEA, most of Iran's existing low-grade enriched uranium will be shipped to Russia and France, where it would be processed into fuel rods with a purity of 20 percent. The higher-level enriched uranium will then be transported back to Iran.

Ma said an early consensus on the issue would be conducive to an appropriate solution to the Iran nuclear issue.

- China says Swiss decision to take terrorist suspects hurts ties (4th February)
Switzerland's decision to take two Chinese terrorist suspects held at Guantanamo Bay would undermine its relations with China, a Foreign Ministry spokesman said Thursday. Ma Zhaoxu made the remarks at a regular news briefing when asked to comment the report about Switzerland's decision on Wednesday.

Ma said, China has made known its position on this issue and lodged solemn representations to Switzerland at the first meeting on joint study of the feasibility of China-Switzerland free trade area, being held in Beijing.

The seven Chinese Uygur terrorist suspects currently held at the Guantanamo Bay are the members of the "East Turkistan Islamic Movement," which is included in the sanctions list of the UN Security Council's 1267 Committee, Ma said.

The 1267 Committee was established in 1999 by all 15 members of the Security Council to impose sanctions on Al-Qaida, Osama bin Laden and the Taliban.

According to UN Security Council resolution 1373, all states shall abide by the rules laid out in the seventh chapter of the UN charter and refuse to provide asylum to those who finance, plan, facilitate, commit terrorist acts or grant asylum to terrorists, said Ma.

All countries have the obligations to fulfill their international commitments, he said, noting that "Switzerland, as a member of the United Nations, should also honor the commitments."

The suspects, from China's Xinjiang Uygur Autonomous Region, were swept up by the United States during the Afghanistan war launched after the Sept. 11, 2001 terror attacks on the United States.

- Chinese culture week in Brussels to break mental barriers (4th February)

A Chinese culture week at the European Parliament in Brussels is aimed at breaking mental barriers so as to facilitate China-EU ties, a senior Chinese diplomat said Wednesday.

In a globalized era, not only political and trade barriers should be broken in order to develop international relationships, said Song Zhe, head of the Chinese mission to the European Union (EU).

"Although China-EU relations remain generally healthy, cognitive differences and certain unfriendly actions of the European side are hindering the enhancement of mutual trust and further development of the China-EU relationship, Song told members of the European Parliament and experts from think tanks.

The ambassador called for a drop of old mentality and adoption of a positive attitude and tolerance for the sake of a healthy and stable China-EU relations in the long run.

"China is embracing the world with open arms," said Song.

The Chinese culture week, which is held on the occasion of the Chinese lunar new year, features tea ceremony, calligraphy, Chinese cuisine, Sichuan opera and T'ai Chi kung fu, as well as lectures on traditional Chinese medicine and Confucian philosophy.

- China, Serbia sign preliminary contract on power station cooperation (4th February)

China and Serbia signed a preliminary contract on power station cooperation in Belgrade on Wednesday, with a total value of 1.251 billion U.S. dollars.

General Manager of the Electric Power Industry of Serbia (EPS) Dragomir Markovic, representative of the Chinese company CMEC Jin Chunseng and Director of Kostolac thermoelectric power plant Dragan Jovanovic, at the Serbian government headquarters, signed the preliminary contract.

The project includes the revitalization of the two existing blocks B1 and B2 of the Kostolac thermoelectric power plant, each of 350 MW capacity, and desulphurization of these two blocks, as well as the project of increasing capacities of the open pit Drmno to 12 million tons of lignite per year, with the construction of the new block B3, by the turnkey system.

Serbian Minister of Energy and Mining Petar Skundric, who attended the signing of the precontract at the Serbian government, said that the Chinese partner will take part in the project with approximately 85 percent of total funds, which is more than 1 billion dollars. At a press conference, Skundric assessed that this is one of the biggest investment ventures in the forthcoming investment cycle in the energy area, adding that the project should promote strategic cooperation between Serbia and China.

Chinese Ambassador in Serbia Wei Jinhua, attending the signing ceremony, said that he believes this project is just a beginning of cooperation between China and Serbia in the field of energy.

- Britain, China pledge closer military ties (4th February)

A top British military official met on Wednesday with visiting Deputy Chief of General Staff of the Chinese People's Liberation Army Ma Xiaotian, pledging to strengthen bilateral military ties.

Jock Stirrup, Chief of the Defence Staff, said during the meeting that the British military "attaches great importance to the friendly relationship" with the Chinese military and expects more efforts to be made to improve mutual understanding and trust and to step up pragmatic cooperation.

Ma suggested that both sides should maintain high level exchange visits, steadily promote the communication and cooperation of professional personnel, expand cooperation and push forward the relationship between the two militaries.

Ma also met with Simon McDonald, British prime minister's adviser on foreign policy and co-chaired a defence consultation.

- Chinese diplomat calls for global perspective in tackling global issues (4th February)

Global issues like climate change and financial crisis must be dealt with from a global perspective, a senior Chinese diplomat said here on Wednesday.

"The world today is undergoing major development, major changes and major adjustments. Global issues such as climate change, financial crisis, energy and resource security etc. have been thrown into sharp relief," said Li Baodong, China's ambassador to the United Nations Office in Geneva.

"In the face of unprecedented opportunities and challenges, we should look at these issues from a global perspective," Li said in a farewell speech to Geneva-based ambassadors and heads of international organizations.

"This approach is crucial because there is no space in the world for sectorial solutions to integrated problems," he added.

Li, who has been Chinese ambassador to the UN Office in Geneva since 2007, will soon leave Geneva and assume a new post in New York.

- Analysts defend China government's sanctioning of U.S. companies selling arms to Taiwan (4th February)

Chinese analysts justified the government's decision to sanction U.S. companies involved in a 6.4-billion-dollar arms sale package to Taiwan, saying the punishment is the "right thing to do" for China's core interests.

White House spokesman Robert Gibbs said Chinese sanctions against the U.S. companies are not warranted.

But both civilian and military analysts said that the government's decision is rational.

Tao Wenzhao, a researcher with American Studies Institute of the Chinese Academy of Social Sciences, told Xinhua Thursday that it is unreasonable for some U.S. companies to simultaneously sell civilian products to the Chinese mainland and military hardware to Taiwan.

"This decision to sanction the companies involved is an unprecedented response by China to U.S. arms sale to Taiwan," said Tao.

"The U.S. sanctions other country's companies . China also has the right to punish foreign companies that infringe on China's core interests," he said. "The Taiwan issue is one of China's top concerns," he said.

The 6.4-billion U.S.-dollar arms sale package, which the Obama administration announced on Friday, makes Boeing, Sikorsky, Lockheed Martin and Raytheon potential targets for China's sanctions.

Yang Yi, a retired rear admiral with the People's Liberation Army National Defense University, said that economic punishment such as sanctions is the right thing to do to get the U.S. to rethink its policy.

"China should cause losses for those arms-selling companies much heavier than the profit they will gain from the weapon sales," Yang said.

Sino-U.S. ties should be maintained by both sides, but China should not take a backward step on issues touching its core interests, he added.

Peking University's Professor Zhu Feng told Xinhua the government's decision to sanction the U.S. companies shows its resolute will to take substantial countermeasures against the arms sale.

Still, the professor added that issue of arms sales to Taiwan will not be resolved any time soon, and that it should not negatively impact Sino-U.S. relations overall.

- China, Vietnam vows to strengthen ties (5th February)

Vietnamese National Assembly Chairman Nguyen Phu Trong said here on Thursday that Vietnam vows to advance friendly ties with China.

Trong made the remarks when meeting with Han Qide, vice chairman of China's National People's Congress Standing Committee, and president of the Chinese People's Association for Peace and Disarmament.

Trong said Vietnamese and Chinese high-level officials have been committed to developing bilateral comprehensive strategic cooperative partnership.

Bilateral relations are developing in a fine manner, with expanding economic and trade relations and active people-to-people exchanges, said Trong.

Trong said Vietnam would spare no effort to advance bilateral friendly relations.

Han said in the meeting that China and Vietnam have been expanding cooperation in economic and trade, culture, science, education and other fields in recent years.

The two countries have seen strengthened cooperation and coordination in international and regional issues, said Han.

Han said China and Vietnam have decided to develop comprehensive strategic cooperative partnership, which injected new impetus to bilateral relations.

Han said this year marks the 60th anniversary of the establishment of diplomatic ties between the two countries and the Year of Friendship. China would like to take this opportunity to enrich bilateral relations and push forward the bilateral ties to a new level.

- China an increasingly important energy partner of Russia: Russian expert (5th February)

China is becoming an increasingly important energy partner of Russia, and energy cooperation between the two nations has broad prospects, a Russian energy expert said Thursday.

Russia and China are complementary in the energy field, said Tatiana Mitrova, a researcher with the Energy Research Institute of the Russian Academy of Sciences.

The large-scale oil projects implemented by the two countries are conducive to natural gas cooperation as well, she told Xinhua.

For Russia, the Eastern market weighs as much as the European market, while China outperforms others on the Eastern market with its fast-growing economy and great demand for energy, she said.

Russia pins high hopes on the Chinese market, she added.

Under an oil-for-loan agreement signed last February, China will grant Russia a loan of 25 billion U.S. dollars for a term of 20 years in exchange of 15 million tons of Russian oil deliveries annually within the next two decades.

According to a framework agreement signed last October between the Russian state gas monopoly Gazprom and China National Petroleum Corp., Russia will ship 70 billion cubic meters of gas to China via two pipelines every year.

- Chinese FM to attend Munich Security Conference (5th February)

China's Foreign Minister Yang Jiechi will attend the Munich Security Conference (MSC) in German, a Foreign Ministry spokesman said Thursday.

It is the first time that a Chinese foreign minister has attended the Munich meeting, spokesman Ma Zhaoxu told a regular news briefing.

The meeting, scheduled from Feb. 5 to 7, will focus on four topics, including energy and transport security, climate change, nuclear non-proliferation and disarmament, the North Atlantic Treaty Organization (NATO)'s new strategy and the Afghan issue, Ma said.

"Minister Yang will explain China's positions on these issues," Ma said without elaborating.

The MSC, formerly known as the Munich Conference on Security Policy, was founded in 1962 by German publisher Ewald-Heinrich von Kleist-Schmenzin. The annual Munich forum has become one of the most important meetings, focusing on major thorny issues facing the world today.

- After China pull-out bluster, will Google backtrack? (5th February)

It has been a long three and a half weeks since Google made the dramatic announcement that it will no longer censor its search results in China, even if that means exiting that huge Internet market.

The decision, Google said, was prompted by its discovery that a China-originated attack let malicious hackers steal Google intellectual property and partially break into the Gmail accounts of Chinese human rights activists.

At the time, human rights and free speech activists applauded the decision, and held Google up as an example for other Internet companies to follow.

However, almost a month after its strongly-worded statement, Google hasn't followed through on its plan and continues censoring its search results in China.

Asked for an update on the matter, a Google spokesman said on Friday via e-mail that the company has nothing new to add beyond its initial blog posting on Jan. 12 and the brief comments CEO Eric Schmidt made afterwards.

In the blog post, Google said the decision to stop censoring search results in China had been made. "We have decided we are no longer willing to continue censoring our results on Google.cn," [wrote](#) David Drummond, Google's chief legal officer.

Drummond further stated Google would engage in discussions with the Chinese government "over the next few weeks" to explore ways to run an uncensored search

engine legally, fully aware that it may not be possible and "may well mean having to shut down Google.cn, and potentially our offices in China."

At this point, it's hard to figure out why it is taking Google so long to make good on its promise. Are Google officials now regretting the decision, feeling they jumped the gun? It could be possible. After all, nine days after Drummond's post, Schmidt adopted a much more conciliatory tone and said conversations with the Chinese government were underway.

"We wish to remain in China. We like the Chinese people, we like our Chinese employees, we like the business opportunities there," Schmidt said during the company's fourth-quarter earnings conference call on Jan. 21. "We'd like to do that on somewhat different terms than we have, but we remain quite committed to being there."

Perhaps more significant, Schmidt seemed to pull back on Google's original certainty that the hack attacks had originated in China. He described the attacks as "probably emanating from China with the origin details unknown" and added that the matter was "still under investigation."

Google, he said, would make "some changes there" in a "reasonably short time," without being more specific.

That was more than two weeks ago.

In the meantime, Google spokespeople have been very tight-lipped about the China issue, in sharp contrast with the bold attitude displayed on Jan. 12. Many things aren't clear. For example, even if it pulls out of the China search engine market, will Google still pursue other Chinese markets, such as mobile or other future opportunities, say, in enterprise software? Will Google exit China for good or will it leave the door open to some business there?

With each day that passes without Google acting on its promise, the possibility grows that it has decided not to walk the talk. If that's where this is heading, Google would do well to clarify the matter sooner rather than later. The expectations it set a few weeks ago are pretty big -- as is the claim it staked on the moral high ground.

http://www.computerworld.com/s/article/9152978/After_China_pull_out_bluster_will_Google_backtrack

- China for diplomacy over Iran (6th February)

China has reinforced its call for diplomacy to ease tensions over Iran's nuclear programme amid reiteration by Tehran that a deal over enriched uranium for its research reactor engaged in producing medical isotopes was now within grasp.

Speaking on Friday at a security conference in Munich, Chinese Foreign Minister Yang Jiechi said the issue had "entered a crucial stage".

"The parties concerned should, with the overall and long-term interests in mind, step up diplomatic efforts, stay patient and adopt a more flexible, pragmatic and proactive policy," Xinhua quoted Mr. Yang as saying.

"The purpose is to seek a comprehensive, long-term and proper solution through dialogue and negotiations and uphold the international nuclear non-proliferation regime and peace and stability in the Middle East [West Asia]." The Chinese position contrasted strongly with the stance adopted by some of the leading Western countries. For instance, General

James Jones, U.S. National Security Adviser, has called for stringent sanctions and the need for deeper international isolation of Iran.

Mr. Yang's observations coincided with remarks at the conference by Iranian Foreign Minister Manoucher Mottaki that a "final" settlement of the nuclear fuel exchange deal with the International Atomic Energy Agency (IAEA) is not far away.

"The declaration of Iranian President [Mahmoud] Ahmadinejad shows that the Islamic Republic is eager to talk about it," Iran's state run broadcaster Press TV quoted Mr. Mottaki as saying. On Tuesday, Mr. Ahmadinejad had said Iran had "no problem" in shipping abroad its low-enriched uranium in return, several months later, of nuclear fuel rods for the Tehran reactor. However, Mr. Mottaki said Tehran would not accept a year-long timeline to receive nuclear, after it had transferred abroad its low-enriched uranium stocks. On Saturday, Mr. Mottaki met Yukiya Amano, new IAEA chief, to work out a compromise.

Referring to Iran's position, Mr. Yang said it would be wrong to talk about imposing more sanctions on Iran because Tehran appears open to dialogue.

"We believe that Iran has not totally shut the door" on the IAEA proposal on nuclear fuel supply, he said.

In Munich, Mr. Mottaki also held talks with Russian Foreign Minister Sergei Lavrov. "I hope that after today's talk there is a chance that we will find a scheme of reloading of the research reactor in Tehran, and it will be implemented", Mr. Lavrov told RIA Novosti. <http://beta.thehindu.com/news/international/article102176.ece>

- Clark T. Randt: U.S.-China relationship growing despite potential friction (6th February)

The relationship between the United States and China has been growing despite potential friction over trade and other issues, said Clark T. Randt Jr., former U.S. ambassador to China, at a lecture in Hong Kong on Friday.

Randt said the potential trade friction, which should not be surprising given the dire economic situation and the upcoming mid-term elections in the United States, was more likely to come from the Congress rather than the administration.

Randt, who had been U.S. ambassador to China from July 2001 to January 2009, said it was not surprising that the two countries should have disagreements given the differences in history, culture and the values.

"But the important thing is to keep in mind ... the awareness on both sides of the very important strategic interests we share," he added.

The leaders in both Washington and Beijing understand that the two countries share strategic interests on many topics, Randt said, adding that he was "sure that the United States policy towards China has not changed."

"More and more Americans are trying to know China, though the Chinese people still know the United States better than the Americans know China. There are currently 11,000 to 12,000 Americans studying in Beijing," he said.

- Chinese FM highlights role of "a changing China in a changing world" (6th February)

Chinese Foreign Minister Yang Jiechi delivered a major foreign policy speech at the Munich Security Conference on Friday, saying that while focusing on its own peaceful development, China is undertaking more international responsibilities in a transforming and closely-linked world.

Addressing the Munich gathering of senior diplomats and security officials, Yang said that it is a strategic choice that China has made to "seek a peaceful international environment to develop ourselves and at the same time contribute to the cause of world peace through our own development."

Stressing that China is committed to a path of peaceful development, Yang said that a more developed China is an opportunity rather than a threat to the world.

