

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

### **China**

**Fareeha Sarwar**

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## **National report**

### **Political front**

- China's communist party members near 78 mln (28<sup>th</sup> June)

(Xinhua) -- A senior official of the Communist Party of China (CPC) said Monday that the number of CPC members has increased to almost 78 million over the past six decades. By the end of last year, the CPC had a total of 77.99 million members, about 116 times of the figure in 1949 when the People's Republic of China was founded, Wang Qinfeng, deputy head of the Organization Department of the CPC Central Committee, said at a press conference.

Last year, more than 20 million people applied to join the CPC and the Party recruited about 2 million new members, Wang said.

Of the total 78 million CPC members, about 18.5 million were under 35 years old, and close to 28 million held a college degree or above, he said.

Wang said more than 640,000 of the country's 2.77 million enterprises, including 438,000 non-public enterprises, had set up their own grassroots CPC party organs.

He said CPC members had taken the lead in helping China host the Beijing Olympics and Paralympics in 2008, celebrate the 60th founding anniversary of the People's Republic of China last year, and in the relief work of the Sichuan earthquake in 2008 and the Yushu earthquake in April this year.

CPC members in Qinghai alone had donated more than 27 million yuan (about 3.97 million U.S dollars) in "special membership fees" to help with Yushu quake relief, he said.

- Mainland, Taiwan negotiators hold preparatory consultation for new round of talks (28<sup>th</sup> June)

(Xinhua) -- Negotiators of the Chinese mainland's Association for Relations Across the Taiwan Straits (ARATS) and the Taiwan-based Straits Exchange Foundation (SEF) began a preparatory consultation for their fifth round of talks here Monday afternoon.

The ARATS executive Vice President Zheng Lizhong and SEF Vice Chairman Kao Koong-lian attended the consultation.

Zheng said both sides would make "last minute" preparations during the consultation for signing the Economic Cooperation Framework Agreement (ECFA) and an agreement on intellectual property rights protection at Tuesday's talks.

The ECFA, would "benefit people across the Taiwan Strait, and deepen economic cooperation, draw on each other's advantages, and realize mutual benefits," he said.

"The agreement will also enhance economic competitiveness and vitality of economies on both sides of the Strait," he said.

The inking of the two agreements would "open a new page" for cross-Strait negotiations and cooperation, Zheng said.

During the consultation, Kao said the two sides have set up a mechanism for conducting routine negotiations.

In the past two years, the two sides had conducted negotiations on an equal footing and with mutual respect, Kao said.

"We agreed to tackle the easy things first and difficult later and to deal with economic issues first and political later," he said.

The two sides "accumulated trust during the process, which laid a foundation for future negotiations," he said.

The ECFA would enable Taiwan companies to compete fairly on the mainland and help Taiwan attract investment, boost employment and revitalize its economy, he said.

The agreement on intellectual property rights protection could help establish a mechanism for protecting cultural and innovation industries across the Strait by utilizing laws and regulations on the two sides, Kao said.

The talks between the ARATS and SEF is scheduled for Tuesday. This will be the fifth round since the ARATS and the SEF resumed negotiations in June 2008 after a 11-year suspension.

- Party to punish organizers of government-funded overseas trips with no official business (29<sup>th</sup> June)

(Xinhua) -- A new regulation of the Communist Party of China (CPC) will punish Party members who organize or take overseas tours at public expenses for personal pleasure.

The CPC's Central Commission for Discipline Inspection unveiled a detailed explanation of the regulation Tuesday.

The explanation says overseas sightseeing on public expenses with no official business will be punished.

Tour organizers who buy fake invitation documents to gain overseas travel approval will also be punished, the regulation said.

Such organizers will do more harm and produce worse influence for their acts, so they will face severe penalties including removal from posts of leadership or being placed probation within the Party, or being expelled from the Party in serious cases, said the regulation.

The regulation also prohibits Party members on an approved overseas visit on public expenses from changing their schedule or delaying their return.

Party members on an approved overseas visit on public expenses should also be required to pay back all of the cost previously paid out at public expenses, said the regulation.

Overseas sightseeing on public or government expenses has been an object of public denunciation in China after several scandals were exposed by informers on the Internet.

- Seminar organized to help Chinese political advisors better perform duties (30<sup>th</sup> June)

(Xinhua) -- China's top political advisory body Tuesday started a new seminar to improve the capabilities of 296 national political advisors in advising the government work.

During the four-day seminar, the participants, who were from 34 walks of life, will attend lectures and hold panel discussions focusing such topics as how to persisting in and improving the system of multi-party cooperation and political consultation under the leadership of the Communist Party of China, as well as the basic requirements for advisors to better perform their duties.

Jia Qinglin, Chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), the top advisory body in China, met with the participants at the opening ceremony of the seminar.

The seminar is the fifth of the kind ever organized by the 11th CPPCC National Committee. Altogether 1,342 CPPCC members have attended the seminars.

- Top academic institute of CPC to open up to the world (30<sup>th</sup> June)

(Xinhua) -- A deputy head of the top academic institute of the Communist Party of China (CPC) said Tuesday the institute is striving to open up to the outside world.

Li Jingtian, vice president of the Party School of the CPC Central Committee, made the remarks during a press conference on Tuesday, two days ahead of the 89th anniversary of the founding of the CPC.

Li said many foreign political and business leaders and scholars were willing to give lectures or deliver speeches at the party school.

"As a think-tank, we have established cooperation with over 30 foreign universities, think-tanks and research institutes," said Li.

Li said the Party School had trained 60,000 communist cadres over the past three decades. The party school provides various training classes and seminars for cadres at provincial and ministerial levels, party secretaries at the county level, young cadres and cadres of ethnic minorities, he said.

- Chinese President stresses promotion of excellent CPC grassroots organizations (30<sup>th</sup> June)

(Xinhua) -- Chinese President Hu Jintao Wednesday stressed the importance of promoting excellent grassroots organizations and members of the Communist Party of China (CPC).

Hu, also general secretary of the Central Committee of the Communist Party of China (CPC), made the remarks at a meeting with representatives from excellent grassroots Party organizations and Party members at a conference here Wednesday, one day ahead of the 89th anniversary of the founding of the CPC.

Hu said practice in the past 89 years proved the CPC has met the expectations of the people.

Hu said the achievements of the Party wouldn't have been possible without the efforts of grassroots Party organizations.

Hu stressed the importance of improvement of grassroots Party organizations and called for more excellent Party members.

Vice President Xi Jinping, also present at the conference, called for efforts to publicize the achievement of excellent Party members so other Party members and organizations can learn from them.

- Over 5,800 Chinese officials penalized for corruption in construction projects: CCDI (30<sup>th</sup> June)

(Xinhua) -- Over 5,800 Chinese officials have been penalized for disciplinary violations related to construction projects since August last year, a spokesman for the Communist Party of China (CPC) Central Commission for Discipline Inspection (CCDI) said Wednesday.

The officials were implicated in more than 9,900 cases of corruption. Some 3,400 of the officials have been referred to judicial authorities, CCDI spokesman Wu Yuliang said at a press conference.

The CPC Central Committee decided in July last year to launch a two-year campaign to tackle corruption in the construction sector.

As of May, discipline authorities had probed more than 340,000 construction projects and uncovered disciplinary violations in 140,000 of the projects being probed.

About 60,000 cases have been rectified, according to Wu.

- CPC conducts exchanges with over 570 political parties worldwide (30<sup>th</sup> June)  
(Xinhua) -- The Communist Party of China (CPC) has carried out exchanges and cooperation with more than 570 political parties and organizations in 160 countries, the International Department of the CPC Central Committee said Wednesday.

Li Jun, a department spokesman, said at a press conference inter-Party communications have "opened a window" for the world to know the work of the CPC.

In the process of inter-Party communications, the CPC has drawn on the experiences of managing state affairs and learnt lessons from overseas political parties, Li said.

- CPC launches online database of Communist doctrines (1<sup>st</sup> July)  
(Xinhua) -- The Communist Party of China (CPC) on Wednesday launched an online database on Marxist theory by uploading the Party's major political doctrines to an Internet website, an effort that analysts said is promoting its ideology through information technology.

Uploaded contents to [www.ccpph.com.cn](http://www.ccpph.com.cn) include collected works in Chinese of Karl Marx, Frederick Engels, Vladimir Ilyich Lenin, as well as former CPC leaders Mao Zedong, Deng Xiaoping and Jiang Zemin.

All the works are available free of charge for Internet users to read, while visually impaired readers can listen to recorded voices reciting the content in Chinese.

The website also contains dozens of works explaining the doctrines, research of the communist party as well as the CPC's important documents, files and speeches of General Secretary of the CPC Central Committee Hu Jintao and other current leaders.

The database is sponsored by People's Publishing House, copyright owner of those Chinese works and major publisher of translated works of foreign political figures in China.

Liu Binjie, Director of General Administration of Press and Publication, said that the official launch of these works on the Internet would expand the spread of Marxist theories.

The world has entered an era when information, digitalization and other new communication methods are booming, said Huang Shuyuan, president of the People's Publishing House.

The more advanced and powerful communication methods a party uses, the more influential it will be, Huang said.

To help online readers find a classic Marxist reading, the database of the website provides a smart search function which finds the origin based on fractional words that readers input.

"It will greatly help researchers on Marxist doctrines like me, since many of those works could only be available in libraries," said Professor Zhang Guangming with the School of International Relations of Peking University.

"We could search for information about Marxist works at any time in my reading room," Zhang said.

Prof. Zhang Xixian with the Party School of the CPC Central Committee said that the online database represents a new trend for the Party to promote its theories in a more attractive way.

By the end of last year, the number of Internet users in China had reached 384 million users, covering about 28.9 percent of the country's total population.

Li Changchun, member of the Standing Committee of the Political Bureau of the CPC Central Committee, also attached great importance to the publication of the Party's theories by using multimedia technologies.

The People's Publishing House plans to digitalize its 3.6 billion-word Marxist theories books within two years to complete the database and provide it free of charge to the public.

## **Foreign relations**

- Chinese, U.S. presidents discuss bilateral ties (27<sup>th</sup> June)

(Xinhua) -- Chinese President Hu Jintao and U.S. President Barack Obama on Saturday discussed bilateral relations and voiced their opposition against protectionism.

Meeting on the sidelines of a Group of 20 ([G20](#)) summit in Toronto, the two leaders also discussed important world and regional issues of common concern.

The Chinese president said that the world economy is undergoing recovery but potential instability and uncertainty remain, and that the financial sector is not free from systemic risks. The European sovereign debt issue is a cause for concern and the world cannot afford to underestimate its impact on global economic recovery.

China and the United States should continue boosting coordination of their macroeconomic policies and stick to the principle of dealing with trade frictions through dialogue on equal footing, Hu said.

China has no intention to pursue a trade surplus against the United States and has been proactively taking measures to increase imports from the country, he said.

Hu called on the United States to refrain from trade protectionism and gradually reduce barriers to high-tech exports to China in order to achieve healthy and balanced bilateral economic and trade relations.

The Chinese president said progress has been made in bilateral ties recently, including the success of the 2nd round of the China-U.S. Strategic and Economic Dialogue last month.

China and the United States should work together to address common challenges, Hu said.

China is willing to work with the United States to carry on contacts, deepen cooperation, boost communication and coordination on important international and regional issues, said the Chinese president.

Obama said the United States is glad to see recent progress in bilateral relations and happy to see a successful and prosperous China.

The two countries have a great potential in bilateral cooperation, and the Strategic and Economic Dialogue has not only helped boost the bilateral relations, but also explore ways of facilitating sustainable development on both sides, Obama said.

Obama said the United States and China should work on the implementation of the decisions made at the Strategic and Economic Dialogue and boost cooperation to push for global economic balance and sustainable development and address climate change.

Obama said the United States is against trade protectionism.

The United States is committed to the one-China principle and respects the core interests of China, said the U.S. president.

Hu said China appreciates the U.S. reiteration of its commitment to the one-China principle and its respect for China's sovereignty and territorial integrity.

Hu accepted Obama's invitation for a state visit to the United States.

The two leaders also discussed the situation on the Korean peninsula and the Iranian nuclear issue.

- Chinese president meets British PM to boost cooperation (27<sup>th</sup> June)

(Xinhua) -- Chinese President Hu Jintao met British Prime Minister David Cameron on Saturday in Toronto, Canada, to advance bilateral relations.

The two leaders had an in-depth exchange of views on bilateral ties and regional and international issues of common concern and reached important consensus.

China views Britain as a partner for international cooperation and the two countries have established a fairly complete mechanism of exchanges, Hu said.

The two countries have maintained high-level contacts and achieved fruitful results in cooperation in various fields, he added.

Hu said the hard-earned situation of bilateral relations should be cherished by the two sides.

Given that the global financial crisis has not yet subsided and global problems have become increasingly prominent, China and Britain have broad common interests in propelling the full recovery of the world economy and coping with global challenges, he stressed.

The two countries should have a long-term perspective in handling bilateral relations so as to make bilateral cooperation better benefit the two peoples, he said.

Given differences in social systems, cultural tradition and development model, it is natural that the two countries differ on some issues, Hu said.

As long as the two sides strengthen dialogue on the basis of mutual respect and equality, accommodate each other's major concern and properly settle differences, China and Britain will be able to carry forward their comprehensive strategic partnership on a healthy and stable track, he added.

