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National report

Political front

- CPC vows to enhance co-op with Germany's CDU (6th July)

(Xinhua) -- A senior official of the Communist Party of China (CPC) met with a delegation from the Christian Democratic Union (CDU) of Germany Tuesday.

The two sides vowed to enhance inter-party communication and cooperation.

As Germany's one major ruling party, the CDU plays an important role in the political affairs of Germany and Europe, said Wang Gang, a member of the Political Bureau of the CPC Central Committee.

The two parties established a dialogue mechanism in 2002, and Wang hailed it for deepening mutual understanding and political mutual trust between the two political parties.

Wang added that the CPC hopes to further deepen its friendly relations with the CDU to contribute to the development of China-Germany relations.

Wang, also vice chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), the country's top political advisory body, spoke highly of the smooth development of Sino-German relations.

He said the two countries have cooperated well in the fields of politics, economics, education, technology and culture.

The CDU delegation is being led by David McAllister, premier of the State of Lower Saxony.

- Senior CPC official meets delegation of Party of European Socialists (7th July)

(Xinhua) -- Senior Communist Party of China (CPC) official He Yong on Wednesday met with a delegation of young politicians from the Party of European Socialists (PES).

The delegation, led by the party's Secretary General Philip Cordery, came to China for a week-long visit.

He, deputy secretary of the CPC's Central Commission for Discipline Inspection, spoke highly of China-Europe relations and inter-party ties.

He said the CPC would like to enhance dialogue and communication with PES in a concerted effort to deepen the China-Europe strategic partnership, tackle global challenges and build an equitable and fair international order.

Cordery praised China for playing a constructive role in international affairs, saying his party would like to step up exchanges with the CPC so as to learn from and support each other.

After Beijing, the delegation will head to south China's Guangdong province and east China's metropolis of Shanghai.

- Senior Chinese official calls for higher-caliber anti-graft officials (8th July)

(Xinhua) -- A senior Chinese leader in charge of disciplinary and supervision work Thursday stressed the need for higher-caliber anti-graft officials in the country's fight against corruption.

He Guoqiang, a Standing Committee member of the Political Bureau of the Communist Party of China (CPC) Central Committee, made the remark at a forum with representatives of municipal-district level anti-corruption officials.

He, also head of the CPC Central Commission for Discipline Inspection, told the anti-corruption officials to stand firm in their faith of socialism and remain vigilant in the fight against corruption.

He said the officials should improve their work skills through theoretical studies and training.

The anti-corruption officials should always be people-oriented and carefully listen to public opinion, He said.

He also told the officials that it was imperative for them to be self-disciplined and clean-handed to show an example.

China trained more than 2,000 anti-graft officials at county level nationwide in 2009 and over 400 officials at city level in this June.

About 850 anti-graft officials at municipal-district level around China are being trained in Beijing currently.

Foreign relations

- China keen on Sudan's stability and peace: envoy (4th July)

(Xinhua) -- Visiting Chinese Special Envoy to Darfur Liu Guijin said Sunday China is keen on Sudan's stability and peace and hopes to see south Sudan referendum conducted in a smooth and credible manner.

"We are keen on stability and peace in Sudan. We desire to see south Sudan referendum conducted in a smooth and credible manner because it is in the interest of Sudan and serves the stability in the region," Liu told reporters after meeting with Sudanese Minister of Cabinet Affairs Luka Biong here on Sunday.

"China, as a permanent member of the UN Security Council, will work with the international community, regional countries and the two parties of the Comprehensive Peace Agreement (CPA), namely the National Congress Party (NCP) and the Sudan People's Liberation Movement (SPLM), to preserve peace and stability and sustain the development in this country," Liu added.

The Chinese official arrived here Saturday on a several-day visit to get acquaintance with plans of the new Sudanese government concerning the Darfur peace together with the progress in the implementation of the CPA, inked between north and south Sudan.

He commended the efforts of the NCP and the SPLM to implement the CPA, saying China is happy with the progress the two sides have achieved concerning the implementation of the CPA items and praises the recent step made by the government on formation of the south Sudan referendum commission.

Liu reiterated China's commitment to continuing support for Sudan's issues and dealing with both north and south Sudan, saying China is a friendly country to Sudan, in both its north and south.

China is the biggest investor in Sudan and presently there are Chinese companies operating in south Sudan and these companies will be major partners in the development in south Sudan, said Liu.

On the Darfur issue, Liu stressed the importance of finding a peaceful settlement for the conflict in Darfur.

"The Darfur issue can not be resolved but through political negotiations and wide participation of all the parties to the conflict in the peaceful process," he said.

Luka Biong, for his part, said the Sudanese government counts on the Chinese role in supporting the two government partners in the implementation of the remaining items of the CPA and conducting of the referendum on its fixed time.

Following the meeting with the Chinese envoy, Biong told reporters that "the new government has a work program to implement the CPA, conduct the referendum and establish development projects in the south. We are looking forward to a Chinese role that will help in accomplishing this goal."

Later in the day, Liu is expected to hold talks with Ghazi Salahuddin, the Sudanese government official in charge of the Darfur file and Mutrif Siddiq, Sudanese state minister for humanitarian affairs.

- New Zealand regards China as one of its vital 21st century partners (5th July) (Xinhua) -- New Zealand Prime Minister John Key has said China is one of New Zealand's vital 21st century partners and New Zealand has set out an ambitious work programme to ensure that the relationship continues to flourish.

Key will pay an official visit to China on July 7-10 and visit the New Zealand Expo Pavilion in Shanghai to mark New Zealand's "National Day" on July 9. It was his second visit to China as prime minister. He visited China in April 2009.

In an interview with Xinhua, Key said: "when I met with (Chinese) Premier Wen Jiabao last year we agreed that the New Zealand-China relationship was at its 'best ever in history'. I am delighted to return to China, my second visit since becoming Prime Minister, and very pleased to have hosted the recent visit by Chinese Vice President Xi Jinping."

"High level attention to this relationship shows how important it is to both countries," he added.

"I am very pleased to have the opportunity to see first hand China's and New Zealand's major investment in Shanghai Expo 2010. New Zealand is taking advantage of the opportunities that Expo creates," he said.

"The Shanghai Expo is a prime opportunity to grow markets for New Zealand goods and services in China, and to capitalize on New Zealand's unique position as the first developed country with an FTA with China," Key said.

"New Zealand's target is for our pavilion to attract 10 percent of the total visitors to Shanghai Expo, so assuming that the overall target of 70 million is achieved, we are aiming for 7 million visitors," he said.

Besides China, Key also visits South Korea and Vietnam during his Asian trip.

Key said Asia is clearly becoming increasingly important to New Zealand. "Strengthening our relationships with the Asian region is a key priority for the Government and this visit will further underline our already warm relationships with these three countries," Key said.

- China, Britain pledge to enhance military ties (5th July)

(Xinhua) -- China and Britain on Monday pledged to enhance military ties.

The pledge came out of the meeting between Vice Chairman of China's Central Military Commission Guo Boxiong and visiting British Chief of Defense Staff Jock Stirrup.

The military relationship is an important component of China-Britain relations, and the two sides have witnessed frequent exchange of high-level visits and fruitful cooperation in many fields, Guo said.

He said China's armed forces attached importance to the friendly cooperation with the British armed forces, and would work with it to enhance mutual trust and expand cooperation.

Stirrup echoed Guo saying the military relationship was very important and the British side hoped to strengthen military cooperation with China.

The two sides also discussed the development of China-Britain relations and international and regional issues of common concern.

Highlighting the development of China-Britain relations in recent years, Guo said the bilateral relationship is at a new historic starting point. The two sides should respect each other's core concerns and properly handle disputes, so as to promote sound and stable development of the comprehensive strategic partnership.

Stirrup said Britain's new government attached importance to its relationship with China.

- China regards India as important partner, says premier (5th July)

(Xinhua) -- Premier Wen Jiabao said here Monday that China regards India as an important strategic partner of cooperation.

"We will work with India to maintain high level visits and take care of each other's core interests and major concerns," Wen said when meeting visiting Indian prime ministerial special envoy Shiv Shankar Menon.

Wen also pledged to enhance dialogue and cooperation with India to benefit the two peoples, and make joint efforts to promote world peace and common prosperity.

Hailing the 60-year diplomatic ties between China and India, Wen said the bilateral relationship has matured well, with deepening mutual political trust and remarkable achievements in cooperation in various sectors.

The two countries have also reached important agreements and made sound coordination in coping with the international financial crisis, climate change and other major issues, Wen noted.

Wen said China and India, as neighbors and large developing nations with largest populations, enjoy not only profound historical and cultural origins but also broad common interests.

"A healthy, stable and dynamic China-India relationship is of far-reaching significance to the two nations, Asia and the whole world at large," he said.

Wen also extended greetings to Indian Prime Minister Manmohan Singh and the President of the Indian Congress Party Sonia Gandhi.

Menon, who serves as Indian National Security Advisor, delivered Prime Minister Singh's letter to Premier Wen.

Menon quoted Singh's saying that China is a great and friendly neighbor of India, and the relationship with China is one of the most important foreign relations for India.

Both India and China have developed rapidly in recent years, and the two nations have established a strategic partnership of cooperation, with increasing mutual trust. Menon said this has laid a sound foundation for strengthening bilateral cooperation.

With the world going through an important development phase, both India and China should take bigger role in directing its course, Menon said.

India would work with China to jointly make development planning and create new situations for the growth of bilateral ties, he noted.

Menon arrived in Beijing Saturday, and is scheduled to conclude his trip on July 6.

- Mongolia says to boost cooperation with China in fighting corruption (5th July)
(Xinhua) -- Mongolian anti-corruption authorities on Monday said they are ready to expand cooperation with Chinese counterparts to fight corruption.

The Mongolian Anti-Corruption Agency said in a statement that the two sides will broaden cooperation on corruption prevention measures, including exchanging information and providing technical assistance under the framework of the UN Convention Against Corruption.

The joint efforts will be underlined in a memorandum of understanding the Mongolian agency is expected to sign later this week with a visiting Chinese delegation of anti-corruption officials and experts headed by Qu Wanxiang, deputy director of the National Bureau of Corruption Prevention of China.