"The argument that a strong nation is bound to seek hegemony finds no supporting case in China's history and goes against the will of the Chinese people," he said.

He also stressed that a more developed China will continue to treat others as equals and will never impose its own will on others.

"The equality we call for is not just equality in form, but more importantly equality in substance," he said, adding "all of us should embrace a diverse world with an open mind."

"We must respect the values and independent choice of the development path of other countries, respect other countries' core concerns and refrain from interfering in their internal affairs."

"In the same vein, China, like any country in the world, will stick to principles on issues affecting its core interests and major concerns, and defend its hard-won equal rights and legitimate interests," Yang said.

With the world peace and development still severely threatened, the Chinese foreign minister also pledged that a more developed China will undertake more international responsibilities commensurate with its strength and status and will never pursue self interests at the expense of the interests of others.

He noted that China has played an active role in the international cooperation on the financial crisis, promoted the establishment of an Asian foreign exchange reserves pool, cancelled the debts of 49 heavily indebted poor countries, and actively taken part in international peacekeeping missions.

"Our own interests and those of others are best served when we work together to expand common interests, share responsibilities and seek win-win outcomes," Yang added.

He urged all countries to strengthen cooperation to tackle the grave challenges to the world security and foster a security outlook featuring "mutual trust, mutual benefit, equality and coordination, respect each other's security interests and pursue security for all."

During his much-anticipated speech, the Chinese top diplomat also elaborated on China's positions on some hotspot issues.

He urged the international community to stay patient and step up diplomatic efforts to seek solutions to the Iranian nuclear issue, saying "Iran has not totally shut the door" on the IAEA proposal on nuclear fuel supply.

Yang called for another meeting of the so-called P5+1 dialogue, which gathers the five permanent members of the UN Security Council plus Germany, to search for a mutually acceptable formula on the issue.

He also said that there was now new opportunity to restart the six-party talks that aims to resolve the Korean Peninsula nuclear issue.

"China will work tirelessly with other parties concerned and the international community as a whole for the denuclearization of the peninsula, the normalization of relations between relevant countries and the achievement of enduring peace and stability in Northeast Asia," Yang said.

On Afghanistan, he affirmed that China would "continue to take an active part in Afghanistan's reconstruction process, and work with the rest of the international community for the early realization of stability and development there."

The presence of Yang has become the biggest highlight of the Munich Security Conference on its opening day. It is the first time that a Chinese foreign minister has attended the 46-year-old annual forum, dubbed as "Davos of security policy."

- Italian authorities urged to support Chinese immigrants' integration (6th February)

The Italian authorities must support Chinese immigrants' integration in the European country, Chinese ambassador to Italy Sun Yuxi said at a press conference here on Friday. The envoy noted, "the cooperation between the (Chinese) embassy and the Italian Interior Ministry is already good, but in order to improve Chinese integration levels, the Italian government must do its part."

Talking about the Chinese community in Italy and referring in particular to the Tuscan textile district of Prato, the ambassador stressed that "the Chinese immigrants had contributed to the development of the Italian economy" thanks to their entrepreneurial skills and activities.

The situation in Prato has been tense since the recent discovery of several illegal Chinese firms and the arrest of the owners who exploited illegal Chinese immigrant labor. The Italian police have launched severe control inspections in the area and there is deep resentment among the local residents.

However, Sun pointed out that Prato was an isolated case, which does not represent the Chinese community in its whole.

"The Chinese community in Italy is well-integrated and knows how to successfully run a business activity," he said.

"In my frequent trips across the country, I have repeatedly invited the Chinese immigrants to respect the local law, but on the other hand I ask the Italian authorities to control all foreign communities living in the country, not just the Chinese one, and protect the rights of the Chinese firms operating here."

He thus appealed to the Italian government to enhance cooperation with the Chinese embassy in order to crack down in advance on situations similar to those in Prato, while at the same time support hard-working Chinese businesses.

According to the ambassador the level of Chinese integration is good, especially among the young Chinese born in Italy who have attended university here and have no language barriers compared to the first generation of immigrants.

There are more than 200,000 Chinese people currently living in Italy, the majority concentrated in the big cities such as Rome, Milan and Naples. The Chinese is not Italy's largest foreign community but the one with the highest number of firms amounting to 31,355, said the ambassador.

He explained that the Chinese immigrants' economic status, education and cultural levels are also rising. There are more and more Chinese lawyers and commercialists working in Italy today.

The ambassador went on describing "the Chinese as people who nourish a great desire of integration," highlighting as well their sense of solidarity.

Following the April earthquake that devastated the Abruzzo region, the Chinese community contributed 300,000 euros to the Italian civil protection unit led by Guido Bertolaso, responsible for the relief and reconstruction operations.

The ambassador then outlined the numerous events planned for the celebrations of the Chinese New Year, including parades, traditional dances and shows to be held across Italy from Feb. 18 to March 8.

The press conference was the second of a series focused on China and Chinese related issue. Other topics discussed by the ambassador were Sino-U.S. relations and China's economy.

The ambassador is scheduled to give a press conference at the beginning of each month of this year. The first conference, which took place in January, prepared the ground for the Chinese culture year in Italy.

- China attaches great importance to relations with Europe: Chinese FM (6th February)

Speaking highly of the deepening China-Europe relations over the past decades, Chinese Foreign Minister Yang Jiechi on Friday told the Munich Security Conference that a brighter future of bilateral ties calls on both sides to embrace an open and inclusive spirit. With this year marking the 35th anniversary of diplomatic relations between China and the European Union, the Chinese top diplomat said China and the EU have established "a comprehensive strategic partnership that is all-dimensional, wide-ranging and multi-tiered" and the changing world "has brought China-EU relations to a new historical starting point."

"To achieve a brighter future (of China-EU relations), we must manage our relations from a strategic and long-term perspective," Yang said. "We must respect each other, treat each other as equals, and accommodate each other's core interests and major concerns."

He also expressed the hope that Europe will see China "in a more objective and sensible light" and recognize that China's development is not a challenge but an opportunity.

"We do not expect China and Europe to see eye to eye on each and every issue, and we need not be afraid of our differences," he added.

"As long as we both embrace an open and inclusive spirit, we will have more consensus than differences and more mutual benefits than frictions, and cooperation will be the defining theme of China-EU relations," Yang said.

As to the host country of the security conference, Yang said " China-Germany ties have maintained dynamic growth."

"In the face of the complex international situation and various grave challenges, China and Germany must bear in mind the larger and long-term interests and further enhance mutual trust and cooperation," he said, adding that China is ready to join Germany "in a common effort to elevate our partnership of global responsibility to a higher level."

It was the first appearance of a Chinese foreign minister in the Munich Security Conference's 46-year history.

- Chinese FM sees "new opportunity" to restart six-party talks (6th February)

The Chinese Foreign Minister Yang Jiechi said Friday that there was now new opportunity to restart the six-party talks that aims to resolve the Korean Peninsula nuclear issue through dialogue and diplomacy.

Yang said in his first speech at the Munich Security Conference that "tension surrounding this issue has recently eased to a certain extent, and there is now a new opportunity to restart the six-party talks and push forward the denuclearization process," he said.

"We must find a peaceful solution to this issue through dialogue and consultation and by political and diplomatic means. This is the only right choice, a choice which serves the common interests of all parties," he said.

He said that "China will work tirelessly with other parties concerned and the international community as a whole for the denuclearization of the peninsula, the normalization of relations between relevant countries and the achievement of enduring peace and stability in Northeast Asia."

- China calls for int'l efforts to push Sudan issue settlement (6th February)

China said Friday it would like to work with the international community to strive for proper settlement of the Sudan issue, with the precondition of ensuring peace and stability in the country.

Foreign Ministry spokesman Ma Zhaoxu made the remarks when asked to comment on the decision by the appeals chamber of the International Criminal Court (ICC) which ordered a review of dropping genocide charges against Sudanese President Omar al-Bashir.

"We do not expect such a move to further complicate the settlement of the Darfur issue and the peace between the North and South (of Sudan)," Ma said in a statement.

"Such a move might disturb or even damage the cooperative atmosphere between concerned sides," he said.

The ICC appeals chamber judges on Wednesday ordered the ICC pre-trial judges to reconsider their decision not to charge al-Bashir with genocide, an allegation brought against him since 2008.

Ma said, since then, China, along with some African and Arabic developing countries, as well as regional organizations such as the Africa Union and the League of Arab States, have clearly expressed their deep concern.

Currently, the situation in Sudan is at a "complex, sensitive and critical" stage as the largest African country is to hold general elections in April and a referendum on self-determination for south Sudan is slated for January 2011, Ma said.

"Concerned sides are also trying to pushing forward the Doha peace talks," Ma said.

On March 3, 2009, the ICC pre-trial court issued an arrest warrant against al-Bashir accusing him of war crimes and crimes against humanity.

However, the ICC pre-trial chamber found there was insufficient evidence to charge al-Bashir with genocide, which pushed the ICC prosecutor Luis Moreno-Ocampo to appeal the decision on July 6, 2009.

The Sudanese government rejects all ICC decisions and declared that it would not cooperate with the court because it did not have the jurisdiction allowing it to try Sudanese nationals outside the Sudanese territories.

Economic front

- BoCom report: China to enter upward growth period in 2010 (31st January)

The Bank of Communications (BoCom) said on Saturday that China would enter a new round of upward economic growth cycle in 2010.

But the lender warned the country to watch out assets bubbles, inflation risks and accelerated inflow of international capital in 2010, said a report issued by China's fifth largest bank in terms of assets.

China's GDP growth was expected to top 10.4 percent in 2010 with sharp growth rate in the first half and relatively slow growth rate in the second half, according to the report.

The economy would be boosted by inborn driving powers including stepped up urbanization and quick and stable development in real estate and automobile sectors, said BoCom chief economist Lian Ping.

China would not experience obvious inflation despite slight consumer prices pickups, according to the report.

China had experienced an upward growth cycle from 2003 to 2007, the first one in the century, before a correction during the global financial crisis from 2008 to 2009, Lian said.

This is the fourth year for the lender to issue forecast on Chinese macro-economy.

- China will be biggest contributor to US, says Asia CEO of Standard Chartered (31st January)

"China is a core pillar market for us and China will be the biggest contributor to US for the long term, " said Jaspal Bindra, Asian chief executive officer of British bank Standard Chartered.

The 150-year-old Standard Chartered has remained on a growth path through the entire crisis largely because its majority business is based in Asia, especially China, Bindra told Xinhua in an exclusive interview on the sidelines of the annual meeting of the World Economic Forum in Davos, Switzerland.

What this financial crisis has created is the market in the most populous spots in the world, he said.

"What we do realize is that there is going to be an increased focus on Asia because the rest of the world is slowing down while emerging markets are growing quickly," he said.

"Asia is a key part of the bank and we don't shy away from making huge investments in China. For countries like China and India, we have no cap on investments."

Now the bank is one of the first three foreign banks with a license to do underwriting of bonds in the Chinese market. From his standpoint of view, China's ambition of making Shanghai a big financial center in the world and making RMB (yuan) as the global reserve currency is helpful for foreign banks to expand its business in the country.

For this end, China will liberalize its capital market at a reasonably fast pace, said Bindra.

As for the prospects of foreign banks' listing in China's A-share market, he said once that is possible, "we will be very keen to list but I think it is a little bit further away."

A common sense has been reached at the Davos meeting that the recovery is led by emerging markets.

First, there is a renewed confidence now in Asia, he said. Many people used to think that if the Western economies struggled then the emerging markets would collapse, but this has not happened, he added.

Secondly, unlike in the past when Asian economies and other emerging economies learnt from the West in terms of economics, financial management, banking, and industrial sector, now "they have the confidence to say maybe we should do it our way," said Bindra.

As for Western economies, Bindra said they are now still weak in recovery, but they will have a revival over a long term.

According to him, the fundamental difference between the Western economies and Eastern ones is the different balance sheets of the government, corporate and individual.

In the United States and Europe, governments are in huge debt and companies are highly leveraged including the banking system itself and individuals are living on zero-saving, he explained.

- Chinese vice premier calls for better use of economic census results (31st January)
Chinese Vice Premier Li Keqiang has affirmed achievements made in the second national economic census and urged delicate research and application of the results for better economic growth.

Li made the remarks in a congratulatory letter sent to a meeting, which was held this weekend to commend those who had made outstanding contributions to the massive survey starting from 2008.

The second national economic survey was a key investigation project on China's national conditions and strength and also a groundwork for scientific management and policy-

making,

Li

said.

Li extended congratulations to groups and individuals who were commended. He said departments and census workers had worked hard in a creative way to achieve solid and accurate basic data and ensure the success of the census.

China started its second national economic census in October 2008. Policy-makers would use the results, published more than one month ago, to form the basis of the social and economic development blueprint for the 12th Five-Year Plan (2011-2015).

The National Bureau of Statistics started economic census in 2004, and it is conducted every five years.

- China shares close lower Monday on new PMI data (1st February)

Chinese equities closed lower Monday on the latest manufacturing sector figures, led by iron and steel and brokerage large-cap shares.

The Purchasing Managers' Index (PMI) of China's manufacturing sector stood at 55.8 percent in January, down 0.8 percentage points from the previous month, the China Federation of Logistics and Purchasing said on Monday.

"This shows that it still takes time for the economy to stabilize and see a full-fledged recovery," Zhang Yunpeng, an analyst with Beijing-based Huarong Securities, told Xinhua Monday.

The benchmark Shanghai Composite Index shed 1.6 percent, or 47.93 points, to close at 2,941.36 points.

The Shenzhen Component Index edged down 1.22 percent, or 148.1 points, to close at 11,989.11 points.

Losers outnumbered gainers by 588 to 295 in Shanghai and 610 to 247 in Shenzhen.

China Unicom, the country's second largest telecom operator, lost 4.13 percent to 6.74 yuan (99 U.S. cents). The company said Saturday that its net profit might have dropped by more than 50 percent in 2009, as the one-time gain from the sale of a mobile business laid a higher comparison basis for 2008.

- Investment contributes over 90% to China's GDP growth: NBS (2nd February)

Investment accounted for 92.3 percent of China's Gross Domestic Product (GDP) growth in 2009, National Bureau of Statistics (NBS) announced Tuesday.

Of the GDP growth of 8.7 percent last year, investment growth contributed 8 percentage points, said a statement on the NBS website.

Consumption contributed 4.6 percentage points, or 52.5 percent, of last year's GDP growth, while net exports dragged down GDP growth by 3.9 percentage points, or 44.8 percent, said the statement.

China's investment on fixed assets totalled 22.48 trillion yuan (3.3 trillion U.S. dollars) in 2009, up 30.1 percent year on year, and retail sales in 2009 rose by 16.9 percent year on year to hit 12.53 trillion yuan.

Total foreign trade value in 2009 dropped to 2.21 trillion U.S. dollars, down 13.9 percent year on year, and the trade surplus fell 34.2 percent to 196.1 billion U.S. dollars, according to the NBS.

In 2007, investment contributed 4.3 percentage points to GDP growth, and the figures for consumption and net exports were 4.4 and 2.7 percentage points respectively, according to NBS.

The NBS does not provide statistics for 2008, as GDP growth in 2008 was revised last month.

Investment, consumption and net exports are three factors on which GDP is calculated. China's GDP totalled 33.53 trillion yuan (4.91 trillion U.S. dollars) in 2009.

- Huatai hopes to enliven China's IPOs (2nd February)

Huatai Securities, a mid-ranking Chinese brokerage, will launch what is expected to be the mainland's biggest initial public offering this year.

The company hopes to raise more than Rmb20bn (\$2.93bn), in spite of downward pressure on IPO pricing from government regulators and increasingly wary investors.

The news comes as the Shanghai market continues to demonstrate a tepid response to new issues. On Tuesday, [China Erzhong Heavy Industries](#)' fell below its issue price on its debut – the second time in a week and only the second time in over five years that a new issue recorded such a poor performance.

News of more big listings in the pipeline could also further depress IPO performance, analysts said. [China Merchants Bank](#) said on Tuesday it had won regulatory approval to raise up to Rmb22bn in a rights issue, according to a statement published in the official Shanghai Securities News.

An official of the government securities regulator last week criticised the high pricing of recent IPOs. The China Securities Regulatory Commission is understood to be working on [reforms to IPO pricing](#) and could temporarily halt new issues while those reforms are put into practice.

The timing of Huatai's IPO appears to have been driven by expected reforms in the mainland markets, which will boost the profitability of Chinese brokerages.

Margin trading and short selling, which will considerably increase the business of mainland brokerages, are expected to be launched within months and trading of stock index futures is also envisaged soon.

Song Jian, a Beijing-based analyst with China Minzu Securities, said the IPO was “a good opportunity for Huatai because otherwise it may lag behind its rivals,” even though a series of weak IPO debuts recently will mean the brokerage cannot command a high valuation.