The two countries should continue to strengthen communication and coordination, accommodate each other's interests and address each other's major concerns to make the Group of 20 an effective platform for mutually beneficial cooperation between the two countries, said Hu.

Cameron said Britain highly values its relations with China and hopes to further improve them. His country is ready to strengthen high-level exchanges, promote the economic partnership and enhance the strategic dialogue with China, he said.

Economic and trade links are the most important part of bilateral relations, he said.

Britain upholds free trade and is opposed to protectionism, he said.

- Chinese, Russian presidents meet on sidelines of G20 summit (27<sup>th</sup> June)

(Xinhua) -- Chinese President Hu Jintao met his Russian counterpart Dmitry Medvedev on Saturday for talks aimed at further cementing their countries' strategic cooperative partnership.

The meeting between the two presidents was held on the sidelines of the Group of 20 summit that began on Saturday in Toronto.

Since the beginning of this year, leaders of the two countries have maintained close contact, and both countries have been working hard to implement the consensus reached by the two leaders, in efforts to boost the strategic cooperative partnership, Hu said.

The Chinese president said Medvedev's upcoming visit to China would further advance the strategic cooperative partnership between the two countries.

The slow global economic recovery remains fragile and faces a host of uncertainties, Hu said.

China hopes that the G-20 summit in Toronto would achieve positive and pragmatic results in four areas.

First, communication and coordination would be strengthened on macroeconomic policies to consolidate the world economic recovery.

Second, efforts would be made to push for the International Monetary Fund (IMF) to complete its quota reforms by the Seoul summit to give more representation and say to emerging market countries and developing countries.

Third, greater attention would be given to development issues to provide political support for the September 2010 UN High-Level Plenary Meeting on the Millennium Development Goals.

Fourth, continued efforts would be made to combat protectionism in all its forms.

China is ready to strengthen coordination with Russia within the G-20 framework to contribute to strong, sustainable and balanced growth of the world economy, Hu said.

Medvedev said frequent meetings and contacts between leaders of the two countries demonstrate the high level of the China-Russia strategic cooperative partnership.

The two sides have conducted excellent cooperation within the G-20 framework, and Russia is ready to continue strengthening coordination and cooperation with China, he said.

The Russian president said he is looking forward to his visit to China in September.

During the meeting, the two leaders also exchanged views on regional and international issues, including the situation on the Korean Peninsula, the Iranian nuclear issue and the situation in Central Asia.

- Chinese, South Korean presidents vow to further ties (28<sup>th</sup> June)

(Xinhua) -- Chinese President Hu Jintao and South Korean President Lee Myung-bak pledged to further enhance the strategic partnership of cooperation between the two countries at their meeting here on Saturday.

At the meeting, which occurred on the sidelines of a summit of the Group of 20 (G20), Hu said China-South Korea cooperation has been increasingly strengthened in various areas, including politics, economy and culture, since the bilateral strategic partnership of cooperation was established in 2008.

The two countries have also maintained good coordination and cooperation in tackling major international and regional issues, said Hu.

China attaches great importance to its relations with South Korea and, from a long-term and strategic perspective, has always regarded the development of the ties as an important part of its foreign relations.

Hu voiced China's support for South Korea to host the fifth G20 summit in November and said he believed the meeting would be a success.

He stressed that the two countries, as two major economies in East Asia and the world, are well positioned to boost cooperation for mutual benefits.

The two sides should launch talks on a free trade zone as soon as possible, facilitate economic and trade cooperation and boost cooperation in some key sectors, including high technology, the green economy and recycling economy, he said.

With regard to bilateral trade, the two sides should try to reach the 200-billion-U.S.-dollar target by 2012 and the 300-billion-dollar goal by 2015, Hu said, adding cooperation should also be strengthened in the fields of education, science and technology, culture, tourism and youth exchanges.

On the current situation on the Korean Peninsula, Hu pointed out that China has always regarded peace and stability of the Korean Peninsula as the priority in dealing with the issues related to the peninsula.

China opposes and condemns any act that would undermine stability in the region, he added.

All parties concerned should keep calm and restraint in face of the highly complicated and sensitive situation, with a view to the overall situation, said Hu.

Settlement of any issues on the Korean Peninsula should be based on the long-term interests of the people on the peninsula, Hu stressed, adding that China is ready to maintain close communication with South Korea.

Lee congratulated Hu on China's successful hosting of the Shanghai World Expo and said he was pleased that the South Korean Pavilion at the Expo has been popular with Chinese visitors.

Lee said his country also attaches great importance to the strategic partnership of cooperation with China. He promised that South Korea is willing to enhance the friendly cooperation between the two countries on the basis of the strategic partnership.

Lee said his country is optimistic about the future of bilateral trade as the economic and trade relations have developed rapidly between the two countries.

South Korea is willing to ink a free trade deal with China as soon as possible in order to promote the strategic partnership of cooperation and economic integration in East Asia, said Lee.

Lee said his country appreciates China's persistent efforts to push forward the denuclearization of the Korean Peninsula, adding South Korea is willing to maintain communication with China on the issue.

China-South Korea relations have grown at a fast pace since the two countries set up diplomatic ties in 1992. China and South Korea announced the establishment of their strategic partnership of cooperation in May 2008, when Lee visited China.

In recent years, trade between the two countries has been expanded. China is now South Korea's largest trading partner in the world, while South Korea is China's fourth largest trading partner.

- Chinese president's visit to Canada, attendance at G20 summit successfully promote trust, cooperation (28<sup>th</sup> June)

(Xinhua) -- Chinese President Hu Jintao's visit to Canada and his attendance at the Toronto G20 summit from June 23 to June 27 have successfully strengthened mutual trust and expanded cooperation, accompanying Chinese Foreign Minister Yang Jiechi said on Monday.

President Hu conducted busy diplomatic activities by attending over 30 bilateral and multilateral events over the past few days, Yang said.

During his visit to Canada, Hu, viewing development of China-Canada ties from a long-term perspective, worked with different parties in an extensive, thorough and meticulous way, and profoundly explained China's important views on boosting China-Canada pragmatic cooperation in various fields and advancing development of the bilateral strategic partnership.

During the G20 summit, Hu, from a strategic height, comprehensively introduced China's stances on how to promote the all-round recovery of the global economy and guide the transformation of the G20, and helped the summit in yielding positive results in strengthening the macro-economic policy coordination between different countries, fully implementing the consensus of the previous three G20 summits and enhancing mechanism building of the G20.

President Hu's visit and attendance are far-sighted, pragmatic, effective and fruitful, and have achieved complete successes, Yang said.

During his visit to Canada, Hu, in spirit of "strengthening dialogue, boosting mutual trust, expanding cooperation and creating a better future", exchanged views extensively with the Canadian leaders and people from all walks of life, clarified strategically the importance and urgency of developing China-Canada ties in the new situation, and emphasized that both sides should stick to the correct direction of bilateral ties and make joint efforts to comprehensively push forward the China-Canada strategic partnership.

Pragmatic cooperation in various fields serves the foundation for China-Canada ties. President Hu delivered a speech on the promotion of the all-round development of the China-Canada strategic partnership.

Hu brought forward five proposals for boosting China-Canada trade and economic cooperation, which were positively responded by the Canadian side.

Both the Chinese and Canadian leaders agreed to strive to increase bilateral trade to 60 billion U.S. dollars in 2015.

Moreover, the two governments and the two countries' companies signed 10 cooperation documents on trade and economy, tourism, quality-inspection, law-enforcement, and energy and minerals.

Cultural and person-to-person exchanges are of great significance to strengthening the public foundation for China-Canada ties. Hu announced that China would establish a China Cultural Center in Canada and invite 100 local Canadian educational officers and headmasters of primary and middle schools to visit China this year and another 100 Canadian middle school students to attend a summer camp in China next year.

Various circles and public opinions in Canada responded positively to Hu's visit. They said they believed the trip had played an important role in promoting Canada-China relations, according to Yang.

During the G20 summit, President Hu delivered an important speech entitled "Work in unity for the future," comprehensively introduced China's view on the current world economy, appealed to all parties to continue to carry forward the coordination spirit, and push the world economy into a new stage of vigorous, sustainable and balanced growth as early as possible.

Hu presented a three-point proposal for this aim.

First, all countries need to turn the G20 from an effective mechanism for tackling the global financial crisis to a major platform for promoting international economic cooperation.

Secondly, efforts should be made to accelerate the establishment of a new international financial order that is fair, equitable, inclusive and well-managed.

And last, all countries should promote the building of an open and free global trade system.

"The complex world economic situation makes it necessary for the G20 to play a guiding role. We need to take a longer-term perspective and shift the focus of the G20 from coordinating stimulus measures to coordinating growth, from addressing short-term contingencies to promoting long-term governance and from passive response to proactive planning," Hu said.

These views were widely agreed and responded by leaders of countries participating in the summit.

Hu said efforts should be made to keep the organic unity of the vigorous, sustainable and balanced growth.

A vigorous growth is the foundation of the world economy, a sustainable growth is the aim, while a balanced growth is the means, he said.

President Hu's speech was widely believed by leaders attending the summit as objective, balanced, profound, sharp-sighted, and to the point, giving out a right direction for development of the world economy.

On the sidelines of the summit, President Hu also met respectively his U.S., Russian, Indonesian, South Korean counterparts Barack Obama, Dmitry Medvedev, Susilo Bambang Yudhoyono and Lee Myung-bak, and British and Japanese prime ministers David Cameron and Naoto Kan. They exchanged in-depth views on further boosting political mutual trust, bilateral ties, pragmatic and mutually beneficial cooperation, and the healthy and stable development of the G20. The meetings have vigorously pushed forward China's ties with the countries.

Yang said President Hu's visit to Canada and attendance of the G20 summit had lifted the China-Canada strategic partnership, boosted the G20's healthy development and the world economy's full-scale recovery.

China is willing to further deepen China-Canada ties, and make joint efforts with other G20 members in building a better future for the world economy, said the foreign minister.

- China's yuan hits new record high against USD (28<sup>th</sup> June)

(Xinhua) -- The central parity of the Renminbi (RMB), or China's currency yuan, strengthened to 6.7890 per U.S. dollar on Monday, a new record high, according to the data released by the China Foreign Exchange Trading System.

On Friday, the central parity of RMB against the U.S. dollar rose to 6.7896, the highest since China announced to unpeg the yuan from the U.S. dollar in July 2005.

China's central bank announced on June 19 that it would further the reform of the formation mechanism of the yuan exchange rate to improve its flexibility.

- Yuan effect "limited" on stock (28<sup>th</sup> June)

(Xinhuanet) -- The recent rally in China's A-share market sparked by the speculation of a stronger yuan is likely to be short-lived as investors grow skeptical that Beijing's move to de-peg the currency from the dollar will have an immediate and substantial impact, analysts said.

The benchmark Shanghai Composite Index retreated by 0.5 percent last Friday, trimming the weekly gain, as the high expectation that yuan revaluation would substantially lift the market faded away.

"We are cautious about the short-term rally in the market, which we think is unlikely to be sustained," said Wang Fenghua, an analyst at Hongyuan Securities in Beijing.

Beijing's ending of the yuan's peg from the dollar last week temporarily boosted share prices of airlines, paper manufacturers, developers and banks, which will benefit from a stronger currency.

However, concerns of shrinking liquidity, slowing economic and corporate earning growth and fundraising pressure still exist in the market and they may continue to weigh on it, Wang said.

The Shanghai index surged after the central bank said it would make the nation's currency more flexible, boosting speculation the yuan will strengthen and easing investors' worries about an interest-rate hike to tame inflation.

The central bank set the yuan's central parity rate against the dollar at 6.7896 last Friday, the highest since July 2005, when the country started its yuan appreciation process.

But analysts said the new yuan reform was not aimed at a one-time sharp appreciation, but rather was a market-oriented reform designed to keep the currency stable. Thus any revaluation of the yuan would be very gradual.

Guosen Securities estimated that the chance of a sharp revaluation of the yuan was slim and the currency was likely to rise by only one to two percent in the second half of the year.

Overseas fund managers did not buy into expectations in some quarters that the yuan's revaluation would boost the Chinese equity market. Mark Mobius, fund manager at Templeton Asset Management Ltd, was quoted by Bloomberg as saying that the end of the yuan's exchange-rate peg had not made China's stocks more attractive.

"The yuan appreciation will not have a dramatic impact since the exchange rate change is not expected to be significant," said Mobius, who oversees about \$34 billion in emerging markets.

But some analysts and traders believe that the low valuations of Chinese stocks may offer a good entry point for investors.

The gap between share prices in Chinese companies dual-listed in Shanghai and Hong Kong has shrunk dramatically in recent days as the benchmark Shanghai index has tumbled nearly 20 percent since April.

Some analysts said that worries about Beijing's property tightening and potential economic slowdown were overstated and any signs of the government's shift to an easing stance should provide a boost to the market.

(Source: China Daily)

- China rebuffs criticism over stance on Korean Peninsular situation (29<sup>th</sup> June) (Xinhua) -- China on Tuesday rejected criticisms over its stance on the Korean Peninsular situation, saying it would never "pour oil on the fire" at a time when calm and restraint were needed.