The Mongolian and Chinese anti-corruption authorities set up working contact in 2008, and Mongolian anti-corruption officials visited China in 2009.

- China, Canada agree to further boost strategic partnership (5th July)
(Xinhua) -- Chinese President Hu Jintao met with Canadian Governor-General Michaëlle Jean here on Monday, and both agreed to further boost the bilateral strategic partnership. Hu recalled his recent state visit to Canada, during which he reached consensus with Canadian leaders on developing bilateral relations and other issues of common concern. He extended a warm welcome to Jean and hoped she enjoyed celebrating Canada Day at the Canadian pavilion at the Shanghai Expo.

China hopes to make joint efforts with Canada to respect and accommodate each other's core interests and major concerns, step up bilateral friendly exchanges and pragmatic cooperation, enhance coordination on major international and regional issues to push forward the bilateral strategic partnership, Hu added.

Calling her current China visit a "trip of friendship," Jean said she was greatly impressed by China's prosperity, the colorful Shanghai Expo, the brand-new look of the country's Sichuan quake area as well as the Chinese people's friendly sentiments towards Canada.

She said she is confident of promoting friendly cooperation with China, and hopes to strengthen mutual trust, boost innovation, cooperation and cultural exchanges, in a bid to facilitate greater progress of the Canada-China strategic partnership.

During her week-long stay in China, Jean has so far visited Beijing, Shanghai and southwestern China's Sichuan Province, and will soon head for southern China's Guangdong Province.

- Flurry of visits reflects China-Canada warming ties (6th July)
(Xinhua) -- China and Canada witnessed an unprecedented flurry of diplomatic visits over the last two weeks, reflecting their growing partnership, a Chinese leader said here Tuesday.

"Such a spate of visits, which is unprecedented in the four-decade-old diplomatic relationship, indicates the growing friendship," said Zhou Yongkang, a Standing Committee member of the Political Bureau of the Communist Party of China (CPC) Central Committee, when meeting with Michael Ignatieff, leader of the Canadian Liberal Party.

Dubbing this June and July "a season of harvest for bilateral ties," Zhou recalled the important exchange programs over the past two weeks.

Chinese President Hu Jintao paid his maiden state visit to Canada in late June, the first such visit by a Chinese head of state for five years.

During Hu's visit, the two countries reaffirmed their commitment to develop their strategic partnership and pledged to increase bilateral trade to 60 billion U.S. dollars by 2015.

Governments and businesses from the two countries signed ten cooperative deals covering trade and economy, tourism, energy, minerals, among others.

On the heels of Hu's visit, Canadian Governor-General Michaëlle Jean came to China for a week-long visit. Apart from Beijing and western China, she also travelled to Shanghai for the events marking Canada Day at the World Expo.

China is also the first foreign country Ignatieff visited since he became leader of the Liberal Party in May 2009.

"I am here to build on the longstanding tradition of sustained, responsible engagement with China, established by my Liberal predecessors, former Prime Ministers Pierre Trudeau, Jean Chretien and Paul Martin," Ignatieff said.

Echoing Ignatieff's views, Zhou said he appreciated the role the Liberal Party has played in fostering China-Canada ties.

"We will never forget China and Canada forged diplomatic ties forty years ago when the Liberal Party was the ruling party in Canada," said Zhou.

Zhou also thanked Ignatieff for picking China as his first foreign destination.

China is the world's largest developing country while Canada is the largest developed country in terms of territory.

"Despite different national conditions, the two countries don't have fundamental conflicts of interests," Zhou said.

He emphasized China's commitment to working with both the ruling and opposition parties of Canada to further advance the strategic partnership of the two countries.

Ignatieff said that his China visit made him more confident about building ties with China, and he paid homage to the CPC's efforts to lift 1.3 billion people out of poverty.

Apart from frequent leaders' visits, ordinary Chinese and Canadians will find it easier to travel to the other country.

In June, the two countries signed a memorandum of understanding on facilitating Chinese group visits to Canada.

China invited 100 local Canadian educational officers and headmasters of primary and middle schools to visit China this year, and 100 Canadian middle school students will attend a summer camp in China next year.

- Defense ministry says Japanese report on Chinese naval vessels "unnecessary" (6th July)

(Xinhua) -- China on Tuesday said Japan did not need to report the passage of Chinese naval vessels through a strait, saying they observed international law.

"The Chinese vessels days ago passed through the Miyako Strait, which was normal and in line with international law," an information official of China's Defense Ministry said in a statement released on Tuesday.

"We think it is unnecessary for Japan to issue a statement on this," the official said.

The brief comments came two days after Japan's Defense Ministry issued a statement which said a Chinese destroyer and a frigate passed through international waters between the southwestern Japanese islands of Okinawa and Miyako toward the Pacific Ocean on Sunday.

- S Korea to hold working-level trade talks with China (6th July)

(Xinhua) -- South Korea's trade ministry said Tuesday it will hold working-level talks with China this week on various pending issues related to a bilateral free trade deal.

According to the ministry, the one-day meeting will be held in Tangshan, Hebei Province of China on Wednesday.

Seoul and Beijing have recently completed a joint study on the feasibility of a bilateral free trade agreement, which led to a sealing of a memorandum of understanding (MOU) to hold additional talks on thorny issues.

The two-way trade volume reached 73.7 billion U.S. dollars last year, with China importing 46.1 billion U.S. dollars, said the trade ministry.

In May, Chinese Premier Wen Jiabao and South Korean President Lee Myung-bak said to beef up efforts to settle a free trade agreement between the two countries.

- China sends 15,603 soldiers on UN peace missions in 20 years (6th July)

(Xinhua) -- China has sent 15,603 soldiers to participate in 18 United Nations peacekeeping missions since 1990, an official of China's Ministry of National Defense said Tuesday.

Of the total, nine soldiers died while on the missions, said Tao Xiangyang.

As of the end of June 2010, there were still 1,960 soldiers deployed in UN peacekeeping missions in nine mission areas or working in the UN peacekeeping department, Tao said.

Also on Tuesday, a group of 38 foreign military attaches to China, who were from 36 countries, visited a training center for peacekeeping soldiers in Huairou District, suburban Beijing.

- China supports Kyrgyzstan's efforts to maintain national stability (6th July)

(Xinhua) -- China on Tuesday expressed congratulations on the inauguration of Kyrgyzstan President Roza Otunbayeva, vowing to further push forward healthy bilateral ties.

"As a friendly neighbor of Kyrgyzstan, we applaud the smooth national referendum and extend congratulations to the country's newly inaugurated President Roza Otunbayeva," said Foreign Ministry spokesman Qin Gang at a regular press briefing.

China respects the choice of the Kyrgyz people, and supports the country's efforts to resume national stability and develop the economy, he said.

"China is willing to make joint efforts with the country to further strengthen political trust and the traditional friendship, enhance cooperation in the areas of politics, trade, culture, transportation and security, and beef up cooperation in international and regional affairs," the spokesman added.

Otunbayeva, the first female president of Kyrgyzstan, was sworn in as the country's caretaker president on July 3 and will serve until Dec. 31, 2011. Her inauguration came one day after the Central Election Commission announced the country's new constitution had been overwhelmingly approved in a nationwide constitutional referendum.

According to the country's health authorities, over 290 people were killed and over 2,000 injured during the violence last month in southern Kyrgyzstan, which followed an earlier wave of riots that started in April with a revolt that ousted former President Kurmanbek Bakiyev.

- China, Pakistan to ink agreements during president's visit: FM (6th July)

(Xinhua) -- China and Pakistan will sign cooperation agreements in agriculture, healthcare, economy and technology sectors during Pakistani President Asif Ali Zardari's upcoming visit, Foreign Ministry spokesman Qin Gang said here Tuesday.

Chinese President Hu Jintao, Premier Wen Jiabao and top political advisor Jia Qinglin will hold talks or meet with Zardari during his week-long working visit, which will start later Tuesday, Qin said.

They will discuss steps to bolster the traditional friendship, to promote mutual beneficial cooperation and exchange views on some international and regional issues of common concern, Qin told a regular press briefing.

China will push forward cooperation with Pakistan to combat terrorism, separatism and extremism, Qin said.

Commenting on some media reports which claimed that China is striving to balance relations with India and Pakistan, Qin said China expects good-neighborly, friendly and cooperative relations with the two south Asian neighbors.

"We are willing to make joint efforts with both India and Pakistan to promote our bilateral ties, which will benefit the peoples in the three countries and the common development and prosperity of the region," Qin said, noting China is also glad to witness improvements in Indian-Pakistani ties.

Zardari, as guest of President Hu, will visit China from July 6 to 11.

- FM: China against expanding sanctions on Iran (6th July)

(Xinhua) -- China said on Tuesday that UN Security Council sanctions against Iran should not be wilfully elaborated or expanded.

Foreign Ministry spokesman Qin Gang made the remarks at a regular press briefing when commenting on U.S. sanctions recently imposed on Iran.

"China has noted that the United States and other parties have unilaterally imposed further sanctions on Iran," said Qin, referring to the new sanctions approved by U.S. President Barack Obama on July 1.

Described by Obama as the "toughest" ones ever passed by the Congress, the new sanctions penalize international firms linked to Iran's energy industry, Revolutionary Guards or nuclear programs.

"Not long ago, the U.N. Security Council approved resolution 1929. China believes that the Security Council resolution should be fully, seriously and correctly enforced," he said. Saying that China will seriously enforce the resolution, the spokesman reaffirmed the importance of dialogue and negotiations for a comprehensive, long-term and proper solution of the Iran nuclear issue.

Qin said the relevant parties should continue to work for the resumption of talks.

- "We cannot let the next generation forget the history of Japan's aggression against China": former Japanese war criminal (6th July)

(Xinhua) -- "I have taken every opportunity to relate my own experiences and the war crimes committed in the aggressive war against China in a bid to make the next generation remember the history," said a former Japanese war criminal in an interview with Xinhua Monday.

"My duty is to unveil the dreadfulness and gruesomeness of the war, and tell students in various schools about my experiences in the war so as to prevent the recurrence of the historical tragedy, " said 89-year-old Kiyoshi Sakakura, a war-time Japanese soldier, expressing deep remorse for the war crimes he committed in the war.