Peng Yunliang of Shanghai Securities said the flotation could risk dropping below its IPO price if too highly priced.

He said he believed stocks in China's securities industry were overvalued because of the quick development of the industry and the imminent commencement of margin trading and short selling.

Chinese securities houses have already raised Rmb35bn from share offerings last year to build up funds to make the most of financial reforms and to expand at home and abroad.

Huatai would be compelled to price the issue realistically in light of recent market reaction, analysts said, noting recent first-day flops. China Erzhong fell to close at Rmb8.15, down 4.1 per cent from its Rmb8.50 IPO price. Last week China XD Electric became the first new issue in over five years to fall below its issue price in first-day trading.

China State Construction Engineering, one of last year's largest IPOs, fell 0.7 per cent to Rmb4.19, just marginally above its issue price.

<http://www.ft.com/cms/s/0/e9a44f3e-0ff8-11df-b278-00144feab49a.html>

- China's local governments land sale revenue close to 233 bln USD in 2009 on property mkt surge (2nd February)

Land sale revenues for China's local governments rose more than 60 percent in 2009 as the country's property market surged, figures from the Ministry of Land Resource revealed Tuesday.

Local governments generated 1.59 trillion yuan (233 billion U.S. dollars) from the sale of 209,000 hectares of land in 2009. Of that, 103,000 hectares was sold to real estate developers, up 36.7 percent year on year.

Land sale revenues for property development hit 1.34 trillion yuan, accounting for 84 percent of the total.

China's property market rebound began in the second quarter of 2009 when average housing prices soared 23.5 percent from the previous year, according to data from the National Bureau of Statistics (NBS).

Housing prices in China's 70 large and medium-sized cities rose 7.8 percent in December 2009 from a year earlier, the fastest increase in 18 months, according to the NBS.

Analysts, including Bao Zonghua, former chief of the Ministry of Housing and Urban-Rural Development Policy Research Center, told Xinhua in an interview in January that under the current distribution regime, land sale revenues go to local governments, giving them an incentive to sell land to commercial housing developers and to shy away from reining in housing prices.

- China officials unimpressed by Obama yuan pressure (3rd February)

Chinese officials reacted coolly on Thursday to a vow by President U.S. Barack Obama to get much tougher with China over the yuan's exchange rate, which Washington believes is artificially undervalued.

The government had no immediate official comment, but Li Jian, a researcher with a think tank under the Ministry of Commerce, said Beijing was unlikely to change its currency policy in response to pressure from Washington.

"Even if China wants to adjust its exchange rate, it is nearly impossible for Beijing to meet the demands of the U.S. -- this is China's own business," Li told Reuters.

He said the yuan rate would be relatively stable in 2010.

"There won't be any sudden or major yuan appreciation," Li said. "When it comes to the exchange rate, China's main consideration is China's own stable economic growth and the structural adjustment of its economy. Foreign pressure is only a secondary consideration."

"One of the challenges that we've got to address internationally is currency rates and how they match up to make sure that our goods are not artificially inflated in price and their goods are artificially deflated in price." Obama told a meeting with Senate Democrats on Wednesday. [ID:nTOE61205X]

Zuo Chuanchang, a researcher with the Academy of Macroeconomic Research, a think-tank under the National Development and Reform Commission, said Obama's tough talk

was meant to appeal to his domestic audience rather than to seriously put pressure on Beijing.

"It's a political show, and it does really mean too much," Zuo said, expressing a personal view not that of the NDRC, China's main planning agency.

Like Li, he said exchange rate policy was a "sovereign issue" and China would not bow to foreign pressure.

"Yes, we can make some promises over some international issues, but you can't force China to do things," Zuo said.

SLOWLY, SLOWLY

China revalued the yuan by 2.1 percent against the dollar in July 2005 and let it rise a further 19 percent over the following three years. But it froze the currency's appreciation in July 2008 to help its exporters weather the global economic crisis.

Most market economists do expect China to let the yuan start climbing gently again sometime this year, now that year-on-year export growth has resumed, the overall economy is expanding at a double-digit pace and inflation is rising.

A stronger exchange rate would dampen inflation and encourage businesses to produce for the domestic market, not for export.

But markets are not counting on a brisk rise.

"Previous tough comments on the yuan from the U.S. administration have typically led nowhere," said a U.S. bank dealer in Shanghai. "The market is not sure the latest comments by Obama will really lead to a tougher U.S. stance on the yuan."

Offshore one-year dollar/yuan non-deliverable forwards (NDFs) CNY1YNDFOR=, a rough gauge of market sentiment, on Thursday implied a 2.8 percent rise in the yuan over the next 12 months, slightly less than on Wednesday. The yuan's spot exchange rate, which is tightly controlled by the central bank, was nearly flat.

"China is unlikely to make significant concessions to U.S. pressure on the yuan, particularly now when the two countries are involved in a range of disputes, including U.S. arms sales to Taiwan," said a Chinese state-owned bank dealer in Beijing.

"If the United States takes a tougher line on yuan, it may prove to be counterproductive," the dealer said.

"RIDICULOUS"

In a comment in the People's Daily, the ruling Communist Party's mouthpiece, Fang Ming, an analyst with Bank of China, said demands for a stronger yuan ignored the quite considerable rise in the exchange rate since 2005.

"Some state leaders and famous economists are still joining the chorus calling for the yuan to appreciate. It really is ridiculous," Fang said.

He reiterated Beijing's official line that China had already made a big contribution to the global economy through prompt measures to pump up its own growth.

While playing down Obama's chances of persuading China to let the yuan rise, government researchers minimised the risk of a crisis in relations over the issue.

Two-way trade ties would continue to flourish, said Li with the Ministry of Commerce.

"Both China and the U.S. can benefit greatly from bilateral trade, and that's still the mainstream view on both sides," he said.

Zuo with the NDRC agreed that a row over the yuan would not lead to anything like a trade war. "It's very normal to see some disputes between China and the United States, but this doesn't mean there will be a bust-up," he said.

<http://www.reuters.com/article/idUSTOE61303O20100204?type=usDollarRpt>

- UPDATE 1-Senator urges Obama call China currency manipulator (3rd February)
President Barack Obama should formally label China a currency manipulator to get Beijing's attention that it needs to raise the value of its yuan, a top U.S. senator said on Wednesday.

"China is a big beneficiary of international trade, yet it fails to allow its currency to float freely," Senator Charles Grassley, an Iowa Republican, said in a statement, noting he had criticized former President George W. Bush for repeatedly deciding not to label Beijing a currency manipulator.

"President Obama has the opportunity to change course. His administration can label China a currency manipulator in its upcoming biannual report ... Maybe that will finally get China's attention and lead to a more level playing field for U.S. exporters," Grassley said.

U.S. manufacturers complain that China's undervalued currency effectively subsidizes Chinese exports and inflates the price of foreign goods in China's market.

The U.S. Treasury Department is required by law by every six months to determine whether any country is manipulating its currency to gain an unfair trade advantage.

Obama criticized Bush for failing to label China as a currency manipulator but so far has decided twice against doing that himself. The next report is due in mid-April.

"I gave this administration's diplomatic efforts the benefit of the doubt, but so far the Strategic and Economic Dialogue with China hasn't produced results," Grassley said.

In a meeting with Democratic senators on Wednesday, Obama acknowledged concerns about China's exchange rate policies.

"One of the challenges that we've got to address internationally is currency rates and how they match up to make sure that our goods are not artificially inflated in price and their goods are artificially deflated in price. That puts us at a huge competitive disadvantage," Obama said.

A senior Treasury official told reporters on Wednesday he expected G7 finance ministers to discuss China's currency practices when they met this weekend in Canada.

http://www.reuters.com/article/idUSN0347926320100203?loomia_ow=t0:s0:a49:g43:r2:c0.106667:b30238902:z0

- China vows more efforts to raise awareness of IPR protection (3rd February)
Chinese intellectual property rights (IPR) authorities Wednesday vowed "all-round" efforts to help domestic companies raise awareness of IPR protection in the wake of increasing exchanges with foreign businesses and disputes arising from them.

Yin Xintian, spokesman of the State Intellectual Property Office, made the pledge when answering a question related to a lawsuit between British electric kettle manufacturer Strix and two Chinese companies, at a press conference on the amendment to the implementation rules of the Patent Law.

"The awareness includes both respecting others' IPR and protecting our own," he said.

On Monday, Strix announced it had won a lawsuit in which it accused the two companies of copying its patented technology that could automatically switch off electric kettles after the water reaches boiling point.

The Beijing Intermediate People's Court ruled that Zhejiang Jiatai Electrical Appliance Manufacturing pay 7.1 million yuan (1.04 million U.S. dollars) in damages and Leqing Fada Electrical Appliance 2 million yuan.

Strix chief executive Paul Hussey said the ruling reflected the importance China's judicial system attached to IPR protection.

He was quoted in the Financial Times as saying the company had "increasing faith in China's legal system."

Yin said the lawsuit was one of a rising number of similar cases on IPR infringement concerning foreign companies in China.

He admitted there was still a gap between China and developed countries in terms of public awareness of IPR protection, which needed "long-term efforts" to improve.

China amended the implementation rules of its Patent Law and put it into force on Monday. It was intended to be in line with the latest amendment to the Patent Law, which took effect on Oct. 1, 2009.

A major revision on the implementation rules was allowing inventions completed in China to apply for foreign patents before obtaining a domestic one, but requiring them to go through government scrutiny to decide if they should be national secrets.

It was considered a move to encourage innovation and improve international competitiveness as, previously, the Patent Law stipulated that inventions that were completed in China must apply for domestic patents first before applying for a foreign one.

Other revisions included an explicit definition of "genetic resources" and the range of applications for "compulsory licensing."

China's Patent Law has gone through three revisions since it was enacted in 1985.

- President Hu says faster economic adjustment "brooks no delay" (3rd February)

Chinese President Hu Jintao Wednesday called for the whole nation's efforts to accelerate the adjustment of economic development pattern to promote sound and fast economic and social development.

"The transformation of economic development mode brooks no delay based on a comprehensive judgement on international and domestic economic situation," Hu said at an opening ceremony of a seminar attended by provincial and ministerial-level officials.

The key for the transformation was to achieve it "at an accelerated speed" and with practical effects, he said.

Hu urged the country to enhance its capacity of independent innovation, deepen reform of the system for managing science and technology, and speed up its building of a "grand" pool of innovation-oriented talents in a bid to give scientific and technological support for the transformation.

To achieve the end, the country should speed up optimizing the economic structure and industrial upgrading, and the transformation of development mode of the agriculture sector, he said.

Hu also urged to improve energy, resources, ecological and environmental conservation and enhance China's capacity for sustainable development.

Other major tasks listed by Hu to accelerate economic adjustment include balancing economic and social development, promoting development of the cultural industry, and adjusting the development mode of foreign trade.

Last year was the most difficult for China's economic development since the new century, but the country's economy managed to achieve an overall recovering trend after the government carried out proper measures, he said.

China's gross domestic product grew 8.7 percent in 2009, according to the National Bureau of Statistics (NBS).

However, Hu said the basis for the recovery was still unstable at present, and the international economic situation in the post-crisis era was more complicated.

"On the surface, the global financial crisis impacted on the speed of China's economic growth, but in essence it was the economic growth pattern that was worst hit," Hu said.

The adjustment of development mode would help to improve the country's economic development quality and efficiency, the economy's international competitiveness and anti-risk capability, and to expand the space for China's development, he said.

Hu admitted the adjustment would be a prolonged and arduous war, but said the work could be pushed forward by unwaveringly deepening reform in various sectors.

Hu said, the 17th National Congress of the Communist Party of China (CPC) in 2007, put forward the call for accelerating the transformation of the country's economic development mode.

The strategic tasks for the adjustment were to promote economic growth to shift from relying mainly on investment and exports to relying on a well-coordinated combination of consumption, investment and exports; from secondary industry serving as the major driving force to primary, secondary and tertiary industries jointly driving economic growth, and from relying heavily on increased consumption of material resources to relying mainly on advances in science and technology, improvement in the quality of the workforce and innovation in management, Hu said.

Senior Chinese leaders Wu Bangguo, Wen Jiabao, Jia Qinglin, Li Changchun, Xi Jinping, Li Keqiang, He Guoqiang and Zhou Yongkang were present at Wednesday's opening ceremony of the seminar at the CPC Central Committee's Party School.

- Yuan is becoming a strong regional currency: Russian official (4th February)

Russian Deputy Finance Minister Dmitry Pankin told Xinhua on Wednesday the Chinese yuan was becoming a strong regional currency.

Pankin said at the Russian Forum 2010 the increasing use of the yuan in international trade settlement "is a natural course."

Russia was closely watching the use of the yuan in Chinese Hong Kong, he added, as well as its future prospects.

The deputy minister did not exclude the possibility that Russia and China would use their domestic currencies in settling bilateral energy deals.

Pankin also hoped the ruble could further consolidate its status as the settlement currency in the Commonwealth of Independent States and eastern Europe.

- Factbox: China, U.S. spar over value of the yuan (4th February)

Sino-U.S. relations are already troubled by Washington's planned arms sales to Taiwan, a likely meeting between Obama and exiled Tibetan spiritual leader the Dalai Lama, and a spat over Internet freedoms.

Here are some facts about the main points of contention over the yuan:

* The United States complains that China keeps its currency artificially undervalued, thus unfairly helping exporters.

China has held the yuan in a de facto peg to the dollar since the worsening of the global financial crisis in mid-2008, meaning its currency has weakened against those of other trade partners as the value of the dollar has slid over the past year.

* China has repeatedly said that its currency policy has been an important source of stability during a period of international financial turmoil, benefiting both the Chinese and global economic recovery.

* During the most intense phase of the financial crisis, from September 2008 to March 2009, the dollar peg actually meant that the yuan appreciated strongly against virtually all other currencies in the world.

* Obama, during a visit to China last November, urged the country to let the yuan rise in value, but Chinese President Hu Jintao avoided mentioning either the yuan or the dollar during a joint appearance before the press.

* It's not only the United States pressing China on the yuan. Top European officials have asked China to let the yuan resume its rise. The International Monetary Fund and some large developing countries, including Brazil and India, have also urged Beijing to get a move on.

* Concern about an overheating economy was the catalyst for Beijing's landmark yuan reform in July 2005, when the central bank revalued the yuan by 2.1 percent, breaking a decade-long dollar peg. It let the yuan rise by a further 19 percent over the next three years before freezing it in place again in mid-2008 when the financial crisis began to hit Chinese exports.

* Analysts polled by Reuters and investors in the key offshore non-deliverable forward market expect the yuan to resume appreciation in the next 12 months, gaining about 3 percent. The main driver is expected to be domestic concerns about rising inflation, not foreign pressure.

* Yuan weakness is far from the only reason for China's massive trade surplus with the United States. Economists often describe China's surplus as structural, referring to the country's cheap capital and over-investment, which generate excess production that is cleared through exports.

The implication is that deeper reforms to China's economy such as building up a social safety net, and not just yuan appreciation, are necessary to stimulate domestic demand and rein in its yawning trade surplus.

http://www.reuters.com/article/idUSTRE6130JN20100204?loomia_ow=t0:s0:a49:g43:r1:c0.146667:b30238902:z0

- EU defends measures against Chinese shoe imports (4th February)

EU anti-dumping duties taken against imports of Chinese footwear are not protectionist and are in line with World Trade Organisation rules, the trade bloc said on Thursday.

"The decision to impose measures was taken on the basis of clear evidence that dumping of Chinese products has taken place and that this is harming the otherwise competitive EU industry," acting trade spokesman John Clancy said in a statement in response to news that China had requested formal consultations over the measures, the first step in a WTO dispute.

<http://www.reuters.com/article/hotStocksNews/idUSWLB680520100204>

- China says RMB exchange rate "reasonable", dismisses U.S. criticism over trade (4th February)

China on Thursday dismissed the latest U.S. criticism on its trade surplus, saying its currency exchange rate is close to a reasonable level.

"We expect the United States to take a rational view of bilateral trade issues and to adhere to equality in negotiation. Accusations and pressure will not bring solutions," Foreign Ministry spokesman Ma Zhaoxu said at a regular briefing.

Ma's comments came a day after U.S. President Barack Obama said his administration will "get much tougher about enforcement" of trade rules in its dealing with China. Obama said his administration will put "constant pressure on China" to liberalize its capital account and appreciate the currency.

"Our currency, the RMB, has appreciated more than 20 percent against the U.S. dollar since July 2005, when China moved to a floating exchange rate regime," Ma said. Before 2005, the RMB was pegged to the U.S. dollar at a fixed rate.

"The RMB exchange rate has drawn close to a reasonable and balanced level, given the international balance of payments and the market supply and demand for foreign exchange," Ma said.