"China's stance and efforts are fair and irreproachable. We will not do things like pouring oil on the fire," said Chinese Foreign Ministry spokesman Qin Gang at a regular news briefing.

Media reports said U.S. President Barack Obama had criticized China's "willful blindness" to the actions of the Democratic People's Republic of Korea (DPRK) with regard to the sinking of a Republic of Korea (ROK) warship.

"China borders on the Korean Peninsular, and we have our own feeling on the issue, different from that of the countries tens of thousands miles away. We have more direct and intense concerns," said Qin.

On March 26, the 1,200-ton Navy frigate "Cheonan," with 104 crew members onboard, went down off the ROK island of Baekryeong off the west coast due to an unexplained explosion. Forty-six sailors were killed.

Seoul said after completing an investigation that the warship was torpedoed by the DPRK. But Pyongyang has denied its involvement in the incident.

China has repeatedly urged all sides to maintain calm and restraint so to avoid an escalation of the situation.

"On the Cheonan issue, we will not be partial to any party, but make objective judgments in line with the facts," said Qin.

Qin said a turning point needed to be reached urgently, not intensification or confrontation, calling on all sides to deal with the Cheonan incident through dialogue and consultations.

Qin said if the Korean Peninsular wanted long-term development and stability, that denuclearization must first be realized.

"We are willing to make joint efforts with parties concerned to realize the denuclearization of the Korean Peninsular through pushing forward the six-party talks," said Qin.

- Chinese vice premier calls for enhanced exchanges with Switzerland (29<sup>th</sup> June) (Xinhua) -- Chinese Vice Premier Li Keqiang met with Swiss Foreign Minister Micheline Calmy-Rey on Monday, calling for enhanced exchanges and contacts between the two countries.

This year marks the 60th anniversary of China-Switzerland diplomatic ties. Li said the two countries had witnessed smooth progress of bilateral ties over the past 60 years and carried out substantial cooperation in the areas including economy, trade and technology.

He suggested to further develop bilateral friendly cooperative ties on the basis of mutual respect, equality, mutual benefit and seeking common ground while putting aside difference.

Because the world is undergoing profound and complex changes with global challenges on the rise, the two countries share the responsibility and aspiration to maintain world peace and development, said the vice premier.

"China appreciates Switzerland's positive role at the global stage, and hopes to enhance contacts with the country to jointly contribute to world peace, development and cooperation," Li said.

Calmy-Rey said her country highly valued its relations with China and hoped to further strengthen bilateral exchanges in various areas and at all levels.

Calmy-Rey is on a three-day working visit to China with a focus on the celebration of the 60th anniversary of diplomatic ties with China and the official political dialogue that Switzerland and China have agreed as a means to deepen their bilateral relations.

- China remains strong supporter of South-South Cooperation (30<sup>th</sup> June)

(Xinhua) -- "China is both a strong supporter for and an active participant in the South-South Cooperation," a senior Chinese official said here Tuesday.

Yi Xiaozhun, the Chinese vice minister of commerce, made the statement as he was delivering a keynote speech at the Development Cooperation Forum, sponsored by the UN Department of Economic and Social Affairs, at the UN Headquarters in New York.

"This year marks the 60th anniversary of China's technical assistance to other developing countries through South-South Cooperation," Yi said. "It also marks the 31st anniversary of China as a beneficiary of the UN development assistance system."

Promoting South-South Cooperation and "help each other among the developing countries" is the centerpiece of development cooperation, he said. "As the developing countries are at similar levels of development and facing similar economic and social development problems, they can better appreciate the development needs of each other."

"China supports the 'Beyond Aid' initiative proposed in the UN secretary-general's report and emphasizes the need for enhanced policy coherence, host country ownership and capacity building over cash assistance," he said.

"With the concept of 'blood generation over blood transfusion', China believes that it is better to help host countries build long-term sustainability than to resort to short-term interventions and be overly dependent on foreign aid," he said. "An integrated and holistic approach should therefore be adopted by incorporating trade, investment, technology transfer, capacity building and other elements into the development policies."

"Developing countries should also take the initiative into their own hands in order to identify the policies and solutions most responsive to their own needs," he said.

"China has tried similar approaches and learned some useful lessons," he said.

"First, providing non-politically conditioned assistance to developing countries," he said.

For the past 60 years, China has implemented a large number of programs within its capacity with a view to enhancing the productivity of other developing countries and improving the livelihood of the local people, he said.

"One such program is the Tanzania-Zambia Railway when the Chinese people tightened our belts to build for Africa in the 1960s and 1970s," he said. "To date, it is still serving the local people."

In an interview with Xinhua in mid-April, Tanzanian Minister of Finance and Economic Affairs Mustapha Mkulo said, "Tanzania has benefited a lot from the Chinese assistance on infrastructure in Africa. I think the first project of the infrastructure for probably the whole of Africa, is TAZARA, the Tanzania-Zambia Railway."

Mkulo said that the more than 1,860 km railway puts a link of the port of Dar es Salaam and the land-locked country of Zambia, "I'm glad that not only the Chinese helped us 30

years ago, but they are helping us even today. We even signed an agreement for more assistance in December when I went to China. We valued that assistance, and we continued to value that assistance."

"In this regard, China has won the respect and trust of the partner countries," he said. "Even after the global financial crisis, while addressing its own economic difficulties, China has managed to maintain some growth of its assistance programs."

The Chinese government has also announced eight new initiatives for the next three years to help development of Africa, including preferential loans of 10 billion U.S. dollars, 100 clean-energy programs to develop solar energy, biogas, and small hydropower, loans of 1 billion U.S. dollars specifically earmarked for small-and-medium-sized enterprises to reinforce their financing capabilities, enhancement of cultural and scientific exchanges and further cooperation in the medical and health care sectors, Yi said.

China's other moves to aid the developing countries include: opening up market to enhance the productivity of the least developed countries (LDCs), increasing investment in developing countries to enhance their ability for economic growth, and building capacity through training, he said.

- Foreign network operators in China should abide by Chinese law:FM (1<sup>st</sup> July) (Xinhua) -- Foreign network operators doing business in China should comply with the Chinese laws and relevant regulations, Foreign Ministry spokesman Qin Gang said Thursday at a regular news briefing.

Qin made the remarks in response to a question concerning Google's application to renew its internet content provider (ICP) license in China.

Qin referred the question to government departments in charge of internet administration. It is reported that Guxiang Information Technology Co. Ltd., operator of Google.cn, has applied to China's Ministry of Industry and Information Technology to renew its ICP license.

An unnamed Chinese official said although the license renewal application from Guxiang had come late, but related government agencies were using the time to go through procedures.

"A quick reply is expected soon," he said.

- Google says to "abide by the Chinese law" in order to renew license (1<sup>st</sup> July) (Xinhua) -- A company running Google's China website has pledged to "abide by the Chinese law" in a letter of application to renew Google's operation license, government sources told Xinhua Wednesday.

Guxiang Information Technology Co. Ltd., operator of Google.cn, had submitted an application to China's Ministry of Industry and Information Technology to renew its Internet Content Provider (ICP) license, permit to run websites in China, an official in charge of Internet administration, who declined to be identified, said.

The application was made "almost at the same time" Google's chief legal officer David Drummond wrote a blog post saying Google is committed "not to self censor," according to the official.

Guxiang had said it will "ensure the company will provide no law-breaking contents as stated in the 57th statement in China's regulations concerning telecommunications."

The 57th statement in China's regulations concerning telecommunications, which Guxiang promised to follow, stipulates that any organization or individual is prohibited from using the Internet to spread any content that attempts to subvert state power, undermine national security, infringe on national reputation and interests, or that incites ethnic hatred and secession, transmits pornography and violence.

Guxiang promised that all contents it provides are subject to supervision of government regulators, said the official.

The official said the license renewal application from Guxiang had come late, but related government agencies were using the time to go through procedures.

"A quick reply is expected soon," he said.

- China urges restraint by parties involved in Nagorno-Karabakh clash (1<sup>st</sup> July) (Xinhua) -- China Thursday urged calmness and restraint after clashes in the Nagorno-Karabakh region, where Armenia and Azerbaijan have a territorial dispute.

Chinese Foreign Ministry spokesman Qin Gang made the remarks while commenting on an exchange of fire in the region on June 18.

"China consistently holds a clear stance on the Nagorno-Karabakh issue," Qin said, adding that China hopes the disputes will be settled peacefully.

Stressing that there is no change in China's stance, Qin expressed China's hope that the parties concerned have enough political wisdom to find a solution through negotiation and dialogue.

He said such an outcome is in the interests of both Azerbaijan and Armenia, as well as regional peace, stability and development.

Nagorno-Karabakh, a region largely populated by ethnic Armenians, declared independence from Azerbaijan in 1991, sparking the continuing conflict.

- China believes Sri Lanka capable of handling its own problems (1<sup>st</sup> July) (Xinhua) -- China said Thursday it believes the Sri Lankan government and people are capable of handling their own problems.

Chinese Foreign Ministry spokesman Qin Gang made the remarks at a regular press conference in response to questions relating to UN Secretary-General Ban Ki-moon's recent appointment of members to a panel considering the recent conflict in Sri Lanka.

The Secretary-General has appointed "a panel of experts that will advise him on the issues of accountability with regards to alleged violations of international human rights and humanitarian law during the final stages of the conflict in Sri Lanka," said Martin Nesirky, spokesperson of the UN Secretary-General, June 22 (New York time).

"We have noticed the appointments," said Qin.

Sri Lankan President Mahinda Rajapaksa established the Lessons Learnt and Reconciliation Commission (LLRC) in May to examine Sri Lanka's long running separatist conflict that ended last year.

Qin expressed China's belief that Sri Lanka alone is capable of handling Sri Lanka's problems.

China also hoped that the international community, including the UN Secretariat, will create a favorable external environment for Sri Lankan government to stabilize domestic situation, and to accelerate economic growth, said Qin.

Sri Lanka's government forces declared victory over the rebel Liberation Tigers of Tamil Eelam (LTTE) last year after a conflict that raged on and off for nearly three decades and resulted in the deaths of thousands.

- China welcomes U.S. defense chief's visit at "an appropriate" time (1<sup>st</sup> July)  
(Xinhua) -- A senior Chinese general said Thursday China will welcome a visit by U.S. defense chief Robert Gates at a time "appropriate to both sides."

"We welcome his visit to China at a time workable for both sides," General Ma Xiaotian, deputy chief of general staff of the Chinese People's Liberation Army (PLA), said after being asked if it is possible for Gates to visit China in coming months.

Gates was scheduled to visit China in 2010, in accordance with a China- U.S. joint communique signed last November when U.S. President Barack Obama visited Beijing.

The joint communique also outlined other important military exchange programs in 2010, including a visit to Beijing by Chairman of the U.S. Joint Chiefs of Staff Mike Mullen and a visit to Washington by Chief of General Staff of the Chinese PLA Chen Bingde.

But in January, China cut off some military exchanges with the U.S. following the Pentagon's decision to sell a nearly 6.4-billion-U.S.-dollar arms package to Taiwan, an inalienable part of China.

Subsequently, none of the planned high-level visits between the two militaries have been possible over the last six months.

The last U.S. military official to visit China was Robert Willard, chief of the U.S. Pacific Command. He came to China in late May as a member of U.S. delegation to the second Strategic and Economic Dialogue between the two countries.

Gates complained at a security forum in Singapore in early June about China's dismissal of his request to visit Beijing during his Asia tour, saying Beijing's attitude "makes little sense."

In response, Ma reiterated the major obstacles hampering growth of China-U.S. military ties.

Ma said an improvement in military ties depends on the United States respecting China's core interests and major concerns.

He urged the United States to be sincere about sensitive issues, including arms sale to Taiwan and U.S. naval ships' and aircraft's reconnaissance missions in Chinese waters.

Ma also urged the U.S. to create favorable conditions for the restoration and growth of bilateral military ties.

- China sees improving security in Afghanistan as primary concern (1<sup>st</sup> July)  
(Xinhua) -- China said here Wednesday that improving security in Afghanistan is of prime concern against a backdrop of "a marked increase in security incidents" in the country since the beginning of this year.

The statement came as Wang Min, deputy Chinese permanent representative to the United Nations, was taking the floor during an open debate on the current situation of Afghanistan at the UN Security Council.

"As a neighbor to Afghanistan, China has been keeping a close eye on developments there," Wang said. "Improving security in Afghanistan is of prime concern, and although much had been done to strengthen the local security forces, there is a marked increase in security incidents since the beginning of this year."

Such insecurity has a negative impact on the assistance work being done by the international community, he said, voicing his hope that relevant parties of the international community would continue to support Afghanistan in its efforts to secure the country.

Security in war-torn Afghanistan has not improved in recent months and violence threatens any strides toward stability, UN Secretary-General Ban Ki-moon said in his report to the Security Council in early June.

"Indiscriminate anti-government element attacks against civilian targets, government representatives and international military forces continued," Ban said in his report. "The alarming trend of increased improvised explosive device incidents and the occurrence of complex suicide attacks persisted. Military operations also intensified."

Regarding economic and social reconstruction, Wang noted that weak infrastructure, lack of human resources and insecurity had stood in the way of progress.