Soon after being recruited in the Japanese army in December 1940, Sakakura went by sea to Qingdao, China, and was subsequently transported to Jinan and Taian, where he began to fight the aggressive war against China. In August 1945, he was taken captive by the Soviet Red Army and sent to Siberia in October. In 1950, Sakakura was transferred to Fushun War Criminal Management Center and imprisoned there.

As a child, Sakakura began to receive militaristic education. " Born into a poor family, I yearned to become a soldier and serve my country," he said.

"I thought my involvement in the aggressive war was to open up a bright future for myself and was in the national interests, so we followed the policy of 'burn all, kill all, loot all,' and committed flagrant crimes," said Sakakura, adding that he killed three people altogether, and committed arson, grilled the captives and pillaged villages during the war.

Voicing his apologies for the heinous crimes he committed against the Chinese people, he said he felt thankful to the Chinese people, who were most lenient with the war criminals like him.

The old man said that he began to reflect on the aggressive war and the crimes he committed during the six-year imprisonment at the Fushun War Criminal Management Center, where he also read books such as On Imperialism.

"I was given a new life there," he said.

Sakakura said he has taken various opportunities to relate his experiences as well as his crimes in the war since he came back to Japan, in the hope that this period of history will never be forgotten.

"In the remaining years of my life, I will also write them down, leaving the historical truth to future generations," he said.

In 2007, his book on Japan's war-time policy of "burn all, kill all, loot all" was published.

- China seriously concerned about US-ROK naval drill: spokesman (6th July)
(Xinhua) -- China said Tuesday it is seriously concerned about a scheduled joint naval drill between the United States and the Republic of Korea (ROK) in the Yellow Sea. Foreign Ministry spokesman Qin Gang made the remarks at a regular press conference. "We have expressed our serious concern to the relevant parties, and will closely follow the development of the matter," Qin said.
The relevant parties should refrain from doing things that might escalate tensions and harm the security interests of the countries in the region, Qin noted.
The four-day anti-submarine drills were originally scheduled for last month, as part of the response to the sinking of an ROK warship in late March, which killed 46 sailors.
The ROK announced in May that the navy warship was torpedoed by a submarine of the Democratic People's Republic of Korea (DPRK), but the DPRK immediately denied involvement in the incident, saying the investigation results were fabricated.
According to latest reports, the military exercise may be conducted after any possible UN action against the DPRK over the warship issue.
Ma Xiaotian, deputy chief of the General Staff of the Chinese People's Liberation Army, expressed objection to the joint drill last week.

- Energy cooperation between China, Russia promising: report (6th July)
(Xinhua) -- China and Russia have made good progress in energy cooperation and future prospects are promising, a yellow paper released here Monday said.
The yellow paper, named "Report on Development of Shanghai Cooperation Organization (2010)" was issued by the Institute of Russian, East European and Central Asian Studies affiliated to the Chinese Academy of Social Sciences.
China and Russia had achieved progress in some major cooperation projects in 2009 which the two countries have been negotiating for some time, the report said.
The two countries reached a bilateral loan-for-oil deal in February 2009, under which China offers Russia 25 billion U.S. dollars of long-term loan and Russia will supply a total of 300 million tonnes of crude oil through pipelines to China from 2011 to 2030.
Cooperation between the two countries in the oil industry has entered a new phase of long-term strategic cooperation with the commencement of the construction of the crude oil pipeline that will eventually stretch from one country to the other, the report said.
The yellow paper also noted that Chinese enterprises had invested over one billion U.S. dollars in the coal industry in Russia, and Russia had provided China with more than one million tonnes of coal.
The two countries had also reached an agreement on the cost of the second phase construction of the Tianwan Nuclear Power Station, which is the largest ever economic cooperation project between the two countries, the report said.

- Chinese envoy to Darfur affirms support to Sudan (7th July)
(Xinhua) -- Chinese special envoy to Darfur Liu Guijin on Tuesday reiterated his country's support to Sudan to remain united according to principles of the Comprehensive Peace Agreement (CPA).
The Chinese envoy on Tuesday held talks with Sudanese State Minister for Humanitarian Affairs Mutrif Siddiq and Sudanese Minister of Foreign Affairs Ali Karti each apart.

"We are happy to see Sudan remains united, at the same time we will respect the choice and the option of the Sudanese people," Liu told reporters following his meeting with Ali Karti.

"At the same time, whatever happens, whatever the result of the referendum will be, we hope and we believe that peace and tranquility will prevail," he added.

The Chinese official went on to say that "we don't wish to see anyone to make prejudgment openly on the result of the referendum or even try to guide the result of the referendum because we think the referendum or the CPA are the mutual agreements of the Sudanese people. It is up to the Sudanese people, the whole Sudanese people, to decide."

He further expressed hope that the Sudanese could resolve the problems on the way to peace and political settlement, saying that "we hope that the relevant parties, particularly the two parties of the CPA, could, through their negotiations and talks, make mutual compromise for the interest of the Sudanese people as a whole, for the future of the country as a whole, resolve the problems on the way and to have a smooth referendum."

The Chinese envoy reiterated his call for the Darfur armed movements to join the peace negotiations, adding that "to remain outside the political process, wherever they are, however strong they feel themselves are, is not a good choice, because that is not serving the interest of the people and the crisis and the problem of Darfur have been there for too long."

"So from China, from our colleagues in the international community, we appeal to those who are still remaining outside the political process to join that political process, and time is not on their side. I don't think the patience of the government, or the international community, will be endless, so they have to come over to the negotiations," he said.

In the meantime, Liu praised the normalization of relations between Sudan and Chad, saying that "we are happy that the normalization between Sudan and Chad has been realized."

Meanwhile, the Chinese envoy condemned the repeated attack by banditry against United Nations-African Union Mission in Darfur (UNAMID) and humanitarian workers in Darfur.

"We condemned this criminal acts of attacking the UNAMID, the NGO humanitarian workers and the civilians, and we hope that more resolute measures be taken to bring those perpetrators to justice, and at the same time, we appeal, once again, in unified voice, to all the stakeholders to take on the political process," he said.

- China, Myanmar to promote energy, transport co-op: vice premier (7th July) (Xinhua) -- Chinese Vice Premier Li Keqiang on Tuesday pledged to speed up and expand cooperation with Myanmar on energy and transport.

Li, during a meeting with Tin Aung Myint Oo, first secretary of Myanmar's State Peace and Development Council, hailed the development of bilateral political and economic ties since diplomatic relations were established in 1950, the Foreign Ministry said in a Wednesday statement.

China and Myanmar had reached consensus on many issues regarding economic cooperation in recent years, Li said.

Tin Aung Myint Oo appreciated China's decades-long economic support, vowing to further bilateral cooperation.

- China, Tonga seek to further boost military cooperation (7th July)

(Xinhua) -- China and Tonga pledged to further strengthen military cooperation and exchanges when their senior military officials held talks here on Wednesday.

Military ties between China and Tonga have developed at a good pace with frequent visits and good cooperation in personnel training, said Chen Bingde, chief of the General Staff of the People's Liberation Army (PLA) of China, during the talks with Commander of the Tonga Defence Services Brigadier Tau'aika' Uta'atu Wednesday.

The Chinese armed forces attach importance to their friendly relations with the Tonga Defense Services and look forward to boosting bilateral cooperation, Chen said.

Brigadier Tau'aika' Uta'atu said that Tonga Defense Services would like to advance ties with the PLA with strengthened communication and cooperation.

He reiterated that Tonga would continuously and firmly adhere to the one-China policy.

At Chen's invitation, Brigadier Tau'aika' Uta'atu kicked off his 7-day official goodwill China visit on July 2.

- China submits second implementation report on international covenant to UN (7th July)

(Xinhua) -- China presented its second report on the implementation of the International Covenant on Economic, Social and Cultural Rights to the United Nations on June 30, said a news release by the Foreign Ministry Wednesday.

The report gave a comprehensive account of China's achievements in promoting and protecting its citizens' economic, social and cultural rights in recent years, according to the news release.

The report also answered questions raised by relevant departments of the UN when they reviewed China's first implementation report.

Submitting the report is an important move China has made toward human rights, said the press release. "The act shows the Chinese government has always valued human rights and has all along advocated international cooperation on human rights issues."

The covenant, one of the most important international human rights instruments, was entered into force with respect to China on June 27, 2001.

The Chinese government submitted its first implementation report to the UN on the covenant in June 2003.

- China, Pakistan ink six deals, pledge joint fight on terrorism (7th July)

(Xinhua) -- China and Pakistan signed six deals in Beijing on Wednesday, and pledged to make joint efforts to fight terrorism.

Chinese President Hu Jintao and visiting Pakistani President Asif Ali Zardari witnessed the signing of the six deals, which cover areas such as agriculture, healthcare, justice, media, economy and technology.

During the two-hour-long talks before the signing ceremony, Hu and Zardari also vowed to jointly fight the "three forces" of extremism, separatism and terrorism.

China and Pakistan are both victims of terrorism, the anti-terror cooperation between the two countries on fighting the "three forces" complies with the interests of both peoples and is conducive to peace, stability, security in the region, said Hu.

Echoing Hu's remarks, Zardari said Pakistan and China would work together to combat the "three forces" so to jointly safeguard peace and stability in the region.

As a sign of closer cooperation on fighting terrorism between the neighbors, currently a joint anti-terrorism drill, code-named "Friendship-2010," is being held between China and Pakistan's armed forces in northwest China's Ningxia Hui Autonomous Region.

On trade cooperation, Hu said China would explore new ways to cooperate as well as cement cooperation between the two countries in such areas as energy, transportation, telecommunication, infrastructure and agriculture.

The 60th anniversary of the establishment of China-Pakistan diplomatic ties falls in 2011 and the two countries should prepare early for the celebrations, said Hu.

Hu appreciated the efforts the Pakistani government had made to safeguard the security of Chinese nationals and organizations in Pakistan.

Now there are more than 120 companies and over 10,000 Chinese nationals in Pakistan, engaged in fields like mining, energy exploration and infrastructure.

Zardari hoped the two countries could further enhance cooperation in areas like energy, financing and transportation, and invited more Chinese firms to invest in Pakistan.

Pakistan would create a secure environment for Chinese firms, said Zardari.