Ma dismissed the notion the RMB exchange rate is the major cause of the U.S. trade deficit.

"China has never attempted to seek a trade surplus," Ma said, adding that China-U.S. trade cooperation is mutually beneficial.

SANCTION ON U.S. ARMS FIRMS "REASONABLE"

In response to questions regarding Washington's latest arms sales to Taiwan, Ma said China's decision to impose sanctions on U.S. arms firms is reasonable and reflected China's stance.

China has repeatedly opposed the nearly 6.4 billion-U.S.-dollar arms sale program to Taiwan. It decided to suspend military programs and security talks with the United States in response to the Pentagon's announcement last Friday it would sell an arms package including Patriot missiles, Black Hawk helicopters and minesweepers to Taiwan.

"Some U.S. companies are involved in the arms sale, and China will definitely put sanctions on them," Ma said, without specifying the possible punishment.

The potential targets of the sanctions include U.S. defense contractors Boeing, Sikorsky, Lockheed Martin and Raytheon.

Asked whether China-U.S. tension peaked over the arms sale and Obama's possible future meeting with the Dalai Lama, Ma said the United States should "take China's stance seriously and work with China on common goals."

For the past two days, Ma has warned the U.S. leader against meeting the Dalai Lama in any way.

"I want to reaffirm that sound China-U.S. relationship requires both nations' joint efforts. The key is respecting each other's core interests and concerns," Ma said.

Ma called on the United States to abide by the principles of the three joint communiques and the recent agreement reached by the two presidents to safeguard the overall bilateral relationship.

- Experts: U.S. Commerce Secretary Locke's allegation China creates "headaches" for U.S. firms groundless (4th February)

China remains one of the world's best investment destinations and there is no discrimination against foreign enterprises in China, experts said Wednesday.

Zhao Jinping, a researcher with the Development Research Center of the State Council, made the remarks after U.S. Commerce Secretary Gary Locke said China had created "headaches" for U.S. companies.

U.S. companies face too many obstacles doing business in China, Locke said in a speech to the U.S.-China Business Council's annual forecast conference on Jan. 28.

The fact is that foreign enterprises have been enjoying preferential policies for a long time, including tax cuts and easy land lease approval, according to Zhao.

"The foreign direct investment (FDI) China received dipped only 2 percent last year, compared with a drastic slide seen in other countries due to the global downturn. That proves China offers a favorable investment environment," Zhao said.

He also noted a new trend where an increasing number of foreign companies are expanding their presence in China - even amid the lingering effects of the global economic downturn - with more than 440 of the Fortune 500 companies expanding their businesses in China.

This trend is best embodied by U.S.-based Applied Materials, the world's largest supplier of manufacturing systems and related services to the global semiconductor industry.

The company last month posted its executive vice president, Mark Pinto, in Beijing, to enable closer contact with key customers, Pinto said in January.

In fact, Locke's comments come amid concern about the congressional mid-term elections to be held late fall, Robert Kuhn, an international investment banker and author of a series of books about China, said in an email.

"While needing to do more to reduce market access asymmetries, China is certainly open to foreign investment, much more than in the past and increasingly so in diverse industries," said Kuhn, whose latest book, "How China's Leaders Think," has been published in Chinese.

Locke also criticized a Chinese government plan to promote domestic innovation by giving preference to Chinese companies using indigenous intellectual property on bids for government procurement contracts.

"The criticism is unfair," said Zhang Yansheng, director of the Institute of Foreign Trade under the National Development and Reform Commission, on Wednesday.

Zhang pointed to the "Buy American" provisions in the Obama administration's American Recovery and Reinvestment Act unveiled in 2009, which requires the use of U.S.-made steel, iron and manufactured goods in public works projects and orders the Department of Homeland Security to purchase U.S.-manufactured textile and apparel goods.

"The U.S. is applying double standards. It's all right for it to favor domestic products but not for other countries. Actually, measures in favor of domestic products in government procurement projects are common in many countries," Zhao said.

In addition to the above-mentioned facts, China's adherence to its national strategy of reform and opening-up debunks Locke's assertions.

Absorbing foreign investment is part of China's basic national policy of opening-up, and China is committed to creating an open investment environment, said Ministry of Commerce spokesman Yao Jian on Monday.

China's support for free trade and open markets has been voiced repeatedly by Chinese leaders, with the latest statement coming from Chinese Vice Premier Li Keqiang himself at Davos last Friday.

China will continue to promote trade and investment liberalization and facilitation, and work for more open international markets, Li said at the World Economic Forum's annual meeting.

- China, Switzerland FTA talks kick off in Beijing (4th February)

China and Switzerland held their first study meeting on the feasibility of a Free Trade Area (FTA) in Beijing on Thursday, China's Ministry of Commerce (MOC) said in a statement on its website.

The meeting will continue until Friday, the department of international trade and economic affairs of the MOC told Xinhua.

According to MOC statistics, bilateral trade between China and Switzerland topped 11.3 billion U.S. dollars in 2008.

Although the two-way trade volume dropped slightly on account of the global economic downturn in 2009, the decline rate was small.

Official figures also show that Switzerland is China's ninth largest European trade partner, while China is Switzerland's fourth largest global trade partner.

- Record U.S. budget deficit renews China's concern about its dollar assets (4th February)

Chinese economists are again concerned about the value of the country's dollar-denominated assets after the U.S. government's budget plan unveiled Monday forecast a record deficit for 2010.

The economists are worried that, if the Congress approved the budget plan, the U.S. federal government will issue more bonds and print more money to finance the deficit, which may prompt dollar depreciation. Dollar depreciation erodes the value of China's holdings of dollar-denominated assets.

The same fears took hold almost one year ago when the U.S. government said it would issue up to 2.56 trillion U.S. dollars of treasury bond debt to stimulate the economy to get through the recession.

This time the budget deficit is larger. The Obama administration on Monday proposed a budget of 3.83 trillion U.S. dollars for fiscal year 2011 with a forecast deficit of 1.56 trillion U.S. dollars in 2010.

The planned fiscal deficit is 10.6 percent of gross domestic product (GDP) - up from a 9.9 percent share in 2009 - the largest deficit as measured against GDP since the second world war.

He Maochun, director of the Center for Economic Diplomacy Studies at Tsinghua University, said the deficit would be financed by those holding U.S. dollar-denominated assets with the main channel to transfer the risks caused by the deficit being the issuance of U.S. treasury bonds.

The U.S. is already in enormous debt, with Treasury data showing public debt topping 12 trillion U.S. dollars in November last year, the highest ever.

To pay for the deficit, the U.S. federal government will borrow 392 billion dollars in the January to March quarter of 2010, according to a Treasury Department statement released Monday. It will then issue 268 billion U.S. dollars of treasury bonds in the second quarter. Experts said the record deficit suggests the federal reserve will continue to flood more money into the market. The massive issuance of treasury bonds, the large fiscal deficit and the printing of the dollar will prompt further declines in the value of dollar, they said. In 2009, the greenback depreciated against major currencies by 8.5 percent, according to China's State Administration of Foreign Exchange (SAFE).

China is the biggest foreign holder of the U.S. government debt. As of the end of November last year, China held 789.6 billion U.S. dollars of U.S. treasury bonds. Moreover, more than 60 percent of China's 2.399 trillion U.S. dollar stockpile of foreign exchange reserves - the world's largest - is in dollars.

Cao Honghui, director of the Financial Market Research Office of the Chinese Academy of Social Sciences (CASS), a government think tank, said the massive U.S. deficit spending and near-zero interest rates would erode the value of U.S. bonds.

The U.S. government should not transfer the problems of enormous debt to other nations or regions that are creditors like China, he added.

The SAFE said in a statement in December 2009 that China would diversify its foreign exchange reserve holdings - both currencies and securities - to reduce risk.

Liu Yuhui, an economist with the CASS, said late last month China may scale back its purchases of U.S. debt on concern the dollar will decline.

China trimmed its holdings of U.S. government debt by 9.3 billion U.S. dollars in November last year - the biggest cut in five months - taking them down to 789.6 billion U.S. dollars.

Ding Zhijie, associate dean at the finance school at the University of International Business and Economics, said China had been securing its investment value by using its foreign exchange reserves for imports and acquisition in 2009.

"More reserves should be used for investment in materials and resources, which can reduce the risk," he said, adding that he expects the purchasing spree to continue this year. The deficit is expected to ease slightly to 1.3 trillion U.S. dollars in 2011, but that still represents 8.3 percent of 2011 GDP.

But Ding said it is necessary for the U.S. to keep its powerful fiscal stimulus policy in place, as the economic recovery is fragile and remains uncertain.

The U.S. economy shrank 2.4 percent in 2009, but the U.S. government is projecting GDP growth of 2.7 percent in 2010 and an unemployment rate average of 10 percent.

Zuo Xiaolei, chief economist at China Galaxy Securities, said the U.S. had no choice but to rely on massive government spending to ensure the economic recovery.

The budget deficit will pump money into the economy and generate jobs, which in turn will generate greater tax revenue that can help pay off the debt, Zuo said.

"But there is still a risk the policy will fail and that debt will grow beyond the government's ability to pay," in which case the entire global recovery will be threatened.

- Post-crisis era calls for tightened macroeconomic controls: Chinese economist (4th February)

China should pay special attention to macroeconomic controls as it headed into a new economic boom, a leading Chinese economist said here on Wednesday.

China's development in the post-crisis era should draw on experience from the past few years, Fan Gan, director of the National Economic Research Institute, told Xinhua while attending the Troika economic forum in Moscow.

Fan attributed China's quick recovery to its successful adjustment over the past several years. China implemented a series of macroeconomic controls, he said, referring to the decision to scale down growth by three to four percentage points to avoid economic bubbles.

One painful lesson from the global economic downturn is that macroeconomic controls should be carried out in boom years to prevent asset bubbles, Fan said.

"The United States forgot about the fact, while the strong economic rebound in China is because of the efforts we made when the economy was growing too fast," he said.

China would continue to halt asset bubbles and take cautious macroeconomic policies in the future, he said, adding "this is very important."

Fan stressed the necessity to stave off the danger of overheating. Developing countries were vulnerable to bubbles, but the problem would not be too serious as long as continued macroeconomic regulation was in place, he said.

The key was to take effective measures and conduct necessary reforms, he said. "I believe China is able to avoid big bubbles, and at least we should strive for this goal."

Fan also said China had a long way to go to reach the end of the transformation of economic development model, citing tough jobs such as cutting the high savings rate and boosting consumer spending.

"Structural changes in developing countries are a process of modernization and economic development," he said.

Touching upon Chinese enterprises' overseas expansion, Fan said those companies had made great efforts and achieved a lot but were still facing a daunting task to improve their competitiveness.

- Rio Tinto appoints new China chief to mend fences (5th February)

Mining giant Rio Tinto on Friday appointed Ian Bauert, who set up the company's first office in China more than 25 years ago and is fluent in Chinese, to head its operations in the country, aiming to improve relations with its largest customer.

"Ian's experience and leadership will provide strategic direction and help guide all aspects of our engagement with China, one of our most important partners," said Tom Albanese, Rio Tinto's Chief Executive Officer.

Albanese said he was deeply committed to developing relationship with China.

Bauert will be based in Shanghai and will lead Rio Tinto's 160-strong team of employees in Beijing, Shanghai and Guangzhou.

Before this, Bauert was head of iron ore sales and marketing. He set up the company's first office in China more than 25 years ago.

"The appointment recognizes the importance of China as a long-term partner with our organization and our intention to foster new and dynamic relationships as China's development continues," said Doug Ritchie, chief executive of Rio Tinto's Energy group.

Rio Tinto's business in China was hampered by the arrest of its Shanghai office staff member Stern Hu on charges of stealing state secrets and that Rio Tinto spurned a 19.5-billion-U.S.-dollar investment from Chinalco last year.

Headquartered in London and also has offices in Melbourne, Rio Tinto is the world's second-largest iron ore supplier. Its major asset was distributed in Australia and North America.

- China's fiscal revenue rises 55.8% in Dec. (5th February)

China's fiscal revenue for last December reached 508.4 billion yuan (74.45 billion U.S. dollars), up 55.8 percent year on year, the Ministry of Finance (MOF) announced Friday. Of the total, the central fiscal revenue topped 183.1 billion yuan, up 140 percent from December 2008, while local governments collected 325.3 billion yuan, up 30.2 percent, the MOF said in a statement on its official website.

The ministry attributed the robust revenue growth to a relatively low comparison basis in December 2008, surging consumption tax takes after the oil tax and fees reforms, and rising business tax boosted by a strong domestic property market.

Overall fiscal revenue last year topped 6.85 trillion yuan, up 11.7 percent from 2008, according to the statement.

Tax revenue rose 9.8 percent last year from 2008 to 5.95 trillion yuan. Consumption tax was up 85.3 percent, with business tax up 18.2 percent year on year.

Fiscal revenue in China includes taxes as well as administrative fees and other government income, such as fines and income from state-owned assets.

Meanwhile, fiscal expenditure nationwide grew 17.1 percent to 1.96 trillion yuan in December year on year.

Fiscal expenditure rose 21.2 percent to 7.59 trillion yuan in 2009 year on year.

- Chinese vice premier stresses economic structure adjustment (5TH February)

Chinese Vice Premier Li Keqiang Friday called for efforts to step up economic structure adjustment so as to guarantee the country's sustainable development.

Li made the remarks when addressing a seminar for provincial and ministerial level officials.

"China has entered a key period of time when adjusting economic structure is the only approach to advance the country's sustainable development," said Li.

To achieve the end, China should further promote domestic consumption, he said, emphasizing the important roles that employment and the social security net play in fuelling domestic demand.

Great potentialities to expand domestic demand lie in China's ongoing urbanization process which makes new room for the growing economy and market, according to the vice premier, who also stressed coordinated development between urban and rural areas.

He said upgrading industrial structure is a very important aspect of China's economy restructuring and called for efforts to develop modern agriculture, the service industry as well as technology innovation which he referred as the core to upgrade industry.

He also urged to improve energy, ecological and environmental conservation to accelerate the economic structure adjustment.

- Statistics of capital account in 2009 not comparable to 2008: SAFE (5th February)

Preliminary statistics which showed a surge in China's capital account and financial items surplus last year are not comparable to the statistics for 2008, the State Administration of Foreign Exchange (SAFE) said Monday.

The statistics released Friday showed China's capital account and financial items surplus rocketed 474 percent year-on-year to 109.1 billion U.S. dollars in 2009.

But SAFE could not deduct errors from the statistics for 2009 until more complete figures, like securities investment, were collected from other departments, Guan Tao, director of Balance of Payments Department at SAFE, said.

Since the statistics of capital account in 2008 were error-adjusted, the two years' statistics could not be compared with each other, he said.

Corrected statistics for the 2009 surplus will be released in April, he added.

But Guan did admit that capital influx, a major component of the capital account surplus, increased last year, attributing the rise to the return of Chinese banks' assets invested abroad before the financial crisis hit.

Moreover, the surge was also attributable to the increase of capital Chinese companies raised in foreign countries and more investment from qualified foreign institutional investors (QFII) last year.

The capital account, also known as the financial account, tracks the movement of capital for investment and loans into and out of a country.

- China to levy anti-dumping duties on U.S. chicken (5th February)

China's Ministry of Commerce (MOC) said Friday that it would impose initial anti-dumping measures on chicken imports from the United States.

The preliminary ruling required importers of chicken products from the United States to place deposits at Chinese customs starting from Feb. 13, according to a statement on the MOC website.

The statement said investigations showed the U.S. producers had dumped chicken products on the Chinese market, caused substantial damage to China's domestic industry.

The statement also listed dumping margins for chicken products from producers who responded to the anti-dumping investigations from 43.1 percent to 80.5 percent and for those who did not respond to the investigations at 105.4 percent.

The investigations were launched on Sept. 27, 2009.

- China's current account balance falls 35% in 2009 (5th February)

China's current account balance dropped 35 percent in 2009 to 284.1 billion U.S. dollars, preliminary data released by the State Administration of Foreign Exchange (SAFE) showed Friday.

According to SAFE, China recorded a goods trade surplus of 249.3 billion dollars, and a yearly deficit of 28.7 billion dollars on the trade in services.

In 2009, the country also posted surplus in income and current transfers at 28.7 billion dollars and 34.8 billion dollars, respectively.

The current account involves all transactions other than those in financial and capital items. The major classifications are goods and services, income and current transfers.

The foreign-exchange regulator also said China's capital and financial account surplus reached 109.1 billion dollars in 2009, with a net direct investment of 36.5 billion dollars.

The figures take account of errors and omissions.

SAFE said it would issue the final balance of payment report for 2009 in April this year. It was the first time since 2001 that China recorded a drop in its annual current account balance.