As such, the international community should pay greater attention to supporting Afghanistan's socioeconomic and national development strategy, and should encourage the Afghan government to make full use of the international assistance being provided to it, he said.

In helping the Afghan government and people exercise ownership for their country's peaceful reconstruction, the international community should respect the nation's sovereignty, said the Chinese diplomat.

"The international community should listen carefully to the views of the Afghan people" during the International Conference on Afghanistan, scheduled for July 20 in Kabul, in order to reach a consensus on how to further assist Afghanistan, Wang added.

Afghanistan is hosting the international conference where an Afghan-led plan to improve development, governance and security is to be presented, the secretary-general said in his report. That's a follow-up to a January conference in London, where Afghanistan and its allies met to discuss the country's political and economic development.

- China, Guyana pledge to advance military ties (2<sup>nd</sup> July)

(Xinhua) -- China and Guyana pledged to advance their military ties when officials from the two countries held talks here Friday.

China and Guyana are both developing countries with a common focus on economic development and the improvement of people's lives, said Chen Bingde, chief of the General Staff of the People's Liberation Army (PLA) of China.

Chen made the remarks in talks with Gary Anthony Rodwell Best, chief of the Defense Staff of Guyana.

Chen said military-to-military relations are an important component of bilateral ties.

The two nations have enjoyed good exchange and cooperation in recent years, Chen added.

Best said his country values its relations with the Chinese military forces, and Guyana government will firmly adhere to the one-China policy.

Best is on an official visit to China that started June 27 and will finish July 4.

Apart from Beijing, Best will also visit Shanghai, Suzhou and Nanjing.

- Chinese vice president calls for closer ties with Vietnam (2<sup>nd</sup> July)

(Xinhua) -- Chinese Vice President Xi Jinping Friday urged closer ties with Vietnam, saying the differences between the two countries should be properly dealt with.

While meeting Vietnamese Deputy Prime Minister and Foreign Minister Pham Gia Khiem in Beijing, Xi highlighted the sound development of cooperative ties between the two neighbors.

Friendship and reciprocal cooperation are the major features of the bilateral relationship, Xi said.

Xi added since normalization of bilateral ties, cooperation between the two countries "has brought benefits to the two peoples."

China and Vietnam established diplomatic relations in 1950. Bilateral ties deteriorated in late 1970s and normalized in 1991.

The two countries established a comprehensive and strategic partnership of cooperation in 2008.

This year marks the 60th anniversary of the establishment of China-Vietnam diplomatic ties and is the China-Vietnam Friendship Year.

In 2004, China and Vietnam agreed upon the demarcation of the Beibu Gulf, the northern part of the South China Sea.

In late 2008, the two countries completed the demarcation of their 1,300-kilometer-long land border. The two countries have pledged to jointly tackle the South China sea issue.

Xi said China and Vietnam are both socialist countries under the leadership of communist parties.

Both countries face the tasks of economic development and improving people's lives, Xi added.

Khiem said Vietnam hopes to work with China to enhance exchanges at various levels, promote trade cooperation and maintain peace and stability on the sea.

Khiem and Chinese State Councilor Dai Bingguo in Beijing Thursday co-chaired the fourth meeting of the China-Vietnam steering committee on cooperation and agreed on further cooperation.

The committee, launched in 2006 in Hanoi, is designed to coordinate China-Vietnam cooperation in various fields.

- China pledges to support UN's role in gender equality, women's empowerment (2<sup>nd</sup> July)

(Xinhua) -- China supported the UN in playing its role in advancing gender equality and women's empowerment and will continue to provide political and financial support to relevant UN agencies working in this field, a senior Chinese diplomat said here Thursday. Li Baodong, the Chinese ambassador to the UN, told the 2010 ministerial review session of UN Economic and Social Council (ECOSOC) that China welcomes the consensus made in the reform of UN gender architecture.

"We believe that the establishment of the new gender entity should optimize the functions and resources of the existing entities, improve coordination and efficiency, increase input in development projects in developing countries and further promote the implementation of international commitments including the Beijing Declaration and Platform for Action," said Li.

This year marks the 10th anniversary of the Millennium Declaration and the 15th anniversary of the Fourth World Conference on Women held in Beijing.

"It is of important significance for the realization of the Millennium Development Goals (MDGs) and the advancement of women that this session of ECOSOC has chosen gender equality and women's empowerment as the theme," said the ambassador.

Li said the Chinese government has made enormous efforts to promote gender equality and fulfill its international commitments including the MDGs, implementing a series of policies that directly benefit women and girls, including giving women access to micro-credit with fully subsidized interest; safeguarding the right of girls to equal education as boys; carrying out free health survey among rural women and promoting women's participation in politics.

As home to one fifth of women of the world, China has 641 million women, constituting 48.5 percent of its total population. Currently, about 150 million people in China live under one U.S. dollar per day and women make up half of them. Safeguarding the survival and development of women is a long term task facing China, said the ambassador.

"The Chinese government is willing to work with other countries to adopt more effective measures in order to realize the goals of gender equality, women's empowerment and building a harmonious world," he said.

- China, Pakistan kicks off anti-terror drill (3<sup>rd</sup> July)

(Xinhua) -- China and Pakistan kicked off a joint anti-terrorism drill in Qingtongxia in northwest China's Ningxia Hui Autonomous Region on Saturday.

The drill, code-named "Friendship-2010," is the third of its kind between the two countries. More than 200 people, including soldier participants and military spectators, attended the opening ceremony of the drill.

The joint exercise is of profound and far-reaching importance in consolidating the friendship between the two countries and armies, upgrading their capabilities in fighting terrorism together and safeguarding regional peace and stability, said Wang Guosheng, commander of China's Lanzhou Military Area Command, at the opening ceremony.

He said the drill would also help promoting military understanding and mutual trust, enhancing military exchanges and cooperation between the two sides.

Lieutenant General Khalid Shameem Wynne, Chief of the General Staff of the Pakistan Army, said Pakistan and China had all-weather friendship, which could transcend borders and have enjoyed popular support.

He said the drill showed the two countries' determination to combat the "three forces" -- referring to extremism, separatism and terrorism.

China and Pakistan held their first-ever joint anti-terrorism exercise, "Friendship-2004," in Xinjiang's Taxkorgan Tajik Autonomous County bordering Tajikistan, Afghanistan and Pakistan. About 200 border soldiers from both sides participated.

The second joint anti-terror military drill, "Friendship-2006," was carried out in the hills of northern Pakistan's Abbottabad. More than 400 soldiers from both armies took part.

- Chinese vice president meets Botswana ruling party chairman (3<sup>rd</sup> July)

(Xinhua) -- Chinese Vice President Xi Jinping met Friday with Daniel Kwelagobe, chairman of Botswana Democratic Party, according to a press release from the International Department of the Communist Party of China (CPC) Central Committee.

Xi hailed China-Botswana relationship, saying the two countries have witnessed fruitful cooperation in areas like trade, investment, culture and education, said the press release. Since the CPC and Botswana Democratic Party established party-to-party relations 30 years ago, the two parties have conducted various forms of exchanges, which helped to increase mutual understanding and push forward bilateral relationship.

The CPC would further deepen exchanges and cooperation with the ruling party of Botswana, said Xi.

Xi said China would make joint efforts with the African countries including Botswana to lift China-Africa strategic partnership to a new level.

Kwelagobe, on his first visit to China since taking office as the party chairman, appreciated China's support for Botswana's development, saying the Botswanian government and ruling party would continue to follow one-China policy.

Kwelagobe also spoke highly of the constructive role China has played in international affairs.

## **Economic front**

- Exchange rate regime reform has limited impacts on China's export: official (27<sup>th</sup> June)

(Xinhua) -- The exchange rate regime reform China is carrying out will have limited impacts on the country's exports, an official from the Chinese Ministry of Commerce said here Thursday.

"From my standpoint of view, the impact on ordinary or general trade is bigger than that on the processing trade," Yu Jianhua, international trade and economic affairs director of the Commerce Ministry, told reporters.

"However, on the whole it won't be that big," he added.

China's central bank announced on June 19 that it would further reform the exchange rate regime of the Chinese currency yuan to make the rate more flexible.

Noting that many developed countries restrict China's exports, Yu reiterated that China is opposed to any kind of trade protectionism.

Due to the global economic crisis, China's trade surplus declined dramatically. In the first five months of 2010, China's imports increased 57.5 percent and its exports rose 33 percent.

As a result, China's trade surplus in the period dropped 60 percent year-on-year to 35.36 billion U.S. dollars, Yu said. In the same period in 2008 before the economic crisis, the surplus was 78 billion dollars.

He said that he is not optimistic about China's trade figures in 2010 given such factors as the global economic crisis, the European sovereign debt crisis, the impact of depreciation of the euro, the climbing labor cost in China and the rising cost of raw materials.

- Official: Currency reform "our own affair" (28<sup>th</sup> June)

(Xinhuanet) --China will not bow to pressure from the outside world on revaluing the renminbi and any changes in the nation's foreign exchange will be made on China's own terms, Chinese officials heading to the G20 summit in Toronto said at a press briefing.

The remarks come on the heels of US senators sending proposals to the Obama administration last Thursday calling for fresh pressure on China to allow more flexibility

of its currency and a large-scale appreciation, despite the Chinese government's announcement on its foreign exchange reform last weekend.

"Any changes in the foreign exchange will be decided by China's needs for supporting domestic economic development, rather than foreign pressure. Now the country's key goal is to transform the economic growth model, which will impact how the foreign exchange reform goes," said Ma Xin, director-general of the department of international cooperation of the National Development and Reform Commission, China's top economic planner.

The Chinese government recently announced that it will enhance the flexibility of renminbi exchange rate, which ended a fixed peg to the US dollar since July 2008. But this has not reduced the pressure from some countries, led by the US, which are now considering demanding that China takes an even bigger step in currency flexibility.

Otherwise, the US Senators said they will urge the Obama Administration to punish China and its exporters by imposing countervailing duties, because China has been "subsidizing its exporters unfairly by undervaluing its currency".

Some said the US and others will even pressure China to agree to implement big steps at the G20 summit.

However, China denied such pressure. "China's move has been welcomed by the world and we have not felt any difference in the pressure on the currency issue from the group of G20 nations," said Zhang Tao, director general of the international department of the People's Bank of China.

"I don't think we will make any changes on the pace, depth and scope of the renminbi exchange rate reform," he added.

Last week, the yuan gained 0.53 percent, the most since December 2008 after China had set the yuan at 6.83 to the US dollar in July 2008.

Nomura Securities International said it expected a moderate pace of appreciation of the yuan in the remainder of 2010 and during 2011.

Nobel laureate Paul Krugman said China's move was an "exercise in bad faith" aimed at fending off international pressure at the G20 summit. He also said he believed China is still undervaluing the yuan to make its exports "artificially cheap" and to keep imports expensive.

Economists at home and abroad said they believed currency revaluation is not the key to global trade imbalances. Appreciation by large margins, or even one-off appreciation, is harmful to Chinese economic growth, some said.

"There is no need for foreign nations to add pressure on China, as appropriate appreciation is not the last resort for solving trade imbalances," said Zuo Chuanchang, professor from the Academy of Macroeconomic Research of the National Development and Reform Commission.

Nobel Prize Laureate Robert A. Mundell, also known as the Father of the Euro, told China Daily on the sidelines of a forum in Beijing: "I don't think it's a good time for China to have a large appreciation," he said, adding that it would not affect China's economy if the yuan is not allowed to appreciate very much, though too much appreciation would hurt the country's economy.

Welcoming move

On Sunday, the group of 20 nations released the draft of a communique, which welcomed China's initiatives to further proceed with its foreign exchange reform, to allow its currency to become more flexible and to boost domestic demand.

"The foreign exchange reform could help control inflation and avoid asset bubbles," said Zhang at the press briefing.

But sources said some G20 nations argued that China should go a step further in the reform and some also said China opposed the idea of any mention of its currency at the G20.

"China is sensitive to outside pressure and resists that, but I don't think it needs to," said Alan Alexandroff, co-director of the G20 Research Group at the University of Toronto.

"More flexibility is in the interest of Chinese people. It is important, because it adds to value and ensures more powerful domestic consumption."

(Source: China Daily)

- Chinese president calls for joint efforts to promote global economic recovery (28<sup>th</sup> June)

(Xinhua) -- Chinese President Hu Jintao laid out on Sunday a three-point proposal for promoting a strong, sustainable and balanced global economic growth, calling for joint efforts of the international community for global economic recovery.

While addressing the fourth G20 summit in Toronto, Hu said in his speech titled "Work in Unity for the Future" that the world economy is gradually recovering with the help of the concerted efforts of G20 members and the entire international community.

However, he warned that the recovery was unfirmly established, unbalanced, and still facing "quite many uncertainties," such as the expanding sovereign debt crisis, drastic exchange rates fluctuations of major currencies and persistent volatility in the international financial markets.

Seeking to address these problems and materialize a strong and balanced growth worldwide, Hu laid out a three-point proposal.

"First, we need to turn the G20 from an effective mechanism to counter the international financial crisis to a premier platform for advancing international economic cooperation," said the Chinese president.

"The complex world economic situation makes it necessary for the G20 to play a guiding role. We need to take a longer-term perspective and shift the focus of the G20 from coordinating stimulus measures to coordinating growth, from addressing short-term contingencies to promoting long-term governance and from passive response to proactive planning," he said.