Hu said China attached importance to Pakistan's unique influence and role in regional affairs, and China would enhance coordination with Pakistan within the framework of South Asian Association for Regional Cooperation and the Shanghai Cooperation Organization.

China would continue to maintain contacts with Pakistan on issues like the reform of the UN Security Council and climate change in order to ensure the common interests of the developing countries, said Hu.

China and Pakistan are good neighbors, friends, partners and brothers, and China would work with Pakistan to push forward the bilateral strategic partnership in a comprehensive manner so to contribute to regional peace and stability, said Hu.

Zardari arrived in Beijing Tuesday evening on a five-day working visit to China, the fifth China tour since he became president of Pakistan in 2008.

On Thursday, Chinese Premier Wen Jiabao and top political advisor Jia Qinglin will also meet with Zardari.

Zardari will leave Beijing for Shanghai later this week, and visit the Pakistani National Pavilion at the Shanghai World Expo.

- China calls on UN Security Council to address root cause of armed conflicts (8th July)

(Xinhua) -- China on Wednesday called on the UN Security Council to address the root cause of the armed conflicts in order to better protect civilians in such conflicts, which often took place in regions with backward economic and social conditions.

The statement came as Wang Min, the deputy Chinese permanent representative to the United Nations, was taking the floor at an open Security Council debate on the protection of civilians in armed conflicts.

"As the organ which has the primary responsibility for the maintenance of international peace and security, the Security Council is duty bound to address the issue of the protection of civilians in armed conflicts," Wang said.

China supports the Security Council in its efforts to strengthen the protection of civilians in armed conflicts, he said, voicing his deep concerns with the fact that civilians are the subject of threat and violations in armed conflicts.

"The Security Council should pay attention to the root cause of the problem and invest more energy in preventing and controlling conflicts," he said. "At the same time, efforts should be made to put the protection of civilians in armed conflicts into the overall framework of the political process for the peaceful settlement of conflicts."

"The responsibility for the protection of civilians lies primarily with national governments," he said. "While the international community provides constructive assistance, it must do so in compliance with the UN Charter, respect the sovereignty of the countries concerned and avoid the interference of their international affairs."

"On the issue of impunity, we are in favor that the domestic judicial system of the countries concerned can play the role of the main channel," he said.

At present, the key is to ensure the comprehensive, equitable and effective implementation of the whole set of international law and rules that are already put in place in the field of protecting civilians in armed conflicts, he said, adding that relevant UN and treaty organs can continue to play an important role in this regard.

- China opposes foreign warships, planes entering Yellow Sea and adjacent waters (8th July)

(Xinhua) -- China on Thursday said it firmly opposed any foreign warships or planes entering the Yellow Sea as well as adjacent waters that were engaged in activities that would impact on its security and interests.

Foreign Ministry spokesman Qin Gang made the remarks in response to a question on a scheduled joint naval drill between the United States and the Republic of Korea (ROK) at a regular news conference.

China has expressed serious concern to the relevant parties, he said, calling the relevant parties to exercise calm and refrain from doing things that might escalate tensions in the region.

Lee Bung-woo, the head of the press office at the Joint Chiefs of Staff of the ROK, said on Tuesday that the ROK-U.S. naval drill might be conducted after the UN Security Council takes action over the sinking of the ROK frigate Cheonan.

- China says no change in stance on ROK ship sinking (8th July)

(Xinhua) -- China Thursday reaffirmed its stance on the sinking of the Republic of Korea's frigate "Cheonan," saying it will keep communicating with the parties concerned.

"We have clearly declared our stance on the ship sinking many times. We hope relevant parties deal with the incident appropriately, in consideration of peace and stability on the Korean Peninsula," Foreign Ministry spokesman Qin Gang told a regular press briefing.

Qin said the incident is still being discussed by the United Nations Security Council.

On March 26, the ROK 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 Democratic People's Republic of Korea (DPRK). But Pyongyang has denied its involvement in the incident.

After the frigate sank, ROK June 4 delivered a letter formally requesting the UN Security Council to take action over the sinking of its ship. The Security Council has not reached any conclusion on the issue yet.

- China says trade with Pakistan could double within five years (9th July)

(Xinhua) -- A senior Chinese trade official said Friday that trade between China and Pakistan could double within five years to hit 15 billion U.S. dollars in 2015.

Chinese Minister of Commerce Chen Deming made the remarks when addressing the China-Pakistan Economic Cooperation Forum, held on the sidelines of Pakistani President Asif Ali Zardari's working visit in China.

Hailing the smooth development of China-Pakistan trade and economic cooperation in recent years, Chen said there's enormous potential for trade growth.

He called on companies of the two countries to learn more about and give full play to the existing free-trade agreement, expand investment and bilateral trade.

He also urged the two sides to make full use of bilateral cooperation mechanisms and make them serve the two countries' trade and economic cooperation.

Highlighting the traditional friendship between China and Pakistan, Zardari echoed Chen saying that the two countries should join hands and strengthen cooperation in all areas and work for common development.

Pakistan is China's second largest trading partner in south Asia, while China is Pakistan's fourth largest trading partner, second largest source of imports and seventh largest exporting market.

Bilateral trade in the first five months of this year reached 3.3 billion U.S. dollars, up 31 percent. China's investment in Pakistan has expanded from resources, home appliances to communications and finance.

China and Pakistan signed a free trade agreement in November 2006, which came into effect on July 1 2007.

- Pakistan, China cornerstone of stability in S Asia: Zardari (9th July)

President Asif Ali Zardari said on Thursday Pakistan and China together were the cornerstones of stability in South Asia.

He met Chinese premier Wen Jiabao and discussed with him the Pakistan-China bilateral relations at length. The two leaders reiterated the deep, strong ties between the two countries and vowed to strengthen in the days ahead.

Welcoming President Zardari and his delegation, the Chinese premier said: "This is your 5th visit to China and it demonstrates how much importance you accord to bilateral relations between our two countries." President Zardari said China had cooperated a lot during Benazir Bhutto's tenure. This time the PPP is again in power and Pakistan expects the same cooperation from China to help tackle the challenges the country is facing, he said.

The Chinese prime minister said the 60th anniversary of Pak-China relations would be celebrated in a cordial atmosphere. About the importance of geo-political position of

Pakistan in the region, he said Pakistan was an important country of the region and fighting the war against terrorism. The international community, he said, should come forward to help Pakistan and make its fight against terror a success.

Recalling his last visit to Pakistan, the Chinese premier said the people of Pakistan had accorded him a warm welcome. He expressed the desire to visit Pakistan soon. He said both Pakistan and China would work together to bring the situation in Attabad lake in Hunza to normality.

President Zardari said Pakistan wanted connectivity to China through road link, oil pipeline and optic fibre. He said Pakistan desired that China should take maximum benefits from the Gwadar Port. "We can jointly think about reaching upward in Asia exploring those markets through Pakistan," he said.

The Chinese premier said, "I know you take more interest in construction of highways that can improve connectivity between the two countries." The president was accompanied by his two daughters, Bakhtawar Bhutto Zardari, Aseefa Bhutto Zardari, and members of his entourage.

Wen Jiabao said during the meeting, the Chinese government attached great importance to its trade ties with Pakistan which not only benefit peoples of both the countries, but also have strategic significance to the long-term development of the two economies.

Earlier, Jia Qinglin, Chairman of the Chinese People Political Consultative Conference, a top advisory body, during the meeting with President Zardari, said China had always valued its relationship with Pakistan, and treated the bilateral ties from a strategic and long-term perspective.

Later, briefing journalists, presidential spokesperson Farhatullah Babar said the talks focused on joint economic projects, promoting regional connectivity, militancy and terrorism and modalities for enhancing people-to-people contacts as an essential component of the strategic relationship between the two countries.

President Zardari said language was the most important instrument for promoting people-to-people contacts and called for elaborate institutional arrangements for teaching Chinese and Urdu languages to students, workers and people of Pakistan and China.

Babar quoted Premier Wen Jiabao as saying that China deeply appreciated Pakistan's policy of One China and assured President Zardari of his country's continued support to Pakistan at the UN and at multilateral forums including SAARC and ECO. China has supported Pakistan's full membership of the SCO.

Meanwhile, President Asif Zardari met Chinese ministers at the State Guest House and discussed with them matters related to mutual cooperation in the field of water conservation, water resource management, hybrid seed technologies, drip and sprinkling irrigation system and latest technologies adopted by China for maximisation of the

agricultural

products.

Chinese foreign minister spokesman Qin Gang told reporters in response to a question that cooperation for construction of railway link between the two countries was for mutual benefit and not directed against any third party.

A Memorandum of Understanding (MoU) between Pakistan Broadcasting Corporation (PBC) and the China Radio International was signed in the presence of President Asif Ali Zardari in China. Under the MoU, both the broadcasting institutions of friendly countries will extend maximum cooperation to each other in technical field and programmes to enhance the standard of their broadcasts in the region. President Zardari also inaugurated the Mohenjodaro/Ghandhara photo exhibition at the prestigious Tsinghua University.
http://www.thenews.com.pk/top_story_detail.asp?Id=29937

- U.S. opts not to label China as currency manipulator (9th July)

(Xinhua) -- The U.S. Treasury Department on Thursday declined to label China a currency manipulator.

"Treasury has concluded that no major trading partner of the United States met the standards identified in Section 3004 of the Act," the department said in its biannual report sent to Congress on international economic and exchange rate policies.

The Omnibus Trade and Competitiveness Act of 1988 requires the Treasury Secretary to provide reports on "whether countries manipulate the rate of exchange between their currency and the United States dollar for purposes of preventing effective balance of payments adjustments or gaining unfair competitive advantage in international trade."

Treasury Secretary Tim Geithner said Washington will closely and regularly monitor the appreciation of the renminbi or yuan, China's currency. "What matters is how far and how fast the renminbi appreciates," he said.

The Treasury Department's decision displeased U.S. lawmakers, some of whom made fresh calls for stiffer tariffs on Chinese goods unless China took significant steps to appreciate its currency.

The Capitol Hill has been aggressive in pushing China on the currency issue as China's trade and currency policies now have a larger impact on the United State than before.

But what is more important is that the U.S. policy makers need a scapegoat to divert public attention from serious domestic problems -- for example, the high unemployment rate that stubbornly remains over 9 percent despite months of moderate growth.