China has the world's largest foreign reserves, which totaled 2.4 trillion dollars by the end of 2009, an increase of 453.1 billion U.S. dollars from a year earlier, according to SAFE.

- Australian mining magnate secures coal export deal with China (6th February)

Queensland mining magnate Clive Palmer said Saturday his company has secured Australia's largest coal export deal with China.

The Resourcehouse chairman said the company had reached a 20-year agreement with one of China's largest power companies, China Power International Development, the flagship company of China Power Investment Corporation (CPI).

"This deal with CPI is Australia's biggest ever export contract," Palmer said in a statement.

"This is Australia's largest single, non-syndicated, finance deal and the interest from China highlights the strength of the project and the benefits for Queensland and Australia in developing a new world class coal region such as the Galilee Basin," he told reporters.

"There will be four underground mines and two open cut mines," he said.

Meanwhile, Queensland Premier Anna Bligh said there was some environmental red tape to negotiate before the project was approved but she did not expect any last-minute problems.

"It is world demand which is making it a commercial opportunity," Bligh said.

More than 100 million additional tons of coal could be exported every year from Queensland because of new projects under consideration by the state government.

Social front

- Policy paper promises more efforts for rural-urban integration (1st February)

China will put more investment, subsidies, fiscal and policy supports into rural areas this year so as to better coordinate urban and rural development, the central government said Sunday in its first policy document of the year.

"Working for coordinated development between urban and rural areas is the fundamental requirement of building a moderately prosperous society in an all-round way," said the document.

The document, jointly issued by the Central Committee of the Communist Party of China (CPC) and the State Council, or the Cabinet, promised to improve the livelihood of rural residents, which it said is one of the main tasks in China's efforts to adjust resident income distribution system.

Expanding rural demand should be the key measure in boosting domestic demand, it said, while developing modern agriculture should be considered as a major task in transforming China's economic growth pattern.

It called for more efforts to maintain grain production, increase of farmers' income and good development momentum in rural areas.

IMPROVING POLICY, STRENGTHENING FINANCIAL SUPPORT TO RURAL AREAS

The document said that the central government would continue to improve the policy system to empower and benefit farmers. The government would also continue boosting financial input into agriculture and rural areas.

The document stressed that budget expenditure should first support development of agriculture and rural areas, and fixed-asset investment first be channeled into agricultural-related infrastructure and projects in relation to rural livelihood.

The Agricultural Development Bank is required to offer mid- and long-term policy-based loan services to rural infrastructure and projects related to agricultural development, which Chen Xiwen, director of the Office of the Central Rural Work Leading Group, believed as a breakthrough in China's rural financial service.

"It means a great amount of fund will be channeled into agricultural development, which could fill the long-time policy gaps concerning mid- and long-term policy-based loans", Chen told Xinhua in an exclusive interview Sunday.

More subsidies should be channeled to increase the output of grain, potato, highland barley and peanut, as well as the purchase of agricultural machinery, the document said.

The government would implement more policies for purchasing and stockpiling major agricultural products, including corn, soybean and oilseeds, to stabilize prices of major farm produce.

More efforts will be made to strengthen financial services including micro-credit loans and insurance service in rural areas, according to the document.

It promised that basic banking services would be available in all villages and towns in the next three years.

It called for more efforts to develop township banks, loan-lending companies, and mutual funds in a bid to guide more capital flowing into the rural financial market.

The central government also demanded further expansion of rural consumption market as part of the country's accelerating measures to boost consumption.

MORE RESOURCES TO RURAL AREAS

In a bid to narrow the development gap between the urban and rural areas, the document said the central government would roll out more favorable policies to encourage inputs from various social forces to rural areas.

Enterprises which establish rural welfare foundations would enjoy tax breaks, with no more than 12 percent of their annual profits being deducted before calculation of enterprise income tax.

Large and medium-sized cities, and various sectors should give an impetus to rural areas' development, providing one-to-one support and participating in industrial development and infrastructure construction in rural areas, according to the document.

It also urged related departments to study favorable policies to guide more educational resources and scientific research institutions to tap into the country's vast rural regions.

To ease the chronic financing shortage in the rural areas, the government required financial institutions, including the Agricultural Bank of China, Rural Credit Cooperative, and Postal Savings Bank of China, to further increase agriculture-related credit loans. The Agricultural Development Bank of China was ordered to expand the supporting fields in agriculture, and give more long-term credit support to the infrastructure construction in rural areas.

URBANIZATION

Migrant workers can so far neither settle down in cities nor want to go back to the countryside, said Chen.

According to Chen, 60 percent of the 150 million migrant workers were born in the 80s or 90s of last century who are referred as the "new generation of migrant workers" by the document and are not familiar with farming but dying to be part of the city life.

The document listed new measures to integrate more farmers into urban life.

"Small and medium-sized cities and townships will be the focus of the country's urbanization plan," the document said.

The country will ease the restrictions over permanent residence permits in county seats and townships so that more rural residents can move in and enjoy the same rights and public service as original urban residents, the document said.

To attract more rural labors, the country will put more resources in economic growth at the county level, including preferential policies in land use, reform of government investment and taxation.

The country will encourage city governments to allow migrant workers, who have stable jobs and live in the cities for a certain period of time, to join in urban housing programs.

Migrant workers will also be included in the basic medical insurance and pension program in cities, the document said.

RIGHTS

The government will work hard to solve the problems that harm farmers' interests, such as in land expropriation, pollution and management of village assets, the document said.

An unblocked channel should be built to enable rural residents to express their requests and safeguard their rights and interests in a rational and legal way, it said.

In addition, the document also pledged to promote village democracy. Efforts should be made to regulate the election procedure of village committees and heads, introduce democratic decision-making, and promote transparency in village asset management.

- Senior leader urges to provide better cultural services to the blind (2nd February)

Li Changchun, a senior leader of the Communist Party of China (CPC), on Tuesday urged to provide the country's blind people with easier access to braille publications, textbooks and library services.

Li, a Standing Committee member of the Political Bureau of the CPC Central Committee, made the comment when inspecting the China Braille Publishing House in Beijing.

He said the CPC Central Committee attached great importance to the well-being of China's handicapped population, including the blind people.

He called for stepped-up efforts to provide the blind with better cultural products and services to satisfy their growing need.

- China pours money into cultural resources network building (2nd February)

Chinese central and local governments have poured money into the building of a national cultural information and resources sharing network, deemed as the base for the country's public cultural service system, the Ministry of Culture said Monday.

The central government has planned to invest 2.476 billion yuan (362.6 million U.S. dollars) in the project during the country's 11th five-year (2006-2010) plan, among which

2.07 billion yuan (303 million U.S. dollars) has been allocated so far, according to the ministry.

The total investment from local governments has reached 2.7 billion yuan (395 million U.S. dollars). One national service center has been established, along with 33 provincial-level centers and nearly 3,000 county-level branch centers, according to the ministry.

Initiated in 2002, the project was committed to digitizing domestic cultural resources and sharing them nationwide via Internet, satellite transmission and discs.

Vice Minister of Culture Zhou Heping said Monday that the project has made new progress as local governments kept innovating in ways of transmission.

The project has extended to a population of 50 million people, according to Zhou.

The ministry on Monday also launched a promotion scheme of county-level digital libraries, aiming at transmitting resources from the National Digital Library to nationwide county-level libraries via the cultural information and resources sharing network.

The plan would be implemented in 320 counties ahead of the two-week-away Spring Festival, while by the end of this year, a total of 2,940 counties across the country would have libraries with digital library services, the ministry said.

- A/H1N1 flu deaths down for four straight weeks in China (3rd February)

China reported 13 new deaths from A/H1N1 influenza last week as more than 74 million people have been vaccinated to stem the spread of the epidemic, the Ministry of Health said Wednesday.

The figure of reported deaths had been decreasing for four straight weeks, according to the weekly report posted on the website of the ministry.

The report said the country reported 620 A/H1N1 flu cases from Jan. 25 to 31, also a marked decline compared with the previous week, when 1,074 people were confirmed infected.

The ministry warned people of the risks of mass infection ahead of the upcoming Spring Festival, or the Chinese Lunar New Year, in February when Chinese people, mostly migrant workers and students, would travel back home for family reunions.

As of Jan. 31, China has reported 775 deaths from the A/H1N1 flu, according to the ministry.

- Chinese cabinet passes public hospital reform guideline (3rd February)

China has decided to start public hospital reform with pilot programs in selected cities or districts in each province, autonomous region and municipality, according to a cabinet guideline passed Wednesday.

The guideline on public hospital reform was discussed and approved by an executive meeting of the State Council chaired by Premier Wen Jiabao.

The public hospital reform is aimed to establish a reasonable, effective and optimized medical service system, and to fully motivate all medical workers to provide the public

with safe, effective, convenient and affordable medical services, according to a statement issued after the meeting.

It was stressed at the meeting that public hospitals must retain its orientation of serving public interests and giving top priority to people's health.

According to the statement, a coordination mechanism should be established between big public hospitals and grassroots medical service institutions so that they could cooperate with each other with proper division of labor.

The management system of public hospitals should also be reformed so that operation and supervision of the hospitals are conducted separately, it said.

The quality of public hospitals' medical services should be improved, whereas their incentive mechanism of income distribution should be perfected, the statement said.

Public hospitals should also gradually quit profiting from drugs and rely on medical service charges and government subsidies.

The guideline also encourages non-governmental sectors to invest in and set up non-profit hospitals.

- Chinese Premier stresses development of social undertakings (5th February)

Chinese Premier Wen Jiabao on Thursday urged to boost development of social undertakings and improvement of people's livelihoods while pushing forward the transformation of economic growth mode.

Speaking to a seminar for provincial and ministerial level officials presided over by Vice Premier Li Keqiang and attended by Vice President Xi Jinping, Wen said development of science, education and culture was key to the transformation of China's economic growth mode and its sustainable development.

He urged that plans should be made to forge a number of emerging strategic industries as the mainstay of China's economy as soon as possible, and that traditional industries should be upgraded with the latest technologies to enhance their efficiency and competitiveness.

He also called for stepped-up efforts in technological self-innovation, the creation and protection of intellectual properties.

Reforms in China's education system must also be carried forward so as to promote quality education and to give the schools more say in their operation, the Premier said.

Authorities must ensure free access to the nine-year compulsory education for all children, and to bridge the gap of imbalanced educational resources between urban and rural areas and between different regions and schools, Wen said.

Vocational education should also be improved, he added.

Noting that culture was an important factor in boosting the country's development and the revitalization of the nation, Wen said policies to support the development of cultural industries and innovations should be perfected.

In addition, he stressed that boosting employment should be given top priority in China's social and economic development.

Authorities should increase employment by maintaining stable and relatively fast economic growth, fueling the development of the service industry, labor and knowledge-intensive industries, and supporting the development of small and medium-sized enterprises and the non-public sectors, he said.

They should also provide more training for people having difficulties in finding jobs, Wen said.

The Premier also said the country's income distribution system should be perfected so that all 1.3 billion Chinese could enjoy the fruit of the country's reform and opening up drive.

Authorities should make special efforts to raise the payment for people with modest or low incomes in both urban and rural areas in the country, especially farmers and migrant workers, he said, adding that tax tools should be better employed to adjust the income distribution.

He also urged that the country's social security system should be perfected.

A nationwide social security network should be set up, and medical reforms should be deepened in the country to provide the public with easy and equal access to medical services.

The public should be fully motivated to contribute to the development of social undertakings, in order to improve the quality and efficiency of public services, Wen said.

- Chinese government urges to settle migrant workers' pay dispute (6th February)

The State Council of China Friday issued an urgent notice urging relevant departments and local authorities to settle pay disputes involving migrant workers as millions of them are heading home for lunar new year reunion.

The notice asked local governments and relevant departments to prioritize in their work the settlement of migrant workers' back pay dispute with their employers.

It underlined the construction industry where back pay disputes often happen.

It also ordered local governments to improve the emergency management system to respond to possible mass incidents caused by pay disputes.

Two migrant workers were stabbed to death by their employer over a pay dispute Wednesday in central China's Henan Province.

The two men asked for wages on behalf of 17 fellow workers and got into a fight with their labor contractor after being told that their monthly payment had been docked by over 100 yuan (about 14.6 U.S. dollars), and then were stabbed in the neck with a fruit knife by the contractor.

In China, millions of migrant workers from the countryside make their living in booming cities. Back pay to migrant workers has affected the income of the rural population for a long time and is considered a "chronic illness" undermining social stability.

Ethnic issues

- Study: Tibetans part of N China ethnic groups

Both Tibetan and Taiwan aboriginals are ethnic groups from north China's past, according to a study by the Genetics Society of China, people.com.cn cited Friday. The research collected millions of items of data from 68,000 people of China's 56 ethnic groups.

The study, conducted for more than 30 years about 56 ethnic groups in China, made China the first country to complete such a study in the world.

- Door for talks with Dalai Lama still open, national sovereignty non-negotiable: CPC official (1st February)

Chinese authorities said Monday that the door for contacts and talks remains open to the Dalai Lama, but no concessions would be made on issues concerning national sovereignty.

Du Qinglin, head of the United Front Work Department (UFWD) of the Communist Party of China (CPC) Central Committee, had met with Lodi Gyari and Kelsang Gyaltzen, private envoys of the Dalai Lama, in Beijing, said a statement from the department Monday. No exact date was given in the statement.

During the meeting, Du had pointed out that issues concerning China's territory and sovereignty were non-negotiable and no concessions would be made on those issues, the statement said.

Du said the so-called "Greater Tibet" and "high-level autonomy" violated China's Constitution and only if the Dalai Lama completely abandoned such claims, could there be a foundation for contacts and talks.

The contacts and talks would have no progress if the Dalai Lama side continued activities against China and refused to show basic respect and sincerity, said Du, also vice chairman of the National Committee of the Chinese People's Political Consultative Conference.

"Tibetan people cherish peace and stability. It is no use to cheat them and act against their will. The activities of infiltration and provocation, which are doomed to fail, will only create barriers for the talks and isolate the Dalai Lama and his followers," the statement quoted Du as saying.

The central government had been consistent and clear in policy concerning the Dalai Lama, Du said. "The door for contacts and talks is open, and the policy has not been changed so far."

If the Dalai Lama really hoped to make progress in contacts and talks and remedy relations with the central government, he should "respect history, conform with the times, clearly understand the reality, and cast aside illusions," Du said.

The Dalai Lama "should profoundly reflect on his words and deeds," Du said.

"To essentially rectify his position, he should match his actions with his words, and win the central government and the Chinese people's trust through actions," he said.

"It won't be a way out to seek 'Tibet independence' or 'independence in a disguised form' through violence or non-violence," he told the Dalai Lama's private envoys.

"Nor will it be a way out for them to seek internationalization of the so-called 'Tibet issue' or to give support to international anti-China forces," he said.

During the meeting, Du also outlined the achievements made by the Tibet Autonomous Region under the leadership of the CPC, according to the statement.

"There's no country or party in the world like our country and the CPC which, in more than a decade, pool the whole nation's strength to support the development of an ethnic region," he said.

"It is the CPC, the central government and local Tibetan governments who can represent the fundamental interests of all Tibetan people, and can ensure them a happy life," he said. The statement said UFWD Executive Vice Minister Zhu Weiqun, UFWD Vice Minister Sita and Vice Chairman of the Standing Committee of the Tibet regional People's

Congress Nyima Cering had held talks with Lodi Gyari and Kelsang Gyaltzen, the statement said, without giving a specific date.

The statement said the officials had reiterated during the talks that "the so-called 'Tibet government-in-exile' is utterly illegal."

"It can neither represent Tibet nor the Tibetan people."

The private envoys could talk only about the future of the Dalai Lama and people around him under the precondition of completely abandoning secessionist words or activities, the officials said.

"We hope the Dalai Lama can envisage reality, and get back on the track of patriotism," the statement quoted the officials as saying. "Only by doing so, can the Dalai Lama have a future."

The Dalai Lama's private envoys expressed their opinions on relevant issues.

- Over 40 Chinese foreign missions harassed by Dalai Lama followers last year: official (2nd February)

Some 10,000 followers of the Dalai Lama staged harassing and wrecking activities in front of more than 40 Chinese foreign missions last year, a Chinese official said Tuesday. Sita, vice minister of the United Front Work Department of the Communist Party of China (CPC) Central Committee, disclosed the figures at a press conference to brief media on the talks between central government officials and the Dalai Lama's private representatives last week.

- China says Tibet on its own path "with or without Dalai Lama" (2nd February)

Tibet will keep to its own path with or without the Dalai Lama, a Chinese official said Tuesday when responding to questions on what will become of the region after the Dalai Lama's death.