The Chinese leader said G20 nations should strengthen coordination of macroeconomic policies among them, support countries hit by the sovereign debt crisis in overcoming the current difficulties.

He also called for well managing the G20's relationship with other international organizations and multilateral mechanisms and ensuring that the G20 "plays a core role in promoting international economic cooperation and global economic governance."

Secondly, Hu said "we need to accelerate the establishment of a new international financial order that is fair, equitable, inclusive and well-managed," calling for the

establishment of an international financial system "that is good for the growth of the real economy."

Hu said the G20 members need to bring the shadow banking system under supervision and regulation and formulate globally consistent accounting rules.

He also said the G20 nations need to enhance the IMF's capacity building and surveillance reform, and strengthen supervision over macroeconomic policies of various parties, particularly major reserve currency issuing economies.

Thirdly, the Chinese leader urges advancing "the building of an open and free global trading regime."

"We must take concrete actions to reject all forms of protectionism, and unequivocally advocate and support free trade," he said.

- Chinese mainland, Taiwan sign landmark economic pact (29<sup>th</sup> June)

(Xinhua) -- Chinese mainland and Taiwan negotiators signed the long-awaited Economic Cooperation Framework Agreement (ECFA) in Chongqing Tuesday afternoon, a move hailed by many as a milestone in cross-Strait relations.

Aiming to establish a systematic mechanism for enhancing cross-Strait economic cooperation, the ECFA was agreed upon by the mainland's Association for Relations Across the Taiwan Straits (ARATS) and Taiwan's Straits Exchange Foundation (SEF).

The ARATS and SEF handle cross-Strait issues on behalf of their respective authorities.

The ECFA will formally take effect one day after both sides "complete due procedures and notify each other," the agreement said.

Under the 16-article agreement, the two sides agreed to "gradually reduce and remove trade and investment barriers and create a fair environment" in the two areas.

The agreement also provides protection for cross-Strait investments to boost two-way capital flows.

A list of items and services to benefit from the pact first with preferential duty cuts and treatment, dubbed the "early harvest program," was agreed on by both sides.

The "early harvest program" will launch within six months of the ECFA taking effect, the agreement said.

Under the agreement, the two sides will continue discussing agreements for commodity trade, service trade and investment for six months after the ECFA takes effect.

Further discussions on commodity trade agreement will include: tariff reduction and removal; rules of origin; customs procedures; and trade remedies.

Discussions on service trade agreement will focus on cutting and removing restrictive measures gradually, enlarging the service sectors covered, and enhancing cross-Strait cooperation.

Meanwhile, discussions concerning cross-Strait investment aim to establish an investment protection mechanism, enhance transparency of relevant regulations, reduce restrictions on investment, and facilitate unhindered investment.

In order to further increase the benefits of the ECFA, the two sides also agreed to enhance cooperation in intellectual property protection, finance, trade facilitation, customs, and E-business.

They would also help promote cooperation between small and medium-sized enterprises across the Taiwan Strait, and help economic and trade organizations to set up offices on each other's side of the Strait.

In addition, the mainland and Taiwan will jointly set up a committee for cross-Strait economic cooperation to ensure ECFA agreements can be reached and to supervise the implementation of the ECFA.

The committee will also interpret terms of the ECFA and publicize major information concerning cross-Strait economics and trade.

The committee will hold routine meetings every six months and may have interim meetings upon agreement by the two sides.

The committee will also serve as the authority to deal with ECFA-related disputes until the two sides reach a separate agreement on dispute settlement.

Negotiation for the dispute settlement agreement will start within six months of the ECFA taking effect.

Also on Tuesday, a separate agreement on intellectual property rights protection (IPR) was signed by the ARATS and the SEF.

According to the IPR agreement, the Chinese mainland and Taiwan will increase exchange and cooperation to boost protection of patents, trademarks, copyright and plant variety rights (PVR).

- China to maintain macro-economic policy stance: Premier (30<sup>th</sup> June) (Xinhua) -- Chinese Premier Wen Jiabao has reiterated the country's stance in maintaining the continuity and stability of macro economic policies to further consolidate the growth momentum.

Wen held talks with economists and entrepreneurs on Monday and Tuesday, during which he said the country would work to make these macro policies more flexible and targeted, according to a statement posted on the government website ([www.gov.cn](http://www.gov.cn)) Wednesday.

The attendants reached a consensus that the country's economy had picked up and been further consolidated, and it would maintain relatively fast growth for the whole year as domestic consumption, investment and exports had set the stage for steady and sustainable recovery.

China's economy was developing in the expected direction under the country's macro regulations, the premier said, adding prudent observations were needed given the complicated economic conditions, both at home and abroad.

China would balance maintaining stable and relatively fast economic growth, adjusting the economic structure and avoiding possible inflation, he said.

Wen stressed focus should be placed on mechanism reforms and the transformation of economic growth mode, which is conducive to both addressing the current problems and easing the contradictions in the long run.

The country's gross domestic product surged 11.9 percent year on year in the first quarter of this year, accelerating from 10.7 percent in the last quarter of 2009.

- Magazine: Chinese banks earn 25% of profits world over (30<sup>th</sup> June)

(Xinhuanet) --There are 84 Chinese banks sitting in the world's top 1000 now, though accounting for 9 percent of capital but making a quarter of profits, according to a global magazine "The Banker" tracking banking services.

Bank of America has leapfrogged JPMorgan to rank as the world's top bank in terms of capital strength while Industrial and Commercial Bank of China (ICBC) tops the profit league.

Bank of America topped The Banker magazine's 2010 ranking of the world's banks, based on Tier 1 capital.

The U.S bank's Tier 1 capital rose by a third from last year to \$160 billion, which saw it swap places with JPMorgan, whose Tier 1 capital dipped 2 percent to \$133 billion.

Citigroup ranked third in the latest list, followed by Britain's Royal Bank of Scotland and HSBC. The magazine uses Tier 1 capital as a measure of a bank's ability to lend on a large scale and endure shocks.

ICBC of China topped the rankings for 2009 pretax profit after earning \$24.5 billion, ahead of China Construction Bank on \$20.3 billion. U.S. investment bank Goldman Sachs ranked third with a profit of \$19.8 billion and Barclays was Europe's most profitable bank with \$18.9 billion last year.

The biggest loss was posted by Anglo Irish Bank with an \$18.5 billion hit. GMAC, the U.S. financial services firm majority owned by the U.S. government, and Citi followed with respective losses of \$10.3 billion and \$8.4 billion.

Profits for the top 1000 banks were almost four times last year higher than in 2008, but returns have fallen sharply from the boom years, the data showed.

U.S. banks swung to a \$37.5 billion profit last year from a \$91 billion loss, while British banks recovered to a \$29.5 billion profit from a \$51 billion loss.

In contrast, Japan's banks lost \$11.1 billion last year after making profits of \$16.5 billion in 2008.

(Source: People's Daily Online / Agencies)

- Chinese economy likely to maintain steady, rapid growth in 2010: PBOC (30<sup>th</sup> June)

(Xinhua) -- China's economy is very likely to maintain steady and rapid growth in 2010, with more positive factors than last year boosting the economy, the People's Bank of China (PBOC), China's central bank, said Wednesday.

But the nation's economy still faces a complex domestic and international situation, the central bank said in the summary of the 2010 China financial stability report posted on its website.

It is imperative to continue implementing the country's macro control policy and increase support for the economic restructuring and transformation of the economic growth pattern, the central bank said.

Further efforts are needed to strengthen prudent management of macro policies, deepen financial reforms and improve financial institutions' profitability, so as to maintain financial stability.

- China's major steel mills expand iron ore output to ward off soaring import costs (1<sup>st</sup> July)

(Xinhua) -- As the world's leading iron ore producers never reduce their appetite for price hikes, China's major steel mills have looked to domestic deposits as they plan to triple their exploration in six years to gradually wean off dependence on exports.

The Angang Steel Company Limited (Angang) and Benxi Iron & Steel (Group) Co., Ltd (Bengang), the nation's leading steel makers in northeast Liaoning Province, used to be 80 percent self-sufficient with their own iron ore supply. That ratio was the highest among domestic steel makers.

However, after decades of excavation, that could no longer meet the leaping demand. Currently, imports make up 40 percent of their needs. Sadly enough, the import prices have been almost tripled over the past five years.

"We are mulling a massive plan of tripling iron ore production over six years," Gao Lie, chairman of the board of Bengang, told Xinhua in an exclusive interview.

According to Gao, iron ore production would rise from the current 20 million tonnes to 60 million tonnes by the end of 2016, and that for the refined iron ore would be doubled from 10 million tonnes to 22 million tonnes.

- China to set up new prices, competition agencies to curb mkt manipulation, monopoly (1<sup>st</sup> July)

(Xinhua) -- China's National Development and Reform Commission (NDRC), the country's top economic planner, announced Thursday that it will establish two offices dedicated to preventing anti-competitive behavior in markets.

The two offices, the Anti-Monopoly Office and the Market Price Supervision Office, will control monopolistic behavior and curb market manipulation, said Xu Kunlin, chief of the NDRC's Price Department.

The announcement came the same day Chinese authorities fined a number of farm produce traders in northeast China for conspiring to push prices higher.

Government agencies, including the NDRC, the Ministry of Commerce, and the State Administration of Industry and Commerce, jointly issued a statement Thursday saying a number of companies were fined because of their speculating to increase prices.

Xu Kunlin said wholesaler Jilin Corn Center Exchange Ltd., based in northeast China's Jilin Province, had invited more than 100 mung bean dealers from across China in October last year to a conference concerning the mung bean production situation in China. The company later fabricated a report claiming "Output in major mung bean production regions fell 64.05 percent in 2009 year on year".

This, though, contrasts with the official figure of a 14.9 percent decrease, Xu said.

Copies of the report were also provided to participants of the meeting.

Speculation has been blamed for the greatly increased prices of some agricultural products in China this past May.

The price of mung beans, for example, soared, from nine yuan (1.32 U.S. dollars) per kilogram in October in 2009 to 20 yuan by May.

Xu said the Jilin Corn Center Exchange Ltd. has been fined 1 million yuan (147,000 U.S. dollars) for market manipulation.

Three other companies that co-hosted the conference also received fines ranging from 300,000 yuan to 500,000 yuan.

The price of mung beans has now fallen to about 13.5 yuan per kilo, down by more than 30 percent compared to the earlier price hikes. Meanwhile, prices of vegetables have also begun to decrease since May, the statement said.

The NDRC has been working to prevent inaccurate reports of prices as it works to restrain expectations of inflation.

On June 11, NDRC officials criticized a Beijing newspaper for running an "untrue" story about a garlic speculator who spent millions of his profits to buy gold.

- China's Cabinet seeks more mergers, reorganizations among nation's businesses (1<sup>st</sup> July)

(Xinhua) - China's central government has urged more efforts to be made to promote mergers and reorganizations of the country's enterprises, a government statement said Thursday.

Being fragmented, some Chinese industries suffered from a relatively weak ability to be innovative and competitive, said the State Council, or the Cabinet, in the statement released after an executive meeting chaired by Premier Wen Jiabao on Wednesday.

The Cabinet urged efforts be made to enact mergers and reorganizations of businesses, deepen reforms, upgrade the industrial structure, and quicken transformation of economic development patterns.

The move should be conducive to increasing the quality and quantity of development, strengthening the capabilities to counter risks from the international market and achieving sustainable development.

Also, a wide variety of regulations hindering the merger of enterprises and the reorganization and obstructing fair competition should be eliminated, along with regulations created by local governments seeking to keep enterprises of other localities from acquiring and reorganizing their own firms, said the statement.

Further, private firms should be given access to participate in industries that laws and regulations do not forbid, reforms on industry monopolies should be accelerated, it said.

Through mergers and reorganization, private businesses should be encouraged to enter some competitive business fields of industries that currently hold monopolies, said the statement.

Mergers and reorganization should be used to eliminate backward production facilities, while the central government would set up a special fund to support mergers and reorganizations, the State Council said.

Additionally, risk control and information disclosure should be stepped up to prevent and fight insider trading and manipulating of markets and to protect the interests of enterprises and prevent state assets from being drained away, said the statement.

The State Council also called for strengthened supervision over central state-owned enterprises (central SOEs) from the board of supervisors to move forward on reforms on central SOEs and make sure the value of state assets are maintained and added.

The draft of Regulations on Natural Disaster Relief was also approved in the executive meeting, said the statement.

- China scraps tariff on 60 pct of imports from 26 African nations (1<sup>st</sup> July)

(Xinhua) - China's Ministry of Commerce (MOC) announced Thursday that the country will cease levying tariffs on 60 percent of imports from 26 least developed African nations, including Ethiopia and Liberia.

This policy went into effect July 1, an MOC spokesman said Thursday.

The spokesman said the move was in line with China's pledge, as part of the China-Africa cooperation forum mechanism, to help African nations develop and expand cooperation and mutual benefits.

China began implementing zero-tariff policies on some imports from Africa in 2005, with the total number of taxable items enjoying no tariffs reaching 478 in 2006.

The spokesman said China was considering the further opening of Chinese markets to African products. By 2013, the country seeks to scrap tariffs on 95 percent of imports from all African countries which China has diplomatic ties with.