- China calls for early "flipover" of ROK warship sinking incident (10th July)

(Xinhua) -- China here on Friday urged the involved parties to "flip over the page" of the Cheonan warship sinking incident and restart the six-party talks on the nuclear issue of the Korean Peninsula as soon as possible.

Foreign Ministry spokesman Qin Gang made the comment after the United Nations (UN) Security Council released a presidential statement on the incident Friday night.

Qin said the Security Council statement has noticed both the findings of the joint investigation submitted by the Republic of Korea (ROK) and the Democratic People's Republic of Korea (DPRK)'s declaration that it had nothing to do with the incident. X The statement has also encouraged the settlement of the outstanding issues on the Korean Peninsula by peaceful means and the resumption of direct dialogues and negotiations between the DPRK and the ROK, Qin said.

"We hope the involved parties continue to maintain calm and restraint, and take this opportunity to flip over the page of the Cheonan incident as soon as possible. We call for an early resumption of the six-party talks and joint efforts to maintain peace and stability on the Korean Peninsula," Qin said.

On March 26, ROK Navy frigate Cheonan, with 104 crew members aboard, went down off the ROK island of Baekryeong due to an 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.

The ROK on June 4 formally referred the case to the UN Security Council.

- Argentina seeks enhanced relations with China: president (10th July)

(Xinhua) -- Argentine President Cristina Fernandez said Friday her country attaches great importance to its strategic partnership with China and expressed the hope that her upcoming visit to China will further push the bilateral relations to a new high.

Fernandez was speaking in the Tucuman province in northern Argentina where she attended "Independence Day" celebrations.

The five-day state visit to China, which begins on Sunday, will be the first by Fernandez since she took office in 2007.

According to Chinese Foreign Ministry spokesman Qin Gang, both Chinese President Hu Jintao and Premier Wen Jiabao will hold talks with Fernandez in Beijing.

Leaders of the two countries will exchange views on further enhancing the China-Argentina strategic partnership, expanding cooperation in various fields and other issues of common concern.

The two sides will also sign a number of cooperation agreements, Qin told a news briefing last week.

China and Argentina established diplomatic ties in 1972. They decided to establish a strategic partnership during President Hu's visit to Argentina in November, 2004.

Trade relations have also been expanding quickly over the past years. According to figures released by China's General Administration of Customs, the total two-way trade volume reached 14.39 billion U.S. dollars in 2008.

Economic front

- China's economic policy faces mounting difficulties: Premier Wen (4th July)

(Xinhua) -- Chinese Premier Wen Jiabao has warned that China's macro economic control policy is facing mounting difficulties with the severity of the international financial crisis and the unpredictable nature of the global economic recovery.

"China's current economy remains good, but the domestic and international environment is extremely complicated," Wen said while addressing a symposium held Saturday in Changsha, capital of central China's Hunan Province.

The symposium, which was presided over by Premier Wen, was thrown to feature economic situation in three provinces of Hubei, Hunan and Guangdong.

At the symposium, Wen reiterated the government's stance in maintaining the continuity and stability of macro economic policies, and making these macro policies more flexible and targeted.

Wen said the government would "work to promote stable and relatively fast domestic economic growth, restructure the economy and manage inflation expectations to ensure the government's goals for 2010 are met."

The government would endeavor to resolve long-term structural problems while targeting urgent issues, Wen said.

Before the symposium, Wen also inspected flood prevention and control efforts in parts of Hunan Thursday, and moved on to Changsha, the provincial capital, to visit a number of other venues including companies ranging from machinery, outsourcing to animation companies Friday.

While inspecting the companies, Wen enquired about their business, employment and social security, and encouraged them to step up innovation.

"An internationally competitive enterprise needs products of the best quality, world-leading patent technologies and generations of excellent staff," Wen said when talking with employees in Sany Group, a Changsha-based leading Chinese engineering machinery manufacturer.

Wen talked with employers and job hunters at a job market in Changsha. He told a female university student named Yan Youping that the priority for university students was to study hard and grasp skills at school, and students should be clear about personnel demands and be prepared.

- Marketing strategies for growth in China (5th July)

(Xinhua) -- As China's economy recovers from the global downturn, the most recent retail sales figures show strong and steady growth over the last year. It's clear that higher incomes continue to fuel consumer thirst in China for a wide range of goods and services - from basics to luxury products.

Indeed, China's continued role as a valued member of the international community and a driver of global economic growth means the Chinese consumer is an increasingly important target for domestic and international brands looking to tap into a vast and - in many parts of the country - untapped, market.

Marketing has an important role to play in the success of these brands and in the development of the Chinese market. It will be an economic accelerant, informing consumers about new products, facilitating the market penetration of many brands and sparking innovation as consumers look for next-generation goods.

Marketing will also play a role as a social accelerant, embedding values of trust and reliability into the market with every successful transaction between seller and buyer.

With each brand promise met, the social contract between brands and consumers is strengthened.

In an increasingly crowded market, however, brands seeking to reach Chinese consumers will need sophisticated approaches to get results.

In September, Harvard Business School and the School of Management at Fudan University will offer a program in Shanghai designed to provide senior executives, entrepreneurs, and marketing professionals who are responsible for developing and implementing marketing strategies a new perspective on analyzing and assessing marketing activities that bolster organizational performance.

Whether developing strategies for Chinese domestic companies, Chinese companies looking to expand regionally and globally, or multinationals seeking to penetrate further into Chinese and other Asian markets, there are five areas of focus that are vital to long-term marketing and brand success.

Clearly identify your target customers.

Successful marketing recognizes the very diverse needs and values of various customer segments.

In China, for instance, consumer choices vary greatly by age, income and where they live. By taking the time to carefully and strategically evaluate and select target markets, brands can identify the drivers of consumer choices among groups most likely to respond to their products.

Consider multi-channel campaigns.

While traditional television and print outlets remain important marketing channels for companies seeking to build their brands in China, the expansion of online advertising and social media forums is providing consumers with more brand information than ever before.

To reach customer segments, marketers in China should follow consumer eyeballs, matching channels and media with where target consumers are spending their time.

Think value, as well as price.

Compared to other Asian economies, China's economy is fiercely competitive and value-conscious.

Price matters, and Chinese consumers' loyalties are not embedded.

But consumers are open to strong value-propositions from competitors seeking to peel away customers.

So it's crucial that marketers consider pricing strategies that can both generate profits, but also deliver high-value.

Develop new distribution methods.

China presents unique distribution channels for marketers, particularly outside the largest cities, where there are more local vendors and fewer Western-style retail outlets.

Whether through collaboration with local competitors or smaller-scale distribution, developing distribution channels that meet the reality on the ground will be central to success.

Luxury branding.

As in many markets across Asia, Chinese consumers are increasingly responsive to luxury brands.

While Western luxury brands such as Hermes and Louis Vuitton have already made inroads in China, there remains room for Chinese brands that can meet the needs of a more discerning Chinese consumer.

Identifying and delivering on the attributes that will see Chinese consumers accept the luxury status of a brand will be a key challenge for marketers moving forward.

The development of marketing as a core corporate function and the implementation of informed, smart marketing insights in the Chinese marketplace are not only important to companies seeking to succeed in China, they can also play a role in the development of China's economy.

Together, HBS and Fudan want to ensure that the development of those marketing skills is grounded in practice, recognizes the unique circumstances of operating in the complex Chinese context, and can be sustainable over time, helping companies and markets grow for the long-term.

John Quelch is the Lincoln Filene Professor of Business Administration at Harvard Business School.

(Source: China Daily)

- China academic sees Q2 growth at 10.6% (5th July)

(Xinhuanet) -- Large Medium Small China's second-quarter economic growth may be 10.6 percent, the Securities Times reported, citing Pei Changhong, director of the institute of finance and trade economics at the China Academy of Social Sciences.

The nation's economy may grow 10.1 percent in the third quarter, 9.3 percent in the fourth quarter and 10.5 percent for the full year, the Shenzhen-based newspaper reported, citing Pei.

Second-quarter consumer prices may gain 3.04 percent, the newspaper reported, citing Pei. Consumer prices may gain 3.3 percent in the third quarter and 2.2 percent in the fourth quarter, the newspaper reported, citing Pei.

(Source: China Daily)

- Chinese tourists flock to Japan, boost economy (5th July)

(Xinhuanet) -- Snapping up four Japanese luxury Seiko watches, a 36-year-old Chinese tourist plunks down \$4,500 in cash at a glitzy store in downtown Tokyo.

"One is for me, and the other is for my father. The rest are for my friends," says Li Jun, a computer businessman from Shanghai.

Related readings: Japan relaxes visa rules to lure Chinese tourists Hey big spenders: Japan courts Chinese tourists China tourists flock to Japan, lift weak economy No Buddhist temples or tranquil rock gardens for him. Li and his wife are in Japan on a single-minded mission: shopping.

"We want to buy Japanese products because they are known for very good quality," Li says. "We are here for shopping, not for tourist activities."

For years, Japanese auto and electronics companies have been expanding in China as its economy boomed to offset slow growth at home.

- China's yuan central parity rate weakens against USD (5th July)

(Xinhua) -- The central parity of the Renminbi (RMB), or China's currency yuan, weakened to 6.7733 per U.S. dollar on Monday from Friday's 6.7720, according to the data released by the China Foreign Exchange Trading System.

Last Friday, the central parity of RMB against the U.S. dollar rose to 6.7720, the strongest 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.

- China's Jan.-May coal imports jump 114 pct on robust industrial demand (5th July) (Xinhua) -- China's coal imports surged 114.3 percent year on year to 68.98 million tonnes in the Jan.-May period on the back of strong industrial demand, the Ministry of Industry and Information Technology (MIIT) said Monday.

In a statement posted on its website, the MIIT attributed the increased demand to the power, steel, cement and chemical fertilizer industries.

Boosted by robust economic growth, limited supply and summer's high electricity consumption, coal imports will grow over coming months, analysts said, underpinning the global coal price.

On May 28, 2010, the price of coal at Australia's Newcastle port was 97.8 U.S. dollars per tonne, 13 dollars higher than January, the MIIT statement said.