"Chinese people, including Tibetans, will decide the future of Tibet," said Zhu Weiqun, executive vice minister of the United Front Work Department of the Communist Party of China (CPC) Central Committee, at a press conference in Beijing.

Asked if the central government would find a solution to the Tibet issue more difficult after the Dalai Lama's death, Zhu replied, "It is not polite in China to talk about the possibility of a 75-year-old man passing away. We hope he can live a long life."

The central government hoped the Dalai Lama, 75, could settle the problems concerning his own prospects while still alive and would not pass away abroad, he said.

Officials with central authorities met with the Dalai Lama's private representatives, Lodi Gyari and Kelsang Gyaltzen, last week in China, more than a year after the Dalai Lama side declared an end to contacts and talks following a meeting in November 2008.

The Dalai Lama's private representatives were in China from Jan. 26 to 31, during which period Du Qinglin, vice chairman of the National Committee of the Chinese People's Political Consultative Conference, met with them. Zhu, UFWD Vice Minister Sita and Vice Chairman of the Standing Committee of the Tibet regional People's Congress Nyima Cering held talks with them.

The two sides had "sharply divided" views in the latest talks "as usual," Zhu said.

The central government wanted the Dalai Lama to abandon his stand to "split the motherland, cease separatist activities, openly admit that Tibet and Taiwan are

inalienable parts of China," and that the government of the People's Republic of China is the only legal government representing China, he said.

In a statement issued Monday, Du said the Dalai Lama should reflect on his own words and deeds and correct his political arguments.

Issues concerning China's territory and sovereignty were non-negotiable and no concessions would be made on those issues, Du said in the statement.

The so-called "Greater Tibet" and "high-level autonomy" violated China's Constitution and only if the Dalai Lama completely abandoned such claims, could there be a foundation for contacts and talks, he said.

Du said the Dalai Lama and his supporters should desist from activities against China and the activities of infiltration and provocation in Tibet.

However, the Dalai Lama's private representatives refused to "revise a single word" in the "Memorandum for All Tibetans to Enjoy Genuine Autonomy," which they presented at the previous talks, nor to make any concession, Zhu said.

Since the previous talks in November 2008, the Dalai Lama's followers continued to openly collude with separatist forces to attack the central government and the CPC, he said.

Some 10,000 followers of the Dalai Lama staged harassing and wrecking activities in front of more than 40 Chinese foreign missions last year.

With his frequent international activities to seek foreign support, the Dalai Lama "has already played the role of a troublemaker, which will make the Chinese people feel antipathy toward him and will create obstacles to contact and talks," he said.

When commenting on the possible meeting between U.S. President Barack Obama and the Dalai Lama, Zhu warned of serious damage to the political foundations for Sino-U.S. relations.

At another press conference Tuesday, Foreign Ministry Spokesman Ma Zhaoxu also expressed "strong" opposition against any meeting between foreign politicians and the Dalai Lama.

The Dalai Lama should realize that some foreign forces, which supported him, may not help him, but trap him, Zhu said.

"Since the armed rebellion in 1959, what did the Dalai Lama get except that he was pushed further and further away from the journey home?"

He suggested that his followers should ponder what they should do when the Dalai Lama departed this life.

Asked to comment on whether there would be an upsurge of violence and terrorist activities after the death of the Dalai Lama, Zhu said he believed most Tibetans living abroad loved peace and would like to contact their family and friends in Tibet and be engaged in Tibet's development.

It could not be ruled out that a few people would turn to violence, but history had showed that violence and terrorist activities would inevitably end in failure, he said.

The talks with the Dalai Lama's private representatives "had some upside" as they let both sides know exactly their differences and how wide the differences were, Zhu said.

The central government wanted to "give the Dalai Lama a chance to correct his mistakes" through such talks, he said.

- China rebuts Dalai Lama's claim as "legal representative" of Tibetans (2nd February)

A Chinese central government official Tuesday dismissed the Dalai Lama's claim as being "legal representative" of Tibetans.

"The Chinese government and the government of Tibet Autonomous Region under its leadership are the only representatives of Tibetans," Zhu Weiqun, executive vice minister of the United Front Work Department (UFW) of the Communist Party of China (CPC) Central Committee, said in a statement to media at a press conference.

Du Qinglin, vice chairman of the National Committee of the Chinese People's Political Consultative Conference, met with the Dalai Lama's private representatives, Lodi Gyari and Kelsang Gyaltzen, last week in Beijing. Other officials, including Zhu himself, held a whole day's talk with them.

At the talks, the Dalai Lama's private representatives refused to "revise a single word" in the Memorandum for All Tibetans to Enjoy Genuine Autonomy which they presented at the previous talk, nor make any concession, Zhu said.

They insisted that the Dalai Lama is "a legal representative of broad Tibetans" and would like to talk with the central government about "Tibet issue" and "the welfare of 6 million Tibetans," he said.

The former local government of Tibet, which launched an armed rebellion on March 10 of 1959, had been dismissed on March 28, 1959.

"The so-called 'Tibet government-in-exile' composed of those who defected to India and gathered there absolutely violates China's laws," Zhu said.

The private representatives "have no legal status to discuss with us the affairs about Tibet Autonomous Region," Zhu said. "They are only the Dalai Lama's private representatives, so they can only talk about the prospect of the Dalai Lama, at most, the prospects of a small party around him."

The talks were suspended for more than a year after the meeting in November 2008.

"The major reason lies in the fact that they (the Dalai Lama side) openly declared to cease the contacts and talks with the Central authorities," Zhu said.

He suggested that the Dalai Lama side correct their mistakes rather than repeat the contents in the Memorandum, which the central government had rebutted at the previous talks, and use tricks to "explain" it.

Source: Xinhua

- Door for talks with Dalai still open: CPC official (2nd February)

Chinese authorities said Monday that the door for contacts and talks remains open to the Dalai Lama, but no concessions would be made on issues concerning national sovereignty.

Du Qinglin, head of the United Front Work Department (UFWD) of the Communist Party of China (CPC) Central Committee, had met with Lodi Gyari and Kelsang Gyaltsen, private envoys of the Dalai Lama, in Beijing, said a statement from the department Monday. No exact date was given in the statement.

During the meeting, Du had pointed out that issues concerning China's territory and sovereignty were non-negotiable and no concessions would be made on those issues, the statement said.

Du said the so-called "Greater Tibet" and "high-level autonomy" violated China's Constitution and only if the Dalai Lama completely abandoned such claims, could there be a foundation for contacts and talks.

The contacts and talks would have no progress if the Dalai Lama side continued activities against China and refused to show basic respect and sincerity, said Du, also vice chairman of the National Committee of the Chinese People's Political Consultative Conference.

"Tibetan people cherish peace and stability. It is no use to cheat them and act against their will. The activities of infiltration and provocation, which are doomed to fail, will only create barriers for the talks and isolate the Dalai Lama and his followers," the statement quoted Du as saying.

The central government had been consistent and clear in policy concerning the Dalai Lama, Du said. "The door for contacts and talks is open, and the policy has not been changed so far."

If the Dalai Lama really hoped to make progress in contacts and talks and remedy relations with the central government, he should "respect history, conform with the times, clearly understand the reality, and cast aside illusions," Du said.

The Dalai Lama "should profoundly reflect on his words and deeds," Du said.

"To essentially rectify his position, he should match his actions with his words, and win the central government and the Chinese people's trust through actions," he said.

"It won't be a way out to seek 'Tibet independence' or 'independence in a disguised form' through violence or non-violence," he told the Dalai Lama's private envoys.

"Nor will it be a way out for them to seek internationalization of the so-called 'Tibet issue' or to give support to international anti-China forces," he said.

During the meeting, Du also outlined the achievements made by the Tibet Autonomous Region under the leadership of the CPC, according to the statement.

"There's no country or party in the world like our country and the CPC which, in more than a decade, pool the whole nation's strength to support the development of an ethnic region," he said.

"It is the CPC, the central government and local Tibetan governments who can represent the fundamental interests of all Tibetan people, and can ensure them a happy life," he said.

The statement said UFWD Executive Vice Minister Zhu Weiqun, UFWD Vice Minister Sita and Vice Chairman of the Standing Committee of the Tibet regional People's Congress Nyima Cering had held talks with Lodi Gyari and Kelsang Gyaltzen, the statement said, without giving a specific date.

The statement said the officials had reiterated during the talks that "the so-called 'Tibet government-in-exile' is utterly illegal."

"It can neither represent Tibet nor the Tibetan people."

The private envoys could talk only about the future of the Dalai Lama and people around him under the precondition of completely abandoning secessionist words or activities, the officials said.

"We hope the Dalai Lama can envisage reality, and get back on the track of patriotism," the statement quoted the officials as saying. "Only by doing so, can the Dalai Lama have a future."

The Dalai Lama's private envoys expressed their opinions on relevant issues.

Source: Xinhua

- Senior Chinese legislator stresses common prosperity of all ethnic groups (3rd February)

A senior Chinese legislator Wednesday called on all ethnic groups in the country to unite and work for the goal of common prosperity and progress.

Ismail Tiliwaldi, vice chairman of the Standing Committee of the National People's Congress, made the remarks at a party with more than 1,000 participants of various ethnic groups in celebration of the upcoming Spring Festival, or Chinese New Year, which falls on Feb. 14 this year.

Ismail Tiliwaldi said China would stick to its system of regional autonomy of ethnic minorities and would ensure the implementation of policies towards nationalities.

The country would enhance its legislation of regulations and laws concerning ethnic groups to better protect rights and interests of ethnic minority groups, he said.

The government would also make efforts to improve the livelihood of people from all ethnic groups so they can enjoy the achievements of the country's development, he said.

- China's top political advisor calls on Buddhists to contribute to social stability, ethnic unity (4th February)

China's top political advisor Jia Qinglin on Wednesday called on the country's Buddhists to contribute to ethnic unity, social stability and national unification.

Jia, chairman of the National Committee of the Chinese People's Political Consultative Conference, made the call when meeting with newly elected leaders of the Buddhist Association of China.

He urged the association to unite and lead Chinese Buddhists to safeguard China's ethnic unity, social stability and national unification, and work hard to contribute to the all-round construction of a well-off society.

Efforts should be made to cultivate more Buddhist talents and improve Buddhist education, said Jia, also member of the Standing Committee of the Political Bureau of the Communist Party of China (CPC) Central Committee.

Chuan Yin, who had headed the Beijing Buddhist Association, was elected as president of the Buddhist Association of China at the organization's eighth national conference Wednesday, while the 11th Panchen Lama was elected a vice president.

Environmental front

Regional report

North

Politics

Social front

Economic front

- Top political advisor addresses Beijing's economic, social development (31st February)

China's top political advisor Jia Qinglin Sunday urged Beijing to transform its economic development pattern and improve people's livelihood.

Beijing should foster more enterprises in high tech industry, build Zhongguancun, dubbed as China's "silicon valley", into an innovation hub with global influence, said Jia, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), during his inspection in Beijing on Saturday and Sunday.

Jia called on the Chinese capital to take positive steps to shape an eco-friendly and energy-saving industrial framework, growth pattern and consumption mode.

In addition, the city should spend more efforts in solving problems in people's daily life, including housing, traffic, education, health care and social security, he said.

Jia also met with local political advisors and representatives from all walks of life, calling on them to study major economic and social issues and contribute their talent to the scientific development and social harmony and stability.

- China's coal mining hub urged to adopt low-carbon technologies (31st January)

Chinese State Councilor Liu Yandong has urged northern Shanxi Province, China's main coal mining hub, to adopt low-carbon technologies.

Liu made the remarks during a recent investigation and study tour to Shanxi.

The province should make more efforts in developing environment-friendly and energy-efficient technologies in coal industry, such as technologies of coal liquefaction and gasification, Liu said.

Shanxi should apply more low-carbon technologies in industrial sector, infrastructure and transport service, she said.

Liu said the province could also develop clean energy technologies such as solar and wind power generation, while promoting the development of energy-saving and new energy vehicles.

Through the smooth application of low-carbon technologies, the province should transform its economic development into a pattern of high energy efficiency and low carbon emission, she said.

- China-Africa Economic and Technology Cooperation Committee of CESC founded in Beijing (3rd February)

A gathering was held here Wednesday to mark the establishment of the China-Africa Economic and Technology Cooperation Committee (CAETCC) of China Economic and Social Council (CESC).

About 80 diplomats from over 40 African countries and near 100 Chinese officials attended the gathering.

Zhao Qizheng, chairman of the Foreign Affairs Committee of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) said that China would like to share the development experience with the African countries, to overcome difficulties in the process of development and boost bilateral cooperation.

CAETCC official Wei Jianguo said, the committee would work to actively promote exchanges and cooperation between the Chinese business circle and African countries.

Ghanian Ambassador to China Helen Mamle Kofi said that China's remarkable achievements in the process of globalization gave Africa an aspiring example to follow in terms of economic, financial, social, technological and cultural integration.

She said, there is also the need for the CAETCC to regularly send "credible, timely and comprehensive information" to the investment and business community and, together with African officials, to provide accurate information regarding their countries.

The CAETCC is a working platform created by the CESC in an effort to deepen bilateral relations between the CESC and the economic and social councils and similar institutions in Africa, promote China-Africa economic and technological cooperation and increase mutual understanding and friendship among people from both sides.

Northwest **Politics**

- Urumqi mayor pledges persistent crackdown on separatism 5th February)

The mayor of Urumqi, capital of northwest China's Xinjiang Uygur Autonomous Region, has promised a persistent crackdown on the "three forces" of terrorism, separatism and extremism to maintain social stability.

"Urumqi faces an arduous fight against separatism now and for years to come, after last year's riots," said mayor Jerla Isamudinhe in the city government's report to a session of the municipal People's Congress Thursday.

Riots that seized downtown Urumqi streets on July 5 last year left 197 people dead and 1,600 injured.

"We should be vigilant and high-handed in our fight against terrorism, separatism and extremism," he said. "We should stop all sabotage activities and attempts beforehand."

The mayor said Urumqi would step up efforts to maintain social stability, by keeping a closer eye on migrants' communities, ex-convicts and other sensitive areas and suspicious people.

The government would continue to improve its emergency response capacity and had built up a stronger team of patrolmen at district/county and community levels, he said.

"We'll continue to promote unity among different ethnic groups across the city, and help build up trust and respect among different walks of life," said the mayor. "In particular, we'll step up with ethnic unity education at schools."

Meanwhile, the government would closely follow the Internet content and clarify false information in time to prevent rumors from being spread among the people, he added.

Social front

- Xinjiang's capital to build new homes for shantytown residents (4th February)

Authorities in the Xinjiang regional capital of Urumqi in northwest China are working to build new homes for tens of thousands of low-income residents living in the city's shantytowns.

Under the renovation project, the municipal government would invest 3.54 billion yuan (520.6 million U.S. dollars) this year to demolish old houses and relocate 10,000 families. In the Tianshan District, the government would invest about 1.2 billion yuan (176.5 million U.S. dollars) this year to renovate nine shantytowns.

"The project (in this phase) is expected to be completed within five years," said Alimjan Memetimin, head of the Tianshan District government.

"We will transform the shantytowns into residential communities with beautiful environment and complete infrastructure services," he said.

The district government has dispatched more than 60 staff members to those areas to make clear the total number of permanent residents as more people would be relocated and more new homes built in the future, he said.

The shantytowns in downtown Urumqi, totaling 48 in different sizes, have been existing for several decades, with the oldest house dating back to the 1930s. The areas have gathered people of different ethnic groups including Han, Uygur, Hui, Kazak, Mongolian, Russian and others.

Most of the residents in the shantytowns have voiced support for the renovation project.

"I have been living here for more than 20 years, and I have longed for the renovation and moving to a new apartment building," said 86-year-old Tuohutahan Apiz in her shabby room with dim light in Erdaoqiao.

She has five children and more than 10 grandchildren. A daughter is living with her to take care of her.

"Such an unpleasant environment makes my life difficult," said Liang Huiqin, another resident. "I hope the houses will be demolished as soon as possible."

Economic front

Northeast

Politics

Social front

Economic front

Southwest

Politics

Social front

- Tibet to have 100,000 Internet users (31st January)

Tibet is expected to have 100,000 Internet users this year, a 15 percent rise from 2009, according to the Tibet Autonomous Regional Communications Administration.

The number of such users was 919,000 in 2009, up 15.43 percent from the previous year, much higher than the growth rate of telephone and mobile phone subscribers.

Meanwhile, the overall telecommunications rates in 2010 will decrease by nine percent.

Tibet's telecommunications industry reported a turnover of five billion yuan RMB (732 million U.S. dollars) last year, up 25.3 percent year on year, with its operating income hitting 2.2 billion yuan RMB (322 million dollars), an increase of 21.23 percent, higher than any other province-level area in China.

Tibet had 1.79 million telephone and mobile phone users at the end of 2009, with every 100 people having 19 telephones and 43 mobile phones.