- China "gravely concerned" over EU's trade probe into modems from China (1<sup>st</sup> July)

(Xinhua) -- China on Thursday voiced "grave concern" over the trade probe of imported Chinese-made wireless wide-area networking modems launched by the European Union (EU).

On Wednesday, the EU began an investigation into safeguard measures concerning the import of Chinese-made modems and an anti-dumping probe into these imports, worth 4.1 billion U.S. dollars.

An unnamed official with the Ministry of Commerce (MOC) said in a statement posted on its website that the Chinese wireless wide-area networking modems are high-tech products, which have promoted innovation, opened new markets and also benefited consumers.

"The EU's move is typical trade protectionism and abuses trade remedies. It will not only hamper the EU's economic recovery, but also impair China's interests and technological progress", the MOC official said.

He added that the EU probes runs contrary to the consensus the G-20 leaders reached during their meeting in Toronto over the weekend.

He noted China and the EU are important trading partners, which lays a solid foundation of Sino-EU relations. China has been advocating discussions and consultations with the EU to deal with trade friction and to also encourage cooperation between business enterprises from the two regions, rather than resorting to trade protectionism measures.

China will closely watch the progress of the investigation while abiding by the rules of the World Trade Organization. Also, it retains the right to launch further measures to deal with these developments, the official said.

- China's 2009 GDP growth revised up to 9.1 pct from previous 8.7 pct (2<sup>nd</sup> July)

(Xinhua) -- China's gross domestic product (GDP) growth in 2009 was modified up to 9.1 percent from previous 8.7 percent, the National Bureau of Statistics (NBS) announced Friday.

The country's GDP hit 34.0507 trillion yuan (5.296 trillion U.S. dollars), up 515.4 billion yuan (76 billion U.S. dollars) from the previous figure, according to the NBS.

After the GDP adjustment, the added-value of the primary industry was 3.522 trillion yuan (520 billion U.S. dollars), down 25.1 billion yuan (3.7 billion U.S. dollars) from the earlier calculation.

The added-value of the second industry reached 15.7639 trillion yuan (2.33 trillion U.S. dollars), up 9.9 percent from a year earlier. That growth was 0.4 percentage point higher than the previous figure.

The added-value of the tertiary industry grew to 14.7642 trillion yuan (2.18 trillion U.S. dollars) by 9.3 percent, 0.4 percentage point higher than the earlier report.

- Chinese investment intentions weakened in second quarter: index (2<sup>nd</sup> July)

(Xinhua) -- Chinese investors turned cautious in the second quarter of 2010 amid equity market fluctuations and government tightening measures designed to cool property market speculation, an index indicated Friday.

The ICBC Investment & Wealth Management Index fell 7 points to 109 in the second quarter, with urban residents' investment intentions swinging to "neutral" from "relatively strong."

The index is compiled by the Industrial and Commercial Bank of China (ICBC), China's largest lender, and consultancy firm The Gallup Organization.

The index's "Macro Environment Confidence" sub-index lost ground for the second straight quarter with a drop to 112, indicating city residents' increased concern about the overall economy and diminished confidence in investing compared with the first quarter.

The "Living Expectations" sub-index fell 6 points to 121 in the April-June period.

The "Investment Wish" sub-index slipped to 97 from 102 in the first quarter, implying that urban residents are putting less time and money into investing.

China's benchmark stock index, the Shanghai Composite Index, plunged 26.8 percent in the first half of the year while the Shenzhen Component index slumped 31.48 percent.

Only 8.2 percent of Chinese investors profited from equity markets in the first half the year, according to a Sina.com online poll conducted Thursday.

- China's foreign debt exceeds 443 bln USD (2<sup>nd</sup> July)

(Xinhua) -- China's foreign debt stood well over 443.2 billion U.S. dollars at the end of March, the State Administration of Foreign Exchange (SAFE) said in a statement on its website Friday.

The figure excluded the Hong Kong Special Administrative Region (HKSAR), Macao SAR and Taiwan.

The country's registered foreign debt was equivalent to 276.44 billion U.S. dollars and outstanding trade credits stood at 166.8 billion U.S.dollars, according to SAFE. It did not provide year-on-year growth figures.

Medium- and long-term external debt, accounting for 37.69 percent of all outstanding foreign debt, totaled 167.03 billion U.S.dollars.

Short-term external debt was 276.2 billion U.S.dollars, accounting for 62.31 percent of total debt.

The nation repaid 5.63 billion U.S. dollars in principal on medium- and long-term debt in the first three months of the year, down 15.3 percent year on year.

It paid 694 million U.S. dollars in interest on medium- and long-term debt in the period, down 13.79 percent year on year.

- China's gold output up 6 pct in Jan-May period to 127.34 tonnes (2<sup>nd</sup> July)  
(Xinhua) -- China's gold output rose nearly 6 percent year on year to 127.34 tonnes in the January to May period, the Ministry of Industry and Information Technology (MIIT) said Friday.

Gold output totaled 28.3 tonnes in May, a statement posted on the ministry's website said. Gold firms reported total net profit of 7.95 billion yuan (about 1.17 billion U.S. dollars) in the first five months of the year, up 76.81 percent from that of last year, the statement said.

In the same period, the domestic gold sector reported 75.13 billion yuan of gross industrial output value, up 52.5 percent year on year.

## **Social front**

- China's "floating population" exceeds 210 million (26<sup>th</sup> June)  
(Xinhua) -- China's floating population of migrant workers reached a record 211 million in 2009 and will hit 350 million by 2050 if government policies remain unchanged, warned a report released on Saturday.

However the report, entitled "The 2010 Report on the Development of China's Floating Population," said the figure would increase at a slower rate as the number of new workers joining the migrant population falls each year to reach 3 million by 2050, down from the current 6 million people joining the migrant work force each year.

Although the number of long-distance migrants decreased in 2009 as a result of a weakened demand for labor caused by the financial crisis, the long-term overall tendency of people moving to eastern coastal areas and key traffic hubs would not change, said the report.

According to the report, more families moved to other places and chose to settle their homes there, causing more pressure on the government to reform its management and service policies for the migrant population in order to ensure their livelihood.

The report was based on a survey by the National Population and Family Planning Commission.

- Chinese vice president urges women in science to contribute to modernization (27<sup>th</sup> June)

(Xinhua) -- Chinese Vice President Xi Jinping said Sunday that China encouraged women employed in science and technology to contribute more to the country's modernization, social progress and the rejuvenation of the Chinese people.

Xi made the remarks in his address at the opening ceremony of the 4th General Assembly and International Conference of the Third World Organization for Women in Science (TWOWS), which opened in Beijing on Sunday.

Established in 1989, the TWOWS is the first international forum bringing together women scientists from the South with the objective of strengthening their role in the development process and promoting their representation in scientific and technological leadership.

In implementing the programs for mid- and long-term scientific and technological development, as well as human resource development, China would work to build a large, high-quality force of women working in science and technology, Xi said.

As the world's largest developing country, China maintains to its basic state policy of promoting gender equality and attaches importance to creating more opportunities for the fostering and career development of Chinese women in science, he said,

"Two-fifths of China's 35 million scientific and technologic personnel, and one-third of those personnel in senior professional ranks, are women," Xi noted.

He praised women in science worldwide as "an important part of the great force driving the progress of human civilization".

"Despite of family duties, the women in science have made significant contributions to science and technology as well as innovation of humanity, especially in disciplines such as medicine, biology, chemistry and interdisciplinary fields spanning social and natural sciences," he told the roughly 600 attendants from over 50 countries and regions.

The 4th General Assembly and International Conference, entitled "Women Scientists in a Changing World", is hosted by the Chinese Academy of Sciences, the TWOWS, and the Academy of Sciences for the Developing World.

The conference is to continue through Wednesday.

- Chinese judges told to use mediation to settle disputes (28<sup>th</sup> June)

(Xinhua) -- China's Supreme People's Court (SPC) has urged courts across the country to use mediation as their first step to settle disputes and promote social harmony.

In instances where it can be used, the courts should take every opportunity to encourage the litigants to resolve disputes through mediation rather than formal legal proceedings, the SPC said in a document made public on its website Monday.

The SPC said cases eligible for mediation should be expanded to include those relating to minor criminal offenses and state compensation.

The document stressed mediation should if possible be started at the filing stage, to settle the dispute before the relevant court accepted or heard the case.

In nine kinds of civil cases including class action cases posing threat to social stability, family dispute cases, cases where no convincing evidence is found and cases where there is strong antagonism between the two parties, the courts should make special efforts to try to resolve the disputes by mediation, the document said.

In minor criminal cases, the courts should also better use mediation to provide relief for the aggrieved party, implement the policy of "justice tempered with mercy," correctly enforce the law and promote social harmony, the document said.

- Chinese police chief calls for innovation in public security (29<sup>th</sup> June)

(Xinhua) -- China's police chief has called for more innovation and the use of information technologies to manage public security more efficiently.

Minister of Public Security Meng Jianzhu made the remarks during a four-day work conference that ended Tuesday.

Meng described the task of maintaining the national security and social stability as arduous, and urged the police to take innovative measures in managing the migrant population management, and in resolving disputes and managing public security.

The police should offer services to migrant populations to give them a sense of belonging to their resident cities, Meng said.

Preventive measures should be taken in handling social disputes and the police should try to resolve the disputes through mediation, Meng said.

Meng also called for tough measures to crack down on online crimes such as fraud, gambling and porn.

- China tort law set to further guard individual rights (2<sup>nd</sup> June)

(Xinhua) -- China's newly-implemented tort law, the country's first special law on liability for acts of infringement, is likely to further safeguard individuals' personal and property rights and better gauge social behavior, law experts said Friday.

The Tort Liability Law, which took effect Thursday, provides that people may sue for damages following medical accidents, road accidents, harm from pollution, mental distress, and violations of privacy or reputation on the Internet, as well as injuries from objects thrown from high-rise buildings.

"Due to the lack of a legal basis to handle infringement cases in the past, the enforcement of the tort law will possibly trigger a surge in civil claims in the near future," said Wang Jun, a professor from the law school of Shanghai-based Fudan University.

The tort law, approved in December of last year, has been seen as one of the key laws within China's legal framework of civil rights protection.

But experts warned that the law should not apply to cases that happened before the day it took effect, as some media reports said Friday courts in Shanghai and other cities had accepted dozens of infringement cases, for possible future hearings, Thursday.

"The law cannot be retroactive, but somehow it can provide a reference for judges handling cases that happened before July 1," said Wang Limin, a professor of civil law from Beijing-based Renmin University who also participated in writing the law.

The Supreme People's Court on Wednesday also issued a notice on the application of the law and made it clear that the law should apply to cases that happened after it took effect.

The law could also apply to accidents that happened before but their damages occurred after it took effect, the notice said.

The Supreme People's Court had also been working on a judicial interpretation on the application of the law, Prof. Wang Limin said.

"A judicial interpretation is needed to detail the application of the law, so that individuals' rights can be fully guaranteed," Wang Jun said.

The law stipulates that, in cases of privacy violation or reputation damages, the victim has the right to inform the Internet service provider (ISP) to delete it and that ISP must face joint liability for damages if it fails to act.

The provision was prompted by a series of cyber manhunt incidents in the past two or three years. Several corrupt officials had been exposed, through the so-called "human flesh search", while the possible violation of privacy and reputation caused widespread worries.

"It will add to the price of doing business for ISPs to make them assume liability, but it will also force ISPs to strengthen regulations so that individuals' rights would not be randomly infringed upon," Prof. Wang Jun said.

According to a survey published by the Shanghai-based Jiefang Daily, respondents showed overwhelming support for the tort law. At the same time, nearly 80 percent of the 1,800 respondents were most concerned about claims against hospitals' performing unnecessary examinations and the liability from throwing objects from high-rise buildings.

The law provides that all households in a building where objects are thrown from a roof must be liable and pay for damages if the perpetrator cannot be found. This provision had previously stirred up online debates about whether innocent households should be held liable.

Prof. Wang Jun said the provision could guarantee justice, considering the difficulty for the victim to provide evidence, and it "shows a preference towards the less unfavorable when faced with two unfavorable choices."

On the other side, laws should be made in the hope of improving social norms to some extent and the tort law would gauge social behavior in the long run, Prof. Wang Jun said.

"The fact that many households agree to install cameras around buildings to avoid common liability is a typical example. Fewer people will throw things off a building if the building is being monitored," Wang said.

- China pledges to step up fight against infectious diseases (29<sup>th</sup> June)

(Xinhua) -- China pledged Tuesday to work with international organizations to step up the prevention and treatment of diseases.

Chinese Vice Premier Li Keqiang made the pledge in a meeting with Michel Kazatchkine, executive director of the Global Fund to Fight AIDS, Tuberculosis and Malaria, an international institution that invests money to save lives.

China is making active efforts to advance the reform of its health-care system, Li said.

It is also increasing investments in local health care service systems to promote equitable access to basic health services, Li added.

Li highlighted the Chinese government's efforts to prevent and control major infectious diseases.

He said the country has fully implemented an AIDS prevention, treatment and care policy, guaranteeing the rights of HIV-infected persons.

Li thanked the Global Fund for its support to China.

The institution has granted programs in China 1.8 billion U.S. dollars.