Coal prices increased 4.7 percent month on month in May, a rate of increase 3.5 percentage points higher than the previous month.

China was a net coal exporter in the decades before 2007.

In 2009, China imported 126 million tonnes of coal and exported 22 million tonnes. Those imports accounted for more than one fifth of the world's total coal trade.

- China's forex regulator uncovers 7.35 bln USD of hot money inflows (5th July) (Xinhua) -- An investigation into this year's speculative "hot money" inflows uncovered 190 cases involving 7.35 billion U.S. dollars of funds, a senior official of the State Administration of Foreign Exchange (SAFE) said.

In an undated interview with The People's Daily posted on the newspaper's website Monday, Deng Xianhong, deputy director of the SAFE, said the foreign exchange regulator did not find evidence of large amounts of hot money flowing into China.

The SAFE investigation began in February.

The latest figure was unchanged from the May 25 figure.

Most of the speculative and arbitrage capital from overseas wound up in the equity and property markets, Deng told the newspaper without giving further details.

Disguised as funds for trade and investment, an unknown amount of hot money enters China every year. The capital is betting on an appreciation of the yuan, China's currency, and a hike in asset prices.

Capital flows into and out of China for purposes other than payment for imports and exports are strictly controlled by the SAFE.

The SAFE manages China's 2.45 trillion U.S. dollars in foreign exchange reserves.

- China forex regulator revises up current, capital account 1Q surpluses (5th July)

(Xinhua) -- China posted bigger surpluses in its current, capital and financial accounts in the first quarter of this year than it previously estimated, the State Administration of Foreign Exchange (SAFE) said on its website Monday.

The SAFE said in its statement China's current-account surplus totaled 53.6 billion U.S. dollars in the first three months, up from the 40.9 billion U.S. dollars it estimated May 14. The modified current-account surplus was 32 percent lower than the previous year's figure, compared with the May 14 estimate of a 48 percent year-on-year decrease.

Capital- and financial-account surpluses were lifted to 64.2 billion U.S. dollars in the first quarter after the revisions, compared with 55 billion U.S. dollars the SAFE estimated on May 14.

China posted a capital- and financial-account deficit of 12.8 billion U.S. dollars in the same period of last year.

In the statement, the foreign exchange regulator did not provide an explanation for the increase after the revisions.

Under China's current account, the merchandise trade surplus was upwardly revised to 30.3 billion U.S. dollars, from 29.4 billion U.S. dollars in the May 14 statistics, according to the revised Balance of International Payments statement posted on the SAFE website.

China ran an 18-billion-U.S.-dollar services trade deficit during the same period, the statement said.

Net foreign direct investment (FDI) flows were revised down to 15.5 billion U.S. dollars from 17.5 billion U.S. dollars.

The foreign exchange regulator did not update the figure for China's foreign exchange reserves on Monday.

China's foreign exchange reserves hit a record high of 2.4471 trillion U.S. dollars at the end of March, up 25.25 percent year on year, according to the last released statistics.

- China's auto sales up 30% to 7.18 mln (5th July)

(Xinhua) -- China's automobile sales surged 30.45 percent year on year to 7.18 million in the first half of the year, the China Automotive Technology & Research Center (CATRC) said Monday.

Auto production, meanwhile, jumped 44.37 percent year on year to 8.47 million units in the period.

Compared with May figures, auto production in June dipped 1.41 percent to 1.29 million. But on a year-on-year basis, it was up 12.4 percent.

China said last month it had decided to extend by six months an auto replacement subsidy program. The subsidy extension will help get highly polluting vehicles off the road and stimulate automobile consumption. Originally scheduled to finish May 31, the subsidy will now continue until Dec. 31.

Under the program, consumers who trade-in their used small- and medium-sized trucks and some mid-sized passenger vehicles for a new one receive a subsidy ranging from 3,000 (349.2 U.S. dollars) to 6,000 yuan.

By the end of May, the Chinese government had handed-out 1.7 billion yuan (251 million U.S. dollars) in subsidies for 127,000 vehicles trade-ins.

The subsidy program has boosted domestic automobile spending by 15 billion yuan (2.2 billion U.S. dollars), according to Ministry of Commerce data.

- European Commission to invest 10 million euros in China's energy efficiency-focused fund (5th July)

(Xinhua) -- The European Commission announced Monday that it will invest 10 million euros in Greenstar Energy Conservation and Emission Reduction Private Equity Fund, the first energy efficiency-focused private equity fund in China.

Attending the EU-China Smart City Forum at the Shanghai World Expo, Gunther Oettinger, EU commissioner for energy, said the European Union will cooperate more with China in the fields of renewable energy and environmental protection.

Although China is already one of the world's leading countries in terms of investment in the renewable energy sector, the finance mechanism in the energy efficiency sector is still evolving, said Oettinger.

The investment will be provided through the Global Energy Efficiency and Renewable Energy Efficiency Fund (GEEREF).

- Chinese vice premier calls for steady growth of foreign trade (5th July)

(Xinhua) -- Chinese Vice Premier Wang Qishan Monday called foreign trade companies and relevant government agencies to keep a close eye on the international market and take measures to ensure steady growth of China's foreign trade.

Wang made the remarks during his inspection tour in Beijing to review the foreign trade situation.

Wang urged government agencies to ensure a favorable environment for the development of foreign trade enterprises, with well-designed policies based on intensified observation and research of the international trade market.

The reform of foreign trade systems should be deepened in a timely manner to ensure the sustainable development of foreign trade, Wang said.

The external environment and resilience of enterprises should be taken into account in policy making to avoid drastic fluctuations in the foreign trade industry, Wang said.

- China's housing prices "to fall in Q4" (6th July)

(Xinhua) -- Property prices are likely to start falling in the last quarter of the year as tightening measures for the sector continue, officials and analysts have said.

Dropping sales volume and stagnant prices could lead to a deeper price slump in the market, Minister of Land and Resources Xu Shaoshi said on Sunday.

"In about three months, the property market will probably reach a comprehensive correction and prices will fall in some areas. But it's hard to predict the extent of the price drop, which may vary from city to city," Xu was quoted by China News Service as saying at a conference in Dalian, Liaoning province.

The ministry will strengthen property management and clear up idle land to ensure land supply for affordable housing, he said.

Xu's latest remarks reflect the central government's resolve to curb excessive property prices, said Grant Ji, director of real estate service provider Savills (Beijing).

In late June, the Ministry of Housing and Urban-Rural Development held a forum in Qingdao and pushed for an individual housing information system to supervise mortgages and stem speculative activities in the housing market.

Similarly, Hu Cunzhi, chief planner of the Ministry of Land and Resources, said at a recent forum that the government will raise the threshold for developers to bid for land,

asking them to set aside money that is 30 percent of the land's bottom price - as compared to 20 percent previously - during the bidding process.

"All these measures are aimed at managing people's expectations - the price will fall, as an expectation for loosening policies will lead to a strong rebound in prices," Ji said.

Since April, the government has launched a slew of measures to cool down the sizzling property market, including tightening bank lending as well as hiking down-payment and mortgage rates for second-home buyers.

Property sales volume has since plummeted, but prices remain stable.

Realty prices in 70 major cities nationwide rose 12.4 percent year-on-year in May, compared to the record 12.8 percent hike in April, figures from the National Bureau of Statistics showed. The month-on-month increase was 0.2 percent in May, compared with 1.4 percent in April.

Many people had expected housing prices to drop. According to a recent survey by China Index Academy, of the 964 Beijing homebuyers polled, 39.2 percent expected a slight drop in realty prices, while 19.8 percent anticipated a steep fall. Only 2.5 percent of those polled believed prices would continue rising.

Half of the respondents also believed that government policies were well enforced, compared to less than 20 percent of respondents in the first quarter. Only 8.3 percent of those polled said they would immediately buy a home, compared to nearly 18 percent in the first quarter.

"The housing agency next to my company has had much fewer visitors in recent weeks," 24-year-old Beijinger Wang He said.

"I believe housing prices will come down if the government really wants it to."

A substantial price adjustment may come in the fourth quarter, when property developers' cash flow tightens after slow sales and increasing difficulty in obtaining financing, said Lin Lei, marketing chief of US-listed real estate brokerage Century 21st.

"Property developers' best solution is to cut prices before more stringent policies are rolled out," Lin said.

(Source: China Daily)

- Eyeing China-ASEAN FTA, Taiwan businesses hope to leverage ECFA, boost trade with SE Asian markets (6th July)

(Xinhua) -- With the signing of the Economic Cooperation Framework Agreement (ECFA), Taiwanese businesses are hoping for better access to southeast Asian markets.

"Once the ECFA comes into effect, the mainland will be a platform for Taiwanese exports to ASEAN markets," said Kristy Tsun-Tzu Hsu, associate research fellow at Chung-Hua Institution for Economic Research. "This will not only create room for Taiwan enterprises, but also enable Taiwan industry to shift traditional businesses to Southeast Asian countries."

The members of the Association of Southeast Asian Nations, or ASEAN, are major export markets for Taiwan, and their markets are growing quickly, Hsu said.

"The China-ASEAN Free Trade Area has led to a boom in the logistics and tourism businesses. Taiwanese companies have much marketing and management experience in these businesses. There will be a lot of things to do."

The mainland and ASEAN are important markets for Taiwan's export-focused economy. Exports to the two markets account for 65 percent of the island's total exports.

But due to the lack of an economic agreement with the mainland, Taiwan has been unable to join in the region's economic integration process, weakening its competitiveness.

On Jan. 1 this year, the China-ASEAN Free Trade Area took effect, lowering the tariff on a majority of exports and imports between the two sides to near zero. At this time, Taiwanese businesses grew concerned they were being left out.

Mainland-based Taiwanese enterprises entitled to enjoy the tariff cuts in the China-ASEAN Free Trade Area will pay tariffs on goods bought from Taiwan until the ECFA takes effect. This is adding to their costs.

"The ECFA has brought us hope," said Roscher Lin, chairman of Taiwan's Association of Small and Medium Enterprises.

The ECFA agreement reached on June 29 means the mainland and Taiwan will "gradually reduce and remove trade and investment barriers and create a fair environment" for each other.

The agreement also had a list of products and services for the "early harvest program." Tariffs on these goods and services will be reduced to zero within two years of implementation.