Qing Qi, director of the administration, said that Tibet's telecommunications sector is set to garner 5.4 billion yuan RMB (790 million dollars) in its turnover and 2.3 billion yuan RMB (337 million dollars) in its operating income this year, up 7.92 percent and 2.79 percent, respectively.

Tibet made telephone service accessible to 404 villages in 2009, with the number of villages having access to telephones reaching 4,454, or 85 percent of its total.

This year, Tibet will enable another 176 villages to have access to telephones, with telephones accessible to 88 percent of its villages.

- All Tibetan villages to have medical staff this year (1st February)

All the villages in Tibet will have medical staff this year, who will enjoy a substantial increase in their salary and fringe benefits.

Jin Shengguo, deputy director of Tibet Autonomous Regional Health Department, said Tibet is training a team of medical staff who can work in the region's countryside in order to solve the shortage of doctors.

Tibet will also select well-educated farmers and herders and train them into medical staff, and the regional government will make sure that every village will have at least two medical staff, according to the "plan for promoting rural people' health," which has already been implemented in Tibet.

According to Jin, the primary job of the medical staff is to spread health knowledge among the villagers and reduce the incidence rate of major diseases. In addition, they are also required to have the capability to treat minor illnesses to meet the basic healthy needs of the local residents.

At the same time, Tibet will also increase the salary of the staff by granting 200 yuan (29.3 U.S. dollars) in subsidies to each every month to ensure that their annual salary can reach around 3,200 yuan.

Source: Xinhuanet

- China to add 30 mln yuan for Inner Mongolia snow disaster relief (4th February)

Chinese government Thursday added 30 million yuan (4.4 million U.S. dollars) to the snowstorm disaster relief fund for north China's Inner Mongolia Autonomous Region, the Ministry of Finance (MOF) said.

About 18 million yuan of the financial aid would be used to purchase tools and materials necessary for the recovery of agriculture and animal husbandry in the storm-affected region, said the MOF in a statement on its website.

The other 12 million yuan would be used to provide supplies and shelters to the disaster-afflicted people, and to rebuild their homes destroyed in the storm, according to the statement.

The governmental aid to the storm-affected Inner Mongolia so far totalled 68 million, the statement said.

Heavy snowstorms and low temperature have been ravaging in Inner Mongolia since the beginning of the year, affecting over 400,000 people up to the end of January.

Economic front

- Chang'an Suzuki to recall 10,326 cars for faulty filters (5th February)

China's quality watchdog said Friday that Chongqing Chang'an Suzuki Automobile Co., a sino-Japanese joint venture, would recall 10,326 Alto vehicles due to gas filter problems on the Chinese mainland as of Feb. 5.

Oil leaks may occur due to gas filter faults caused by improper manufacturing techniques, and will pose potential safety risks, the General Administration of Quality Supervision, Inspection and Quarantine (GAQSIQ) said in a statement on its website.

The recall involved Alto models produced from July. 6, 2009, to Jan. 17 this year, and the manufacturer would fix the problems for free, said the statement.

Owners can contact Chongqing Chang'an Suzuki Automobile by phone on 400-1077988 or contact the GAQSIQ on 010-65537365.

South central

Politics

Social front

- Charity travel project supports rural education (31st January)

From backpacker to manager of a social enterprise, Andrew Xu never felt disheartened, because he is doing something changing the world.

Xu was born in a village in Jiangmen City of Guangdong Province in 1973. He travelled a lot, and was shocked by the imbalance between rural and urban education throughout China. "What can I do for those poor children? Apparently the power of an individual is tiny," he asked himself until April 2004, when his life was dramatically changed by a simple story.

His friend Cui Yingjie travelled to Yunnan Province that year, and met two volunteer teachers in a poor village. One asked him to take a message to the volunteer teacher in another village telling him that "he is not alone," and "to persist is to win." It was not easy for these volunteers to find companions who could understand and support them. They explored the poverty-stricken areas and strived forward, equipped only with the belief "to persist is to win."

Although higher education enrolment is generally growing, rural students account for a small and decreasing proportion. The ratio of higher education students is urban:rural: 323:1. Xu explained, "There are about 400,000 schools in poor rural areas and over 60,000,000 students need help."

"It might help if travelers carry 1kg more of books when they travel to the countryside. They can distribute the books to children there and communicate with them. That's how the idea of 1KG MORE came into my mind," Xu recalled at a lecture on commonwealth activities of individuals.

A non-governmental organization, '1KG MORE' advocates an innovative concept of travel, where every traveler may help the local rural community. It established a website as a community for assembling travelers, where travel is connected to public services. Travelers are encouraged to carry 1kg more of books or stationery to rural students, and

information of rural schools or travel experience can be shared among travelers through the website, calling for more attention from the community. Travelers who upload information on a school can become the "ambassador" to that school, and will continuously help them organize activities and seek support.

Since April 2004, volunteers of 1KG MORE have collected detailed data about more than 600 rural schools. According to statistics, over 10,000 participants have carried out 1KG MORE travels, at least 1 million people have felt the knock-on effect; and volunteer groups have been organized in almost all the major cities of China. China has seen a rapid development in philanthropy in the past few years. Official statistics show that donations toward charitable causes in the country reached 107 billion yuan (US\$15.6 billion) in 2008, 3.5 times that of the previous year.

According to Xu, there are two forms of philanthropy: one is celebrities donating large amounts of money; the other is individuals doing small things for the needy. "Philanthropy can be simple, happy, and fashionable. When every individual is involved, the world can be changed" said Xu. He cited Wikipedia.org as an example. With more than 3,169,000 terms, Wikipedia has only 12 fulltime employees, but millions of netizens contribute to its development. Its error rate is about 3.82%, while the Encyclopedia Britannica's error rate is 2.96%. It is therefore reasonable to say that when "individual" becomes "individuals", that's to say, when the coordination of individuals are realized, real changes can take place.

"If you can't do big things, do small ones, like carrying 1kg more of books or stationery to children." Casual philanthropy is what he advocated, which requires no serious responsibility. "Happy", "casual", and "fun" are its key words. "If you can do it in your journey, it's great; if you can't, it's ok. Nothing to feel guilty about. You can do it next time. Make donation a part of travel and that will make you happy."

Nuannuan, a girl who lives in Beijing, was attracted by Xu's concept in 2007 and began to take part in the activities organized by 1KG MORE. She is now responsible for the activities in cities surrounding Beijing. "Charity is just there, everyone can do it," she said.

"We encourage travelers to provide not only material help, but also communication. The positive effect generated by such communication can be immeasurable," Xu stated. "Travelers may be depressed by the hard living of those children, but such sentiment is not helpful. A smile can shorten the distance between two hearts. No matter rich or poor, every child has a happy childhood; commonweal travel should be happy, full of smiles."

1KG MORE was registered as Aiju (Beijing) Consulting Co. Ltd in April, 2008, becoming a social enterprise. It generates revenue by offering charity consultation and services to enterprises, and applies part of the income to team operation and the rest to charitable activities. To provide more resources to charitable activities, on December 29, 2009, the 1KG More Fund was launched by Aiju and China's Social Welfare & Education Foundation.

1KG MORE is now working with enterprises on the projects like "Charity Card"--if you buy a card, 1KG MORE will donate a book to a rural school; and "Living Library", providing rural students with better reading resources. "Everything has gone well so far. I believe we can make it better," said Xu with a smile.

Economic front

- Provincial governments lower GDP targets as nation seeks balanced recovery (1st February)

Chinese provinces are scaling back economic growth targets for 2010 as the nation works to make its economic development more environmentally friendly.

At its annual legislative meeting, southern China's Guangdong province set a growth target of 9 percent, lower than its estimated 9.5 percent expansion in 2009.

The eastern province of Jiangsu earlier set a goal of 10 percent growth, down from the estimated 12.4 percent growth of last year.

Neighboring Zhejiang Province, which relies heavily on exports, is aiming for 9 percent growth. Zhejiang governor Lu Zushan told lawmakers that 30 consecutive years of double-digit growth rate will stop.

Zhejiang's economy grew at the second-slowest rate of 31 mainland provinces, autonomous regions and municipalities in the first quarter of 2009. But the rate accelerated to 8.9 percent for the year after a double-digit expansion in the second half.

The lower growth targets were set at the annual sessions of local legislatures, after China recorded strong growth in 2009 on the back of a massive fiscal stimulus package and a surge in bank loans.

Twenty-six provinces, autonomous regions and municipalities reported double-digit growth last year, compared with the national average of 8.7 percent.

"There has never been a stronger call to give up some GDP growth to transform the growth model," said Sun Wenyu, Huzhou City's party chief.

The Central Economic Conference and local legislatures have prioritized a shift to quality economic growth.

On Jan. 28, National Bureau of Statistics head Ma Jiantang said the central government will scrutinize local GDP figures by using a unified calculation to prevent provinces from faking their economic figures.

The central government's move shows it is serious about transforming the form of China's economic growth, Zhuo Yongliang, director of Zhejiang Province's Development and Reform Research Institute, said.

"Governments should use guidance to tackle structural problems like the imbalance between domestic and external demand and imbalances between the industrial and service sectors."

The current economic downturn prompted by the global financial crisis highlighted many structural problems, and no local government can turn a blind eye to them, Zhao said.

As local legislature meetings are held across the country, he foresaw more powerful and concrete action being taken by the local governments.

In some regions, a desire for more sustainable growth was evident even as the national economy weakened rapidly last year. Drastic action was taken in Shanxi province, for example.

Shanxi's major industry, coal mining, was restructured to close smaller collieries. Consequently, Shanxi's economy contracted 4.4 percent in the first half of 2009. For the whole year, the province's GDP grew 6 percent, 2.7 percentage points lower than the national average.

Hu Angang, director of the Center for China Study at Tsinghua University said the transformation is crucial.

"A raft of uncertainties will hit China if it doesn't change its model of economic growth to something more rational and environmentally friendly," he said.

Key to the model of growth transformation, as the effect of the 4 trillion yuan (586 billion U.S. dollars) fiscal stimulus package wanes, is private investment, some scholars have noted.

Jia Kang, director of the Institute for Fiscal Science Research at the Ministry of Finance, said private investors are still not active but are less jittery than they were at the height of the economic downturn.

"Of course, it is too early to say private investment has revived," Jia said.

Continued weak global consumption could still take a toll on growth engines like the export-oriented Pearl River and Yangtze River deltas.

"China's recovery is not yet firm," said an analyst in Zhejiang's Yiwu City, home to the world's biggest small commodity market. "Globally, the economic recovery has not spurred a full revival of consumption."

Analysts said demand for Chinese exports may not see significant improvement for three years as U.S.-style credit-based consumption may be gone forever.

- Top Chinese search engine Baidu to build Int'l headquarters (2nd February)

World's largest Chinese search engine Baidu.com signed Monday an agreement with Shenzhen city government to build its international headquarters in this boomtown of southern Guangdong Province.

The entrance of Baidu.com will boost Shenzhen's development and enhance Baidu's influence in southern China and even southeastern Asia, said Wang Rong, Shenzhen's acting mayor, at the signing ceremony.

Timetable and budgets are to be made after the municipal government, which is very supportive to online service enterprises, specifies land allotment for the project, said Baidu's president Li Yanhong.

Baidu, accounting for 70 percent of China's search engine market, will also base its south China headquarters and research and development center in Shenzhen, and deepen its cooperation with the city in on-line service, Li said.

East

Politics

Social front

Economic front

- China's top legislator urges economic mode transformation in Shanghai (2nd February)

Top Chinese legislator Wu Bangguo has urged Shanghai to take the opportunity of hosting the World Expo to pioneer the country's transformation of economic development mode.

Wu, chairman of the Standing Committee of the National People's Congress, China's top legislature, made the remarks during his visit to the country's economic and financial hub from Jan. 28 to Feb. 1

Accompanied by Yu Zhengsheng, secretary of the Shanghai Municipal Committee of the Communist Party of China, Wu visited the Expo Site as well as some high and new tech enterprises in the city.

Shanghai must spare no effort in hosting the Expo and seize the opportunity to promote economic restructuring and industrial structural upgrading, to boost the development of modern service industry, and to speed up fostering emerging strategic industries, Wu said. "Wu must make technological breakthroughs, speed up industrialization process, and develop emerging industries such as smart grid, low-carbon technology and biomedicine, so as to make sure the country can have the initiative in the new round of international economic competition," Wu said.

The 2010 World Expo was scheduled to be held from May 1 to Oct. 31 in Shanghai, expected to attract a record total of 70 million visitors from home and abroad.

- Great Britain to contribute to success of Shanghai Expo, says ambassador (4th February)

The Great Britain's investment to the Shanghai Expo is "worthwhile", and it wanted to contribute to the success of the world's largest ever expo, said British Ambassador to China Sebastian Wood Wednesday.

It is "because our relationship is important, we have the expo link between the two countries -- the London Expo in 1851 and the Shanghai Expo in 2010, and we believe strongly in the theme of the expo 2010 -- Better City, Better Life," he said at a press conference.

According to Wood, the British pavilion, developed by a leading British designer, Thomas Heatherwick, is themed "Building on the past, shaping the future". It encourages visitors to look at the role of nature and wonder whether it could be used to solve the current social, economic and environmental challenges of cities.

There will also be some modern arts and dramas of William Shakespeare performed in the British pavilion.

Wood said the cost for buildings is about 15 million pounds (about 23.98 million U.S. dollars) and the cost for associated activities and running is around 10 million pounds.

He said the pavilion was "built in accordance with high international standard of sustainability", and the materials are as recyclable as possible.

"The pavilion would be a very powerful statement of the creativity and innovation in the UK. I encourage all the Chinese families to visit the British pavilion, which would demonstrate the vitality and creativity of the UK. They would have a wonderful time," Wood said.

- Expo likely to power city's economy strongly (4th February)

The World Expo is expected to strongly power Shanghai's economy this year by sparking a bigger demand across the city, an academic said Wednesday.

Shanghai's economy is expected to grow 9 to 10 percent this year, with 5 percentage points driven by the "Expo economy," Lu Xiongwen, dean of school of management of Fudan University, said Wednesday.

The city government is targeting an economic growth of more than 8 percent this year.

"The Expo will create a bigger economy from traveling, catering, shopping and accommodation in Shanghai this year," Lu said. "The Expo is a golden opportunity for Shanghai to shift its economic structure and cut its reliance on the manufacturing sector."

The services sector now accounts for about half of the city's economy while it contributes about 90 percent in Hong Kong, he said.

The Expo is expected to attract more than 70 million visitors from May to October. A daily average of 400,000 visitors is expected, triggering a huge demand for restaurants, hotels, transport and retail sales.

"It has been proven in history the Expo provides a boom for the host country, and it further enhances the development of the host city and neighboring areas," he said.

- Shanghai to provide high-quality financial services for World Expo (5th February)
East China's Shanghai City will provide high-quality financial services for the upcoming World Expo, a Chinese municipal official told Xinhua here on Thursday.

Fang Xinghai, director of the Financial Service Office of Shanghai, said all preparations were in place to support the financial needs of visitors and participants.

Fang, who is attending the Russian Forum 2010 here, said there were two main parts for the Expo's financial services.

One was to ensure convenient and swift credit card payment for ticket purchases, food and boarding, while the other was to provide insurance for participants and items on display, he said.

The People's Insurance Company of China had reached an agreement with the organizers to take charge of all insurance services for the Expo, Fang said.

A major effort had also been made on transportation, food and security, he said. The preparations would ensure visitors and participants could relax and enjoy the Expo.

More than 70 million people are estimated to visit the event, which opens on May 1.

- Mainland province may open government jobs to Taiwanese (5th February)
Southeast China's Fujian Province, which faces Taiwan island across the strait, plans to open some of its government jobs to Taiwanese this year, a senior official said Friday.

"We're planning to invite some professionals from Taiwan to join us at the government," said Cong Yuandong, deputy organization chief with Fujian Provincial Committee of the Communist Party of China.

Cong said they were likely to start by recruiting people who were specialized in agriculture, water conservation, quake prevention, disaster relief and environmental

protection. "We know these are some of the areas where Taiwan is better-grounded and has more expertise."

Though the plan is still under scrutiny and employment procedures are yet to be detailed, Cong said the recruitment was likely to be done through tests and those who stand out in the competition would enter into labor contracts with their employers.

Official statistics indicate nearly 100,000 Taiwanese, including management, trade and science professionals, have worked in Fujian Province in recent years.

Fujian, which has the same dialect as Taiwan, worked out a policy last year allowing Taiwanese graduates from mainland universities to secure jobs in the province.

HONGKONG AND MACAU

Politics

Social front

- Over 100,000 people take A/H1N1 flu jabs in Macao

A total of 101,298 people in Macao have been inoculated with the A/H1N1 vaccines so far, according to the figures released on Thursday by Macao's Health Bureau.