China had donated 16 million U.S. dollars to the organization.

Kazatchkine expressed appreciation for the Chinese government's efforts to prevent and control AIDS, tuberculosis and malaria. He hopes China will play an active role in global health development.

The Global Fund has committed 19.3 billion U.S. dollars for programs in 144 countries to prevent and treat the three diseases and care for the diseases' sufferers.

## **Ethnic issues**

### **Environmental front**

- China awarded int'l water prize for Yellow River management (30<sup>th</sup> June)

(Xinhua) -- China's Yellow River Conservancy Commission (YRCC) received the Lee Kuan Yew Water Prize for its outstanding accomplishments in integrated river basin management on Tuesday evening.

The Lee Kuan Yew Water Prize is the highlight of the Singapore International Water Week, which is held here from June 28 to July 2. With its success in transforming China's second-longest river, the YRCC outshone 49 other nominees to become the third recipient of the Lee Kuan Yew Water Prize.

Accepting the award on behalf of the YRCC, Li Guoying, Commissioner of the YRCC said, "The YRCC is deeply honored to receive the Lee Kuan Yew Water Prize for our efforts in revitalizing the Yellow River. We recognize that more can be done to enhance the ecosystem along a river that plays a vital role in China's economic development and holds an important position in the hearts of its people. This endorsement reaffirms our long-term commitment to nurturing and improving the quality of life along the river through sustainable river management strategies."

The YRCC was empowered by the Chinese central government in 1999 to manage and integrate water allocation in the entire Yellow River. YRCC's innovative policies and solutions have brought about widespread and sustainable social, economic and environmental benefits. In just 10 years, the remarkable transformation of China's second longest river by YRCC has secured water supply for over 100 million people, restored extensive areas of wetlands and biodiversity and protected some 90 million people living in the flood-prone areas of the Yellow River from devastating floods.

- China exploring new approaches to protect environment: minister (3<sup>rd</sup> July)

(Xinhua) -- China's government is exploring new approaches to protect the environment and to deal with the heightening conflict between environmental protection and economic growth, said Zhou Shengxian, Environmental Protection Minister, Saturday.

China took only 30 years to have the environmental problems that had gradually emerged in developed countries over 200 to 300 years, said Zhou at a theme forum of the Shanghai World Expo in Nanjing, capital of east China's Jiangsu Province.

"As a big developing country with a population of 1.3 billion people, China is under unprecedented pressure for both economic development and environmental protection," he said.

"Therefore, we have to learn lessons from other countries, continue to reform and explore new approaches to protect the environment."

The "new approaches" should feature "low cost, good returns, low emissions and sustainability," he said.

However, he did not elaborate on what the new approaches were.

"While achieving targets for economic development, we have to make sure that 1.3 billion people drink clean water, breathe fresh air and eat safe food," he said.

### **Cyber/Technology Front**

- China kicks off trial program to integrate phone, Internet, TV services (1<sup>st</sup> July)

(Xinhua) -- Chinese TV, Internet and mobile phone users will be soon be able to do all three activities through a single device after the government announced Thursday a pilot scheme to integrate the three systems.

The cities of Beijing, Shanghai, Dalian, Harbin, Nanjing, Hangzhou, Xiamen, Qingdao, Wuhan, Shenzhen and Mianyang, and regions around central Hunan Province's three boom cities of Changsha, Zhuzhou and Xiangtan, were approved for the pilot program, according to a statement from the State Council posted on the government website -- [www.gov.cn](http://www.gov.cn).

However, the statement gave no schedule and did not elaborate on the development of the trial program.

The program, known as "three networks integration" in Chinese, aims to make the three systems compatible and allow users to make telephone calls, surf the Internet and watch television through only one cable or wireless entrance.

Currently, TV, telecom and Internet networks are separated in China, and different operators provide access to cable TV, telecommunications and the Internet.

The State Council, China's Cabinet, said in January the program would be accelerated through pilot projects from 2010 to 2012, focusing on trials connecting broadcasting and telecommunication networks. It vowed to achieve comprehensive integration by 2015.

China first proposed the program in 1998. But it was delayed because of conflicts of interest between different administrators and service operators, said Wu Jichuan, previously minister at the information industry ministry, the predecessor of the Ministry of Industry and Information Technology (MIIT).

In China, the State Administration of Radio, Film and Television regulates radio and TV while the MIIT is responsible for telecoms and Internet industries.

Some experts said that China can learn from the experience of other countries in preventing conflict between different administrators through laws.

"From the long perspective, a relevant law is a guarantee to push for the integration of the three systems," said Wei Leping, an expert at the China Institute of Communications.

Under the trial program, pilot cities and region will enjoy preferential treatment to encourage the development of the program, which would also spur the expansion of related industries, said Wei.

The program will boost investment and consumption by 668 billion yuan (98.38 billion U.S. dollars) over the next three years, said Wu Hequan, vice president of the Chinese Academy of Engineering.

Boosted by the announcement, telecommunication and media shares gained on China's bourses Thursday despite major index falls.

Shares of Beijing Gehua CATV Network Co. rose 1.59 percent to 14.06 yuan. Shaanxi Broadcast and TV Network Intermediary Co. climbed 1.61 percent to 8.83 yuan.

## **Regional report**

### **North**

#### **Politics**

#### **Social front**

#### **Economic front**

- Chinese vice premier urges more efforts to restructure economy, coordinate urban, rural development (27<sup>th</sup> June)

(Xinhua) -- Chinese Vice Premier Li Keqiang has urged more efforts be made to push forward the nation's drive to restructure the economy and coordinate urban and rural development.

Li made the remarks during an inspection tour of North China's Hebei Province on Thursday and Friday.

He urged more efforts be undertaken to increase the competitiveness of the nation's businesses and provide stronger internal impetus to develop the economy through expanding both domestic and overseas demands and promoting technological, managerial, systemic and institutional innovations to raise the quality and efficiency of China's economic growth.

Li also called for more efforts to move forward the urbanization drive in such a way that industry could promote agriculture while urban areas help rural regions, as the great potentials for market demand could be unleashed to provide strong support for stable, fast and long-term economic development.

He also stressed the role of scientific planning, optimized distribution of resources, improved public services and living environment, and efficient land use in boosting rural development.

Stabilizing grain and agricultural production was of particular importance to maintaining stable macro-economic development, Li said, urging more efforts be made to strengthen the foundation of the country's agricultural sector.

## **Northwest**

### **Politics**

### **Social front**

### **Economic front**

- China builds new Silk Roads to revive fortunes of Xinjiang (2<sup>nd</sup> July)

(Xinhua) -- For more than a thousand years, camel caravans carrying silk, jade and porcelain from inland Chinese towns lined the vast deserts in China's far-flung western region.

Chinese, Central Asian traders who crossed the daunting mountain range with loads of saffron and rugs converged at Kashgar, an oasis town east of the Taklamakan Desert and a trading hub along the ancient Silk Road that connected China to Europe.

The route, however, faded into history with the rise of maritime trade in the 15th Century. Since then, Kashgar, along with many Silk Road stops in what is now the ethnic Uygur-populated Xinjiang region, has been left in the dust as the economy elsewhere in China took off.

But the authorities hope that is about to change.

With China's central government planning to ramp up growth in Xinjiang, Kashgar has a good chance of catching up, officials and analysts said.

Authorities aim to restore southwest Xinjiang, near the borders of Pakistan, Uzbekistan, Kyrgyzstan and Afghanistan, where Kashgar is located, as a transport and trading hub.

"The prosperity of the Silk Road trade will be gradually restored," said Wang Ning, an economist with the Academy of Social Sciences in Xinjiang Uygur Autonomous Region.

"For a long time, inadequate infrastructure and transportation hindered the region's development."

To open the doors to investment, China's civil aviation authorities have ordered domestic airlines to launch services between Xinjiang and China's larger cities and economic boomtowns.

By 2015, Xinjiang will have six new airports, bringing the total in the sprawling region, covering 1.66 million square km, to 22, according to the Civil Aviation Administration of China.

Authorities are also in talks with overseas counterparts to launch new flight routes linking Urumqi, Xinjiang's capital, to Istanbul, Dubai, Samarkand in Uzbekistan, Yekaterinburg in Russia, and Tbilisi in Georgia.

On the ground, the rail network will be increased from 3,599 km to more than 12,000 km by 2020, an investment of 310 billion yuan, estimates the Ministry of Railways. Lines linking Xinjiang with Pakistan, Uzbekistan, and Kyrgyzstan are also in the plan.

Another 120 billion to 140 billion yuan will be spent to overhaul Xinjiang's roads, including 7,155 km of highways.

Wang said the development of Xinjiang would speed up the political, economic, and cultural exchanges between China and Central Asian states and contribute to regional prosperity and stability.

Local governments around the country are expected to pour about 10 billion yuan (1.5 billion U.S. dollars) into Xinjiang in coming years.

Security observers said growth in Xinjiang, especially southern Xinjiang, which has a lower GDP and higher unemployment rate, could prevent recurrences of violence such as the riots last year, and give Xinjiang an edge in fighting terrorists from across its western border.

On July 5 last year, Urumqi was rocked by a deadly riot that left 197 people dead and more than 1,700 injured. Overseas separatists and extremists were blamed for inciting the violence.

After restoring order, the central government decided to ramp up economic support to Xinjiang for it to achieve "leapfrog development."

"It is a major and urgent task of strategic significance for us to boost the economic and social development of Xinjiang to achieve lasting stability in the region," President Hu Jintao told a high-level meeting held by the Political Bureau of the Communist Party of China Central Committee on April 23.

#### **SHENZHEN IN THE WEST**

The economically underdeveloped regions of southern Xinjiang - including the Kashgar and Hotan prefecture and the Kirgiz Autonomous Prefecture of Kizilsu - will be priority destinations for assistance.

Locals say the talk of building Kashgar City into a Shenzhen in China's west first surfaced in the 1980s, but people who had been to Shenzhen laughed it off.

Designated a "special economic zone" in 1980, Shenzhen has grown into one of China's industrial, financial and technological hubs over the past three decades. Kashgar, however, remains largely a dusty old town sleeping on China's western desert.

But it was waken lately by the central government's decision to set up an "economic development zone" there.

Though no clear plans have been drawn up, local officials are encouraged.

"It means we can use special and flexible policies to build Kashgar into a growth engine of Xinjiang and an important port in west China," said Repkati Nurehman, a senior official of Kashgar Prefecture Administrative Office.

The proposed "economic development zone" would cover 8.5 square km, but the exact location has yet to be decided.

Authorities plan to expand the urban area of Kashgar City to 100 square km with a population of over a million. Kashgar will be a base for textile production, the crude oil industry, agricultural products processing, logistics, and tourism, according to the plan.

On June 28, China Southern Airlines launched the country's longest flight route -- 4,852 km -- linking south China's metropolis of Guangzhou near Shenzhen to Kashgar.

"The news is the talk of the town and even kids know Kashgar will have an 'economic development zone'," said 48-year-old cab driver Usman.

"Does it mean Kashgar will be like Shenzhen?" said 26-year-old vender Amutkhasim. "Well then, my watermelons will sell better, and at a higher price."

## **Northeast**

### **Politics**

#### **Social front**

#### **Economic front**

- Ecology trumps economy in NE China border towns (2<sup>nd</sup> July)

(Xinhua) - Northwestern Heilongjiang Province's Yichun used to pride itself over the 240 million cubic meters of trees its lumberjacks chopped down over the past six decades to fuel China's construction drive.

That is about 230 times the volume of the 102-story skyscraper Empire State Building in New York.

But now the city, which faces Russia just across the Heilongjiang River, is pinning its hope on making use of its forests in a different and sustainable way.

"Our future lies in eco-friendly tourism and renewable energy industries such as wind power and hydropower," said Yichun's party chief Xu Zhaojun.

"We will never, ever again exploit the forest resources, no matter what difficult situation we are in," he said.

Dubbed the "capital of forest" in China and "home to the Korean pines," Yichun now administers three million hectares of forest among the Lesser Hinggan Mountains.

The Great and Lesser Hinggan Mountains are China's largest reserves of natural forests and occupy 5.6 percent of the country's forest area, which once stood at about 11 million hectares.

However, after 60 years of intensive lumbering, the amount of workable forest reserves in the area dropped from 780 million cubic meters to 66 million cubic meters in 2007, according to statistics released by the Forestry Department of Heilongjiang Province.

## **Southwest**

### **Politics**

#### **Social front**

- Top political advisor stresses protection of Tibetan culture (30<sup>th</sup> June)

(Xinhua) -- Top Chinese political advisor Jia Qinglin Wednesday stressed the importance of protecting and developing Tibetan culture.

"The preservation and development of Tibetan culture bears on the inheritance of the centuries-old Tibetan history, the advancement of social and economic development in Tibet, and the unity of the nation," Jia said at a meeting with representatives of the second congress of the China Association for the Preservation and Development of Tibetan Culture at the Great Hall of the People in Beijing.

Jia, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), spoke highly of the association's work over the six years since it was founded.

He encouraged the association to continue to contribute to the preservation of Tibetan culture and to promote the common prosperity and unity of ethnic groups in Tibet.

Jia also urged the association to further promote the achievements of Tibetans during the progress of modernization.