Taiwanese companies' costs, especially small companies, will be greatly reduced as tariffs are dropped, Lin said.

"Our competitiveness in the mainland and ASEAN markets will be restored," he said.

To expand into the ASEAN market, Taiwanese businesses are looking for new gateways. One of these gateways is southwest China's Guangxi Zhuang Autonomous Region, which neighbors manufacturing-hub Guangdong.

Taiwanese businessman You Miao-sheng invested in a flower farm in Nanning, Guangxi's regional capital, last October. Before that, he grew flowers in Guangdong for over a decade.

"It takes three days to get fresh flowers to Vietnam from Guangdong. But only one day from Nanning," he said. "Guangxi also has better environment."

"Guangxi is going to be a new investment destination for Taiwanese companies," said Rock Hsu, chairman of Kinpo Electronics Inc.

A delegation from Guangxi ended a five-day visit in Taiwan on Monday. During the visit, 70 investment contracts and 56 trade deals were signed. The trade and investment agreements were worth 2.23 billion U.S. dollars.

Guangxi is a good geographic location for the Taiwanese companies hoping to boost trade with Southeast Asia. But it also has good transportation links with ASEAN nations - highways, railways and flights.

Businesses in Guangxi can enjoy its lower labor and land costs, with the central government granting the region populated with ethnic minority groups preferential treatment, Hsu added.

In the past few years, Guangxi has attracted some big Taiwan companies, including LiteOn, Taiwan's leading LED producer; Taiwan Cement, a major cement-maker; and Uni-President Enterprises Corporation, Taiwan's leading retailing and food company.

Some 1,319 Taiwanese companies have invested 2.76 billion U.S. dollars in Guangxi.

"We would like to provide better service and improve the investment environment to attract more Taiwanese companies. Let's share the opportunities provided by the China-ASEAN Free Trade Area," said secretary of the Guangxi Autonomous Regional

Committee of the Communist Party of China Guo Shengkun, who headed the delegation's visit to the island.

- SAFE: Europe is still key investment market (7th July)

(Xinhuanet) -- Europe would remain one of the major markets for China's more than \$2.4 trillion foreign exchange reserves despite the continent's sovereign debt woes, the country's foreign exchange regulator said on Tuesday.

"Europe was, is, and will be one of the major investment markets for China's foreign exchange reserves," the State Administration of Foreign Exchange (SAFE) said in a statement.

The regulator remained confident that Europe will overcome its current financial difficulties, the statement said. "We support the series of financial stability measures taken by the European Union and the International Monetary Fund," it said.

Europe is part of SAFE's investment portfolio because it adopts a diversified investment strategy, which ensures stable returns.

China has kept its foreign exchange reserve assets "generally safe" during the global financial crisis. "We have had quite good returns in 2008 and 2009, when the crisis was hitting (the global economy) the hardest," the statement said.

Book gains from rising asset prices have far outweighed valuation losses caused by the appreciation of the yuan, the agency said.

None of China's foreign exchange reserves were invested in high-risk assets such as the US subprime mortgage-backed bonds, which helped ensure the safety of its investment security, the SAFE said.

- China's forex reserves not "atomic weapon": SAFE (7th July)

(Xinhua) -- China's State Administration of Foreign Exchange (SAFE) Wednesday rejected concerns that it would use China's foreign exchange investments as an "atomic weapon" against investment targets.

The country's foreign exchange regulator posted a question-and-answer statement on its website, saying investments would be assessed according to their performance, and that "We are not seeking to control investment targets" via foreign exchange investments."

It was the SAFE's second statement on China's foreign reserves investment this week after an assurance Tuesday that China had kept its foreign exchange reserve assets "generally safe" during the global financial crisis.

China's foreign exchange reserves stood at 2.45 trillion U.S. dollars at the end of March, data from the People's Bank of China, or the central bank, showed.

According to the U.S. Treasury Department, China was still the largest foreign holder of U.S. treasury bonds in April, with bonds worth 900.2 billion U.S. dollars.

The SAFE statement said the U.S. bond market was an important market for China's foreign reserves, and China would adjust its investment strategies according to market performance, which "should not be politicized."

It reiterated that China was a long-term, responsible financial investor when investing its record reserves. It also expressed hopes that the United States could take action to protect the interests of its foreign investors,

"Safety is an important concern for China's foreign reserve investment," said the statement.

The statement also ruled out gold as a major investment channel of China's foreign exchange reserves, due to limited market capacity and wide price fluctuations.

- China to address problems on central budget implementation in 2009 (7th July)
(Xinhua) -- China's government has stressed the need to fix problems discovered in audits on implementing the central budget in 2009, said a government statement Wednesday. The statement came out of an executive meeting of China's State Council, or Cabinet, which was chaired by Premier Wen Jiabao Wednesday. The audits have played a key role in ensuring effective spending of various financial funds and fulfilling the central government's policies to expand domestic demand and to ensure smooth and relatively fast economic growth, said the statement. The National Audit Office, the national supreme auditor, recently reported the audit results to the Standing Committee of the National People's Congress (NPC), China's top legislature, and then made them public, said the statement. All local governments, departments and organizations should rectify the problems as the task is a vital test of the government's executive force and credibility, said the statement. The meeting also called for more efforts to promote production safety, according to the statement.

- IMF raises China's 2010 GDP growth projection to 10.5% (8th July)
(Xinhua) -- The International Monetary Fund (IMF) lifted China's GDP growth forecast for 2010 to 10.5 percent from the earlier projection of 10 percent, the IMF said in a latest world economic outlook released on Thursday. The body also revised the country's GDP growth projection for 2011 to 9.6 percent, down 0.3 percentage point from the previous estimate released in April. With the revised figures, China still ranks first in terms of GDP growth among all economies listed in the World Economic Outlook Projections, followed by India, which is forecast to grow 9.4 percent in 2010 and 8.4 percent in 2011. The IMF attributed the upward revision of China's 2010 GDP growth to the strong rebound in exports and resilient domestic demand so far this year in the country. The organization said that China could take further measures to slow credit growth and maintain financial stability, and thus comes the lower growth estimate for 2011.

- Taiwan's exports to mainland, HK surge nearly 62% (8th July)
(Xinhua) -- Taiwan's exports to the Chinese mainland and Hong Kong grew by 61.9 percent year-on-year to a record 56.75 billion U.S. dollars during the first six months of this year, the island's economic department said Thursday. Taiwan's exports rose 49.2 percent year-on-year to 131.98 billion U.S. dollars in the first half of the year, and its imports increased by 64.7 percent to 119.88 billion U.S. dollars over the same period last year, the department's statistics showed. The mainland and Hong Kong Special Administrative Region remained Taiwan's biggest export destination last month, as they bought goods worth 9.45 billion U.S. dollars from the island, accounting for 41.6 percent of Taiwan's total exports last month. The island's exports rose by 34.1 percent year-on-year to 22.73 billion U.S. dollars in June and its imports increased by 40.4 percent to 21.32 billion U.S. dollars over the same

period last year. Its imports and exports have recorded growth for eight consecutive months, which is mainly driven by higher demand, the department added.

The mainland and Taiwan have forged increasingly closer economic ties in the past year. The two sides signed a trade pact, the Economic Cooperation Framework Agreement (ECFA), on June 29 to further normalize trade and investment relations across the Taiwan Strait.

- Chinese vice premier urges int'l coordination on macro-economic policy (8th July) (Xinhua) -- Chinese Vice Premier Li Keqiang has asked the international community to continue its efforts in enhancing coordination of macro-economic policy as the world economy recovers.

Li made the remarks during a Wednesday meeting with his Croatian counterpart Ivan Suker in Beijing.

He urged the international community to seek common development, act in cooperative way, and put world economy back on the path of sound and steady growth.

Li also hailed political and economic ties with the southeast European country. Croatia established diplomatic relations with China in 1992 and has become China's largest trade partner in southeast Europe in the last six years.

China will work with Croatia to bolster the all-round cooperative partnership, foster a favorable environment for two-way investment, trade and economic cooperation, Li said.

Suker said his country attaches importance to its relations with China and will further cooperation with China in various fields.

- Ministry blames real estate agents for skyrocketing apartment rents (8th July) (Xinhua) -- The Ministry of Housing and Urban-Rural Development has blamed agents for first-tier cities' soaring apartment rents amid intensifying public frustration.

The average rent increased by more than 18 percent year on year from March to June, a survey of Beijing, Shanghai, Guangzhou and Shenzhen by the China Institute of Real Estate Agents under the ministry found.

Agents purposefully driving up rents while acting as "middlemen" landlords or encouraging landlords to increase the prices are the main reasons for the increases, the Guangzhou-based 21st Century Business Herald reported on Tuesday.

Centaline Group statistics showed Beijing's apartment rents increased by 2.5 percent month on month in April and by 1.8 percent in May. The year-on-year rise in the capital respectively reached 16.7 percent and 18.9 percent in April and May.

Rents grew quickly in the four cities from March to April, slowing in May and decreasing in June, the 21st Century Business Herald quoted the report as saying.

It said that although the average rents did not grow significantly, prices for low- and middle-end housing are surging.

Zhang Yue, a market analyst from the agency Homelink, said the supply of high-end apartments sharply exceeds demand, while that of low-end and midrange houses cannot meet the demand.

High-end housing usually refers to homes with rents that cost more than 3,500 yuan (\$515).

A series of macro-control measures cooled down the overheated real estate market this year, decreasing housing agents' incomes. With competition so fierce, some agents are driving up prices to maximize profits, the report said.

Zhang said housing agents know what places are popular among renters and increase nearby houses' rents to push up costs throughout the area.

The rising prices will most impact tenants, especially recent graduates who cannot afford the expensive housing, it said, adding there will be a new batch of university students graduating in July.

(Source: China Daily)

- U.S. Presses China on Currency (9th July)

The U.S. declined to name China a currency manipulator in a regular report, but at the same time, Treasury Secretary Timothy Geithner pressed Beijing to let the yuan appreciate faster.

The twin moves reflect the Obama administration's difficulty in finding the right degree of pressure to cajole Beijing to change economic policies. Since China announced on June 19 that it would make its exchange-rate policy more flexible, long a goal of U.S. policy makers, the yuan has appreciated less than 1% against the dollar—and 0.4 percentage points came on the first trading day after the announcement.