Some 1,335 people were inoculated with the vaccines on Thursday alone, which was initiated by the Bureau in late November last year, according to the Health Bureau.

Meanwhile, the Bureau also reported two newly confirmed cases of A/H1N1 flu on Thursday, bringing the total number of such cases to 3,573 since June 18 last year, of which two patients died.

Previously, the SAR government has announced that it has ordered some 700,000 doses of A/H1N1 vaccines, and local medical staff, children, old people and patients with chronic disease were among the group of local people who were firstly inoculated with these vaccines.

- HK, mainland to enhance co-op in police training (2nd February)

Police of Hong Kong and Chinese mainland had agreed to join forces in security, specially to enhance cooperation in training, Hong Kong Special Administrative Region government said on its website Tuesday.

Commissioner of Police Tang King-shing met visiting Vice Minister of Public Security Chen Zhimin at Police Headquarters Monday.

Both sides agreed to enhance cooperation in police training. In addition to the ongoing staff exchange programs, they discussed possible curricular adjustments for future courses to suit mutual training needs.

They also agreed to bolster intelligence exchange on anti- terrorism, crimes and public order.

The two sides reported the crime situation in the mainland and Hong Kong and reviewed the results of co-operation last year.

They also discussed personnel training, anti-terrorism, border control, anti-smuggling, public order, cross-boundary crimes, anti-narcotics, public information security and liaison.

- HK education, careers expo opens with 540-plus exhibitors (4th February)

More than 540 exhibitors from 14 countries and regions took part in the 20th edition of Hong Kong Education and Careers Expo, which opened Thursday at the Hong Kong Convention and Exhibition Center.

Education and careers were the fair's two major exhibit categories. The education section featured colleges and universities, language schools and vocational training outlets grouped into "Hong Kong" and "outside Hong Kong".

The careers section included companies, government departments and recruitment media. The exhibitors were from Hong Kong, Australia, the Chinese mainland, the United Kingdom, the United States and other countries and regions.

This year's event featured a new zone called the Creative Education zone, which presented a wide range of educational and training options, as well as career-development prospects in Hong Kong's cultural and creative sector, like music, arts and design and film-making.

Paintings, photographs, costumes and other student artwork from a variety of educational institutions were on display at the Creative Education Gallery.

In addition, over 50 career and education-related seminars will be presented at the fair, which will run through Sunday.

- Macao's biggest historical residence opens to public (4th February)

The Mandarin's House, one of Macao's world-heritage protected buildings, will open its door to the public Friday for the first time since the restoration project began, the local Macao Post Daily reported on Thursday.

The Mandarin's House, also known as Zheng's Family Mansion in Chinese, is a two-story open plan dwelling and former residence of Zheng Guanying, a late Qing dynasty merchant and political reformer from Guangdong who penned his Treatise "Words of Warning in Times of Prosperity" while living in the historical residence.

The Mandarin's House is due to open its doors to public for free at 3 p.m. Friday, according to a press release of Cultural Affairs Bureau of Macao Special Administrative Region (SAR). While visitors can gain entry without reserving a slot on one of the tours, it is recommended that visitors pre-register by going to the official website, as the entire house can only accommodate 100 people at a time, and priority is given to those who pre-register.

Believed to be built before 1869, the Mandarin's House covers an area of nearly 4,000 square meters, the biggest of such kind in Macao, officials of Cultural Affairs Bureau said.

Cultural Affairs Bureau took over the residence in July 2001 for restoration, and spent eight years and around 43 million patacas (5.44 million U.S. dollars) on the restoration project, which was originally scheduled to cost 36 million patacas and be open by 2007.

Economic front

- Hong Kong stocks close up 0.61% (1st February)

Hong Kong stocks moved up 121.76 points, or 0.61 percent, to close at 20,243.75 on Monday.

The benchmark Hang Seng Index opened 0.67 percent lower at 19,987.67 on Monday. It traded between 19,845.93 and 20,254.24 during the day's session. Turnover totaled 67.13 billion HK dollars (8.67 billion U.S. dollars), compared with Friday's 69.5 billion HK dollars (8.91 billion U.S. dollars).

The Hang Seng China Enterprises Index rose 123.44 points, or 1.07 percent, to close at 11,621.64.

All the four sub-indices gained. The properties became the biggest gainer, closing up 1.21 percent, followed by the utilities sub-index, 0.93 percent, the finance, 0.65 percent, and the commerce and industry at 0.35 percent.

Market heavyweight HSBC edged up 0.3 percent, to close at 83.85 HK dollars and its local unit Hang Seng Bank closed up 0.18 percent at 109.3 HK dollars. China Mobile rose 1.36 percent to 74.75 HK dollars.

Chinese mainland lenders were mostly up. Bank of China went up 0.27 percent to 3.76 HK dollars. China Construction Bank rose 1.84 percent to 6.09 HK dollars and ICBC increased 1.23 percent to 5.77 HK dollars. Bank of Communications dipped 0.89 percent to 7.82 HK dollars.

As for local developers, Cheung Kong, the flagship of Hong Kong's richest man Li Ka-shing, rose 1.85 percent, at 93.75 HK dollars. Sun Hung Kai Properties, the leading residential housing developer in Hong Kong, ended 1.2 percent higher at 101.5 HK dollars.

PetroChina edged down 0.45 percent to 8.76 HK dollars, offshore oil producer CNOOC gained 0.91 percent to 11.14 HK dollars. Sinopec went up 0.33 percent to 6.13 HK dollars.

Li & Fung added 0.42 percent to 35.75 HK dollars. China Life gained 0.43 percent to 34.8 HK dollars. (7.8 HK dollars = 1 U.S. dollar)

- HK retail sales value grows 16% (1st February)

The city's total retail sales value for December has been provisionally estimated to be 29.4 billion HK dollars, up 16 percent on the same month last year, the Census and Statistics Department of Hong Kong said Monday.

After netting out the effect of price changes over the same period, the volume of total retail sales grew 11.3 percent.

The sales volume of jewelry, watches and clocks, and valuable gifts increased the most, by 30.4 percent, followed by motor vehicles and parts, 29.8 percent; electrical goods and photographic equipment, 23 percent; apparel, 9.6 percent and commodities in department stores, 9.3 percent.

The volume of sales of commodities in supermarkets recorded a 3.8 percent year-on-year fall.

- HK's negative-equity mortgages drop (1st February)

The estimated number of residential mortgage loans in negative equity fell to 466 cases at the end of December in 2009 from 835 at the end of September, the Monetary Authority of Hong Kong announced on Monday.

The aggregate value dropped to 700 million HK dollars (about 90 million U.S. dollars) from 1.5 billion HK dollars (about 193 million U.S. dollars). The unsecured portion of these loans fell to 100 million HK dollars during the three-month period.

The three-month delinquency ratio fell to 0.57 percent from 0.82 percent owing to a faster decline in the delinquent amount than that in the total amount of residential mortgage loans in negative equity.

- Macao's gaming revenues surge 55% in January (2nd February)

Macao's gaming sector generated a record high monthly revenues of 13.3 billion patacas (1.7 billion U.S. dollars) in January 2010, which was a significant increase of 55 percent over the same period of last year, the Macao Post Daily reported on Tuesday, quoting unnamed official source.

Before January this year, the highest monthly revenues were recorded in October 2009, at 12.6 billion patacas (1.6 billion U.S. dollars).

The daily also quoted the source as saying that the gross revenues of Macao's 33 casinos averaged about 429 million patacas (53.6 million dollars) a day.

Among Macao's six licensed gaming operators, SJM, owned by ailing local magnate Stanley Ho, maintained its status as market leader with a share of about 30 percent, which was followed by U.S.-based Las Vegas Sands, acquiring a share of 22 percent, according to the daily.

Macao's gaming revenues for the whole of last year amounted to 119.4 billion patacas (14.9 billion U.S. dollars), an increase of 9.6 percent over the previous year, according to the figures from the SAR's Gaming Inspection and Coordination Bureau.

- Macao's exports down sharply in 2009 (2nd February)

Macao's total value of merchandise exports in 2009 fell by 52.1 percent year-on-year to 7.67 billion patacas (970 million U.S. dollars), according to the figures released Tuesday by the city's Statistics and Census Service (DSEC).

The figures showed that the value of domestic exports and re-exports in 2009 plunged by 69.0 percent and 27.0 percent, respectively. Meanwhile, total value of merchandise imports decreased by 14.2 percent to 36.90 billion patacas.

The trade deficit widened further from 27.01 billion patacas in 2008 to 29.23 billion patacas in 2009; the exports/imports ratio went down by 16.4 percentage points year-on-year to 20.8 percent.

Analyzed by destination of exports, value of merchandise exports to the U.S., EU and Chinese mainland decreased by 79.6 percent, 60.3 percent and 43.2 percent year-on-year, respectively. The value of textile and garment exports decreased by 73.0 percent year-on-year to account for 32.2 percent of the total exports of goods, while the value of non-textile exports dropped by 24.4 percent.

Regarding the origin of imported goods, the value of merchandise imports from Chinese mainland in 2009 dropped by 31.6 percent year-on-year, but that from EU rose by 10.1 percent, according to the DSEC.

- Hong Kong stocks close up 0.14% (2nd February)

Hong Kong stocks moved up 28.43 points, or 0.14 percent, to close at 20,272.18 on Tuesday.

The benchmark Hang Seng Index opened 0.93 percent higher at 20,432.96 on Tuesday. It traded between 20,181.28 and 20,533.96 during the day's session.

Turnover totaled 62.44 billion HK dollars (8.05 billion U.S. dollars), compared with Monday's 67.13 billion HK dollars (8.67 billion U.S. dollars).

The Hang Seng China Enterprises Index fell 51.29 points, or 0.44 percent, to close at 11,570.35.

The four sub-indices closed mixed. Both the properties and the commerce and industry rose, gaining 0.76 percent and 0.65 percent respectively. The utilities edged down 0.17 percent and the finance fell 0.31 percent.

Market heavyweight HSBC edged up 0.83 percent, to close at 84.55 HK dollars and its local unit Hang Seng Bank closed up 0.27 percent at 109.6 HK dollars. China Mobile rose 0.94 percent to 75.45 HK dollars.

Chinese mainland lenders mostly ended down. Bank of China went down 0.27 percent to 3.75 HK dollars. China Construction Bank fell 1.48 percent to 6 HK dollars and ICBC fell 1.21 percent to 5.7 HK dollars. Bank of Communications rose 0.13 percent to 7.83 HK dollars.

As for local developers, Cheung Kong, the flagship of Hong Kong's richest man Li Ka-shing, rose 0.64 percent, at 94.35 HK dollars. SHK Properties, the leading residential housing developer in Hong Kong, ended 0.79 percent higher at 102.3 HK dollars.

Henderson Land added 0.79 to 50.9 HK dollars.

PetroChina increased 0.91 percent to 8.84 HK dollars, offshore oil producer CNOOC gained 1.08 percent to 11.26 HK dollars. Sinopec went up 0.98 percent to 6.19 HK dollars.

Li & Fung lost 1.12 percent to 35.35 HK dollars. China Life lost 1.44 percent to 34.3 HK dollars.

- HK stocks end down 1.84 pct; Chinese banks fall (4th February)

Hong Kong stocks fell on Thursday, as investors took profit on banks after the investment arm of China's sovereign wealth fund denied a newspaper report that it would buy new shares from the country's top lenders.

The benchmark Hang Seng Index [.HSI](#) ended down 1.84 percent, or 380.44 points at 20,341.64, snapping a three-day rise. The China Enterprises Index [.HSCE](#) of top locally listed mainland Chinese stocks closed down 1.97 percent at 11,605.88.

China's biggest lender Industrial and Commercial Bank of China (ICBC) ([1398.HK](#)) fell 2.4 percent, reversing Wednesday's 2.3 percent rise.

Dealers said shares of ICBC and other mainland lenders were lifted on Wednesday by a newspaper report that Central Huijin Investment Co, the investment arm of China Investment Corp, may increase its holdings in the country's three major state-run lenders.

<http://www.reuters.com/article/idUSHKF00013520100204>

- Value of 5 major domestic exports fall in HK (4th February)

The value of domestic exports classified in the five major industries fell last year in Hong Kong, compared to 2008, the Census and Statistics Department of Hong Kong said Thursday.

The apparel industry recorded the largest drop, falling 79.9 percent to 4.5 billion HK dollars (659.1 million U.S. dollars). The basic metals sector fell 50 percent to 3.8 billion HK dollars.

Paper and paper products, and printing and reproduction of recorded media decreased 21.9 percent to 3.6 billion HK dollars.

Computer, electronic and optical products dropped 17.3 percent to 13.7 billion HK dollars. The chemicals and chemical products industry fell 13.8 percent to 7.5 billion HK dollars.

These five major industries together accounted for 59 percent of Hong Kong's total domestic exports.

- HK Stock Exchange looks to attract more overseas companies (4th February)

The Hong Kong Stock Exchange is redoubling its efforts to attract more companies from outside Asia, said its chairman on Wednesday.

The world's economic gravity is shifting, although slowly, from the West to the East, and the shift is not only for business, but also investment appetite, Ronald Arculli, chairman of the Hong Kong Stock Exchange, told Xinhua.

Companies currently listed in Hong Kong are mainly from China's mainland, Hong Kong and Taiwan. But the exchange has been expanding its territories by wooing companies outside Asia.

"We need to explain to companies that the world economy really sets in Asia, not only China, but India as well," said Arculli, who is attending a forum in Moscow.

"We will be calling on several different companies in Russia, not necessarily those of natural resources, but businesses in other areas as well (to come to the Hong Kong Stock Exchange)."

Arculli is visiting after the United Company RUSAL (UC RUSAL) went for an Initial Public Offering in Hong Kong on Jan. 27. It was the first Russian company listed in Hong Kong.

UC RUSAL's decision signaled a growing focus on the Chinese market and an expanding investment appetite, Arculli said.

The Hong Kong Stock Exchange has had inquiries from other Russian companies in fields like gold mining, logistics and investment banking.

While the exchange will continue to focus on China's mainland, it also eyes markets beyond Asia in places like Russia, Australia and Canada, said Arculli.

- Hong Kong stocks end sharply on U.S. market losses (5th February)

Hong Kong stocks Friday closed down 676.56 points, or 3.33 percent, tracking losses on Wall Street and worries over credit crunch in Europe.

The benchmark Hang Seng Index opened 3.12 percent lower at 19,706.24 on Thursday. It traded between 19,822.93 and 19,655.88 during the day's session, before closing at 19,665.08. Turnover totaled 77.47 billion HK dollars, compared with Thursday's 61 billion HK dollars.

Research Director of Cinda International Holdings Limited Cast Pang said decline in U.S. stocks sent local market lower and it was also affected by worries about the economic crisis in European countries.

The Hang Seng China Enterprises Index dived 474.1 points, or 4.08 percent, to close at 11,131.78.

All the four sub-indices lost. The commerce and industry sub-index lost most, falling 3.55 percent, followed by the finance sub-index, losing 3.4 percent, the properties, 3.21 percent, and the utilities, 1.11 percent.

Heavyweight HSBC fell 3.76 percent, leading to a drop of 113 points alone to the benchmark index, to close at 80.7 HK dollars. Its local unit Hang Seng Bank slid 1.28 percent at 107.6 HK dollars. China Mobile down 1.01 percent to 73.85 HK dollars.

Chinese mainland lenders ended down. Bank of China declined 4.21 percent to 3.64 HK dollars. China Construction Bank fell 3.01 percent to 5.81 HK dollars. ICBC retreated 3.16 percent to 5.51 HK dollars. Bank of Communications lost 4.81 percent to 7.52 HK dollars.

As for local developers, Cheung Kong, the flagship of Hong Kong's richest man Li Ka-shing, went 3.12 percent down, at 90.1 HK dollars. SHK Properties, the leading residential housing developer in Hong Kong, ended 3.24 percent lower at 98.7 HK dollars. Henderson Land dropped 3.65 to 47.55 HK dollars.

PetroChina lost 5.83 percent to 8.4 HK dollars, offshore oil producer CNOOC fell 3.97 percent to 11.6 HK dollars. Sinopec went down 3.94 percent to 5.85 HK dollars.

Li & Fung edged down 0.44 percent to 34 HK dollars. China Life lost 3.22 percent to 33.05 HK dollars. (7.8 HK dollars = 1 U.S. dollar)

- Hong Kong stocks fell below 20,000 (5th February)

Hong Kong stocks dropped 3.12 percent to open at 19,706.24 on Friday, tracking lost in peripheral markets.

Heavyweight HSBC Holdings once dived 4 percent to around 80 HK dollars. The benchmark Hang Seng index was 19,820.80 at about 10:30 a.m. local time.