The association's second congress opened Tuesday and concluded Wednesday afternoon. Pagbalha Geleg Namgyae, vice chairman of the CPPCC National Committee, was elected president of the association.

Du Qinglin, vice chairman of the CPPCC National Committee and head of the United Front Work Department of the Communist Party of China (CPC) Central Committee, and Ragdi, former vice chairman of the Standing Committee of the National People's Congress, were elected the association's vice presidents.

## **Economic front**

- Singapore, China's Sichuan Province to explore collaboration in hi-tech innovation park (28<sup>th</sup>)

(Xinhua) -- Singapore and China's Sichuan Province on Monday agreed to tie up to explore the development of a 35-sq km hi-tech innovation park in Chengdu, Sichuan.

According to Singapore's pro-trade agency International Enterprise Singapore, the collaboration was raised at the 12th Singapore-Sichuan Trade and Investment Committee (SSTIC) held here on Monday.

The hi-tech innovation park is expected to integrate modern manufacturing, modern services and modern living into one and become a key regional business hub and gateway for businesses expanding into West China.

Other key areas of collaboration are in transport & logistics, education, food & beverage and retail, urban infrastructure, infocomm technology, and banking & finance.

According to the Sichuan Department of Foreign Trade and Economic Cooperation, from Jan. to May 2010, bilateral trade between Singapore and Sichuan amounted to 267.12 million U.S. dollars, an increase of 68.4 percent over the same period last year.

In these five months, Sichuan's exports from Singapore amounted to 132.46 million U.S. dollars (+60 percent) while imports to Singapore reached 134.66 million U.S. dollars (+77.5 percent).

## **South central**

### **Politics**

### **Social front**

## **Economic front**

- Foxconn to build new plant in Central China, bringing 300,000 jobs (29<sup>th</sup> June)

(Xinhua) -- Foxconn is to build a new plant in Zhengzhou City, capital of central China's Henan Province, municipal authorities said Tuesday.

Foxconn and senior officials of Zhenzhou and Henan are working on the details of an agreement to build the plant, said a spokesman for the municipal government.

Zhengzhou has allocated land for the plant. The first phase construction will cover 133 hectares, he added.

Henan has launched a massive recruitment drive for the new plant. Recruitment advertisements have been posted in many residential communities in Zhengzhou as well as on the official websites of other Henan cities.

The new plant is to employ 300,000 people in the long run. About 100,000 people are to be recruited in the near future, an official with the provincial employment promotion department said while declining to give his name.

"Workers can expect a monthly income from 2,500 yuan to 3,000 yuan with wages of no less than 2,000 yuan per month." The pay is about the same as that of Foxconn's plants in Shenzhen City in south China's Guangdong Province.

Newly recruited workers are to intern in Foxconn's Shenzhen plants before working in the new plant.

The provincial government will subsidize employees of the new Foxconn plant during their training. Each worker can receive up to 600 yuan per month, the official said.

Foxconn came under fire after 10 workers committed suicide by jumping from factory and dorm buildings in its industrial complex in Shenzhen from July 2009 to May 2010.

On June 1, Foxconn increased the monthly wages of assembly workers from 900 yuan to 1,200 yuan. On June 6, Foxconn announced another pay hike: the assembly workers' monthly wages were to be raised to 2,000 yuan since October 1.

After being criticized for overworking staff and having strict management of its dormitories, Foxconn announced June 25 two property-management firms will run its staff dormitories in the Foxconn complex in Shenzhen.

Foxconn signed agreements with Shenzhen-based CATIC Property Management Co. and Kaiyuan Property Management Co. to outsource the daily management of the dormitories. The dormitories accommodate 220,000 of Foxconn's 450,000 employees in Shenzhen.

With a population of more than 100 million, Henan is China's most populous province. The province has 22 million people working elsewhere as migrant workers, including 157,000 of Foxconn's 800,000 workers in China.

Foxconn, the world's biggest electronics contractor, makes high-tech gadgets for multinationals, such as Apple's iPhones and iPads.

## **East**

### **Politics**

### **Social front**

### **Economic front**

- Shanghai strives to win key role (27<sup>th</sup> June)

(Xinhuanet) -- Shanghai will go all out to be the front-runner on financial reform and innovation, Shanghai Party Secretary Yu Zhengsheng told the Lujiazui Forum yesterday. Shanghai embraces advice and suggestions on how to grow better as a global financial center, Yu said.

"Shanghai will keep making initiatives to break through the bottleneck that limits the city's rise in the financial area," he told the Lujiazui Forum, touted as the "Financial Davos."

A better coalition between the financial and high-tech industries, better regulation and a better environment for attracting financial professionals are all on the agenda, he said.

The State Council announced guidelines in early 2009 to make Shanghai a global financial and shipping hub by 2020 and the city is striving to meet the target.

Shanghai boasts 200,000 financial professionals in its population of 20 million.

"But the penetration of financial professionals is still low compared with financial centers in Europe and the US," Tu Guangshao, a deputy Shanghai mayor in charge of the city's financial industry development, told the two-day forum, which ended yesterday.

"We have an even more severe lack of experienced professionals in areas such as finance information technology and finance marketing," he said.

Shanghai has passed rules to attract experienced professionals to base in the city but "the efforts are far from enough," Tu said. He said luring professionals to the city is key for Shanghai's rise as a global financial center.

Tu waved off Shanghai's competition with Hong Kong as a global financial center, citing China's large-scale economy as enough to accommodate the rise of both cities.

In the past year, much progress has been made to put Shanghai in the forefront to pilot financial innovation programs, such as the cross-border trade yuan settlement.

The program, launched in Shanghai and four Guangdong Province cities, have been expanded nationwide.

Shanghai has also gained regulatory approval to introduce a trade credit market in the city. The market, to better allocate credit resources, will be launched soon, Tu said.

Other innovations being planned include an insurance exchange to shore up the financial protection segment.

(Source: Shanghai Daily)

- Int'l governing body praises 2010 World Expo in Shanghai (2<sup>nd</sup> July)

(Xinhua) -- The Paris-based Bureau International des Expositions (Bureau of International Exhibitions or BIE) Thursday praised the organizers of the popular 2010 World Expo in Shanghai.

BIE President Jean-Pierre Lafon said he was "impressed" after Chinese delegates gave a presentation at the 147th plenary session of the BIE on the developments of the Shanghai Expo over the last two months.

The presentation of the Chinese delegates covered infrastructure, volunteers, the arrival of visitors and a review of the opening ceremony.

Wang Jinzhen, deputy chairman of the China Council for the Promotion of International Trade, headed the Chinese delegation and thanked the BIE and tourists for their support.

BIE Secretary-General Vicente Loscertales also praised the organization of the Shanghai Expo, saying that everything was going smoothly and the number of visitors was very likely to meet set targets.

The Expo has so far been a great success, and there are great expectations for the remaining four months, Loscertales said.

An intergovernmental organization established in 1928, the BIE is the international governing body of Expos. It oversees the schedule, bidding and selection processes as well as organization of world and international expos.

## **HONGKONG AND MACAU**

### **Politics**

### **Social front**

### **Economic front**

- HK has most economical local broadband access services in Asia Pacific (27<sup>th</sup> June)

(Xinhua) -- A study report released by the Asia Pacific Carriers' Coalition (APCC) showed Hong Kong provides the most economical local broadband access services in the Asia Pacific region, according to the Information Service Department of the Hong Kong Special Administrative Region (HKSAR)'s government Sunday.

Hong Kong's Office of the Telecommunications Authority (OFTA) welcomed the findings of the APCC study, stating that it affirms Hong Kong's position as the premier telecommunications hub in the region.

According to the study findings, the prices of broadband leased lines in Hong Kong at transmission speeds of 1.5 Mbps, 2 Mbps, 45 Mbps and 155 Mbps are the lowest among the 14 economies covered in the study, said a spokesman for the OFTA.

In terms of Ethernet access facilities, Hong Kong's prices are the lowest at transmission speeds of 10 Mbps and 1 Gbps. The price for a symmetric digital subscriber line (DSL) in Hong Kong is likewise the most competitive. The study also shows that the prices of the various categories of local leased lines in Hong Kong fell on average by 30 percent to 50 percent between 2006 and 2009.

The spokesman added that an excellent telecommunications infrastructure with cost-effective international telecommunications connections and associated local access facilities underpin the premier position of Hong Kong as a regional financial and trading hub and as the preferred city for regional headquarters of multinational corporations.

While there are 12 local wireline-based fixed carriers in Hong Kong providing local access services, 29 cable-based external carriers are also operating here, said the spokesman.

These external carriers may make use of the local access services provided by the local fixed carriers, or they may choose to build their own backhaul facilities after acquiring the appropriate telecommunications licence from this office.

The APCC commissioned the consultant TRPC to conduct the local access price benchmarking study for the Asia Pacific region in 2009. The study compares the prices of local leased lines, Ethernet access facilities and DSL in 14 economies: Australia, the Chinese mainland, Hong Kong, Indonesia, India, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

- Macao's records 2.9% unemployment rate (28<sup>th</sup> June)

(Xinhua) -- Macao's unemployment rate for the period of March to May this year stood at 2.9 percent, down by 0.1 percentage point over the previous period of February to April, according to the figures released on Monday by the city's Statistics and Census Service (DSEC).

The number of the unemployed reached 9,600 in the period, of which 5.4 percent were fresh labor force entrants searching for their first job, up by 0.5 percentage point over the previous period, the DSEC figures indicated.

Total labor force was 326,000 in the period with the labor force participation rate standing at 71.5 percent, up by 0.4 percentage point over the previous period.

Analyzed by industry, employment of Recreational, cultural, gaming and other services, Public administration and social security, and the Transport, storage and communications

sector saw increase from the previous period, while that of Retail trade registered a decrease, according to the DSEC.

- HK LegCo passes Deposit Protection Scheme (Amendment) Ordinance 2010 (30<sup>th</sup> June)

(Xinhua) -- The Hong Kong Monetary Authority announced that the Deposit Protection Scheme (Amendment) Ordinance 2010 (the Amendment Ordinance) was passed by the Legislative Council (LegCo) on Wednesday.

The Amendment Ordinance amends the Deposit Protection Scheme Ordinance to provide for the implementation of the enhancements to the Deposit Protection Scheme (DPS) identified in a review conducted by the Hong Kong Deposit Protection Board in 2009.

The major enhancements include: Raising DPS protection limit from the current 100,000 HK dollars to 500,000 HK dollars; protecting secured deposits to enhance the clarity of DPS coverage; introducing cost mitigating measures to avoid the cost of providing better protection being transferred to depositors; and improving the efficiency of the Board in calculating and making compensation to depositors in a payout.

The board's Chairman Professor Andrew Chan Chi-fai said, "We are truly thankful to the LegCo for passing the Amendment Ordinance in time for the enhancements to take effect on Jan. 1, 2011 as scheduled.

"With these enhancements, depositors will benefit from receiving better protection and faster compensation payment, and an improved clarity of the protection status of their deposits." ( 7.786 HK dollars = 1 U.S. dollar)

- Macao's trade deficit reaches 1.72 bln USD in 1st 5 months (30<sup>th</sup> June)

(Xinhua) -- Macao's trade deficit for the first five months of 2010 widened by 27.4 percent over the same period of last year to 13.76 billion patacas (1.72 billion U.S. dollars), according to the figures released on Wednesday by the city's Statistics and Census Service (DSEC).

The city's total value of merchandise export fell by 7.6 percent year-on-year to 3.03 billion patacas (378 million U.S. dollars), while that of import grew by 19.3 percent to 16.79 billion patacas (2.09 billion U.S. dollars), the figures indicated. The exports/imports ratio went down by 5.3 percentage points year- on-year to 18.0 percent in the period.

Analyzed by destination of exports, value of merchandise export to Hong Kong from January to May 2010 increased by 21.8 percent year-on-year, while that to the Chinese mainland, the United States and the European Union decreased by 2.6 percent, 56.5 percent and 47.8 percent, respectively.

Exports of textile and garment amounted to 632 million patacas (79 million U.S. dollars), down substantially by 50.5 percent year- on-year to account for 20.8 percent of the total merchandise export. The value of non-textile exports grew by 19.7 percent to 2. 4 billion patacas (300 million U.S. dollars) in the period, with that of Copper and Jewelry rising notably by 121.9 percent and 101. 5 percent, respectively.

Regarding the country of origin of imported goods, value of merchandise import from the Chinese mainland and the EU expanded by 21.4 percent and 23 percent respectively year-on-year in the period, according to the DSEC.

- HK records 9.4 bln HKD deficit (30<sup>th</sup> June)

(Xinhua) -- Hong Kong recorded a deficit of 9.4 billion HK dollars in the April-May period, the Financial Services and the Treasury Bureau of Hong Kong announced on Wednesday.

According to the Bureau, government expenditure for the April- May period was 43.8 billion HK dollars with revenue of 34.4 billion HK dollars, resulting in the deficit. Fiscal reserves stood at 510.8 billion HK dollars as at May 31.

The deficit was mainly because some major types of revenue, including salaries and profits taxes, were mostly received towards the end of the financial year.

Government expenditure in May was 21.25 billion HK dollars with revenue of 11.98 billion HK dollars, resulting in a deficit of 9. 27 billion HK dollars. (7.785 HK dollars =1 U.S. dollar)