"What matters is how far and how fast the renminbi appreciates," said U.S. Treasury Secretary Timothy Geithner, using the formal name of the Chinese currency. He vowed in a statement to "closely and regularly monitor" the currency's appreciation.

The U.S. Treasury is obligated by Congress to every six months produce a report on global currencies, which has become a way to pressure China and other countries over the value of their currencies. American lawmakers and others have long wanted China to appreciate its currency to boost the spending power of its own consumers, easing strains with other nations caused by its long reliance on cheap exports.

The small movement in the value of the yuan has done little to quell Congressional critics.

"There is no real question that China's exchange-rate policy is unfair," said House Ways and Means Committee Chairman Sander M. Levin, a Michigan Democrat.

But Rep. Levin didn't specifically threaten legislation. Rather, he said Congress and the administration "should fully explore the option" of suing China in the World Trade Organization for using its currency policy as an unfair subsidy.

The executive branch decides on whether to bring WTO cases and the Obama administration hasn't expressed interest in taking such action.

New York Democratic Sen. Charles Schumer, a leading China hawk, called the report "as disappointing as it is unsurprising." He did raise the threat of legislation to punish China for its currency policies.

Mr. Geithner has used the prospect of the report to tighten pressure on China. In April, he publicly delayed its issuance and privately warned Beijing that if it didn't take significant steps to let the yuan strengthen, he would use the report to accuse China of manipulating the yuan to gain an edge in global trade.

Such a designation is largely symbolic—it merely requires the U.S. to try to negotiate changes in policy—but would have given a significant boost to Congressional efforts to penalize Beijing

The U.S. then used the June leaders' summit of the Group-of-20 industrialized and emerging nations as an informal deadline for China to change policies. The Chinese leadership made the announcement shortly before the G-20 meeting, reducing global pressure on Beijing on currency issues.

Given the Chinese decision, it has been clear that Treasury wouldn't cite China for manipulating its currency. The only question was when the Treasury would issue the report, which it did on Thursday, a little more than a week after the G-20 summit.

While the report said the yuan was "undervalued," it termed China's decision to let the currency float more was "significant development."

Parts of the report were complimentary of Beijing's policies during the global economic downturn, calling China "a significant source of economic support," and said it contributed 1.6 percentage points to global growth during a time when global demand declined 0.6%.

China's immense stimulus plan, the report said, "contributed to the expansion of U.S. exports to China by 15%" in the second half of 2009, a faster pace of U.S. export growth than to the rest of the world.

A senior U.S. official also said it didn't expect China to signal ahead of time how deep an appreciation it expected, which could make it more difficult for Beijing to manage the currency's movement. But U.S. officials regularly note that the yuan appreciated about 21% between 2005 and 2008, when China halted its movement. That works out to a rise of about 7% a year.

The U.S. retains other pressure points, including the next currency manipulation report, which is due Oct. 15. There is also a meeting of G-20 finance ministers in October, and another leaders meeting, in Seoul, in November, where China's currency policy is likely to draw sharp criticism unless the yuan appreciates further.

<http://online.wsj.com/article/SB10001424052748703609004575355604275024896.html>

- Chinese bank nears record for share float (9th July)

Agricultural Bank of China is on track to set a new world record for an initial public stock offering, after finishing the week with its shares at \$3.20 Hong Kong each.

The bank could raise as much as \$US22.1 billion in its dual Hong Kong-Shanghai listing.

This would outpace Industrial & Commercial Bank of China's \$21.9 billion float in 2006.

"The offer price for the global offering has been determined at 3.20 (Hong Kong dollars, 41 US cents)," the bank said in a statement to the Hong Kong stock exchange.

AgBank - the last of China's Big Four banks to list its shares to the public - said on Wednesday it had raised 68.5 billion yuan (\$10.1 billion) from the Shanghai portion of its offering.

AgBank's Hong Kong sale drew almost a dozen heavyweight investors, including Qatar's sovereign investment fund, British bank Standard Chartered and Hong Kong's richest tycoon, Li Ka-shing.

<http://www.radioaustralianews.net.au/stories/201007/2949710.htm?desktop>

- China urges India to fairly treat Chinese companies (9th July)

(Xinhua) -- China on Friday urged India to treat Chinese companies fairly in regard to India's ban on purchases of telecom equipment from Chinese vendors.

"We have noticed the list and are making investigation. We hope India will provide a fair, open and transparent investment environment for Chinese companies," said Chinese Minister of Commerce Chen Deming.

He was referring to a list of telecom equipment providers from whom Indian telecom operators are forbidden to buy on the grounds of national security concerns. The list includes 25 Chinese vendors, including Huawei and ZTE.

"We will investigate through normal channels between the two governments, and communicate and negotiate with the Indian side after making the facts clear," Chen said.

He said Indian authorities had assured the Chinese side that their new security regulations would be fair and transparent, and would not be discriminatory and unfair to Chinese companies. "We will wait and see," Chen said.

The minister also promised that China would strengthen communication with India to provide a sound investment environment for companies from the two countries.

- Chinese vice premier stresses sound growth (9th July)

(Xinhua) -- Chinese Vice Premier Wang Qishan has called for more efforts to ensure the economy develops in a sound and rapid way.

China's economy is developing in line with macro-control policies, but the economic environment, both domestic and overseas, is very complicated, said Wang during an inspection in southwest China's Chongqing Municipality from Wednesday to Friday.

China's financial performance has been sound this year, but there are various problems with the financial system, he said.

More efforts should be made to restructure the economy, encourage financial innovation, improve financial services and promote financial monitoring, he said.

- China moves to transform agricultural production, increase mechanization (9th July)

(Xinhua) -- The State Council, or the Cabinet, on Friday outlined tasks and goals for "sound and fast" development of the country's farm mechanization.

In a statement to ministries and local governments, the State Council said China was now at a critical transition stage in its development from traditional labor-intensive farm production to that which is more reliant on machinery.

Farm mechanization and increasing the use of agricultural machinery was essential for boosting agricultural production and increasing domestic consumption in rural areas, said the statement.

About 49.13 percent of China's farmland was plowed, planted and harvested by machines by the end of 2009, nearly 7 percentage points higher than in 2007, according to figures from the Chinese Society for Agricultural Machinery.

Domestic agricultural machinery manufacturers are encouraged to set up research and development centers with foreign companies through joint ventures to reduce China's dependence on imports of advanced technologies, according to the statement.

According to the statement, the Chinese central government would continue to subsidize agricultural machinery purchases and provide better access to finance for farmers.

Tractor-plowing and machinery irrigation companies will be exempted from operation taxes and agricultural machinery maintenance enterprises will get income tax breaks, said the statement.

The mechanization of China's agricultural production has reduced the annual need for around 10 million farm labors, according an estimate by the Beijing-based China Agricultural University.

China's rural population is expected to shrink from the current 900 million to 400 million over the next 30 years as farmers migrate to cities, according to a forecast by the State Council Development Research Center.

- China to continue to fight hot money inflow: SAFE (9th July)

(Xinhua) -- China's State Administration of Foreign Exchange (SAFE) said Friday it would step up efforts to monitor and fight hot money inflow.

This is the fifth time for the country's foreign exchange regulator to respond to the issue publicly within a week. The regulator posted a question-and-answer statement on its website each time.

Investigations into speculative hot money starting in February have found 190 cases or 7.35 billion U.S. dollars of hot money flowing into China this year, according to the SAFE.

Capital flows into and out of China for purposes other than payments related to exports and imports are strictly controlled by the SAFE, which manages China's 2.45 trillion U.S. dollars in foreign exchange reserves.

- U.S. fails to label China as currency manipulator (10th July)

(Xinhuanet) -- The US Treasury did not label China a currency manipulator in its semiannual report to Congress released on Thursday, but an economist at a Chinese government think-tank said this does not mean an end to bilateral disputes over the yuan issue.

"In the short term, China and the US will find no real solution to the issue," said Huo Jianguo, director of the Chinese Academy of International Trade and Economic Cooperation affiliated to the Ministry of Commerce. "The US should continue to closely monitor China's exchange rate policy, but there will be a big gap between what it wants and what China can do."

The Treasury report admitted that China's economic rebalancing policies have led to "a significant decline" in its current account surplus and "China has made progress" in rebalancing its growth.

Meanwhile, "US exports to China have rebounded much more rapidly than overall US exports and are now 20 percent above their pre-crisis levels", the report said.

In the second half of 2009, US exports to China increased 15 percent year-on-year, while US exports to the rest of the world fell 13 percent, it said.

The report also acknowledged that China's decision to end the yuan peg to the dollar from June 19 was "a welcome step in fostering stronger, more sustainable, and more balanced global growth".

From June 19 to July 2, the yuan appreciated 0.81 percent against the dollar, according to the report.

However, the report claimed that the yuan remains undervalued. "What matters is how far and how fast the renminbi (yuan) appreciates," it said.

US lawmakers also called for faster yuan appreciation after the release of the report despite China's concern that drastic revaluation of its currency would damage its trade sector, increase unemployment and worsen the expected economic slowdown in the second half of this year.

"China cannot afford big-margin appreciation," Huo said.

"The Obama administration, facing pressure from Congress, has had to demand a bolder yuan revaluation," said Zhou Shijian, a senior economist at the Center for

China-US Relations of Tsinghua University. "Such pressure will grow as the US mid-term election nears (in October)."

But the US should understand that China's policy since the June 19 announcement to make the yuan more flexible does not aim at one-way appreciation of the yuan against the dollar, let alone drastic, sustained appreciation, Zhou said.

(Source: China Daily)

- China's trade surplus down 42.5% in 1st half of 2010 (10th July)

(Xinhua) -- China's trade surplus fell by 42.5 percent in the first six months this year from a year earlier to 55.3 billion U.S. dollars, the General Administration of Customs (GAC) said Saturday.

In the first half of 2010, exports rose 35.2 percent to 705.09 billion dollars while imports were up 52.7 percent to 649.79 billion dollars, the GAC said in a statement posted on its official website.

Social front

- Senior official urges measures to ensure lasting public security (7th July)

(Xinhua) -- A senior Chinese official has called on joint and intensified efforts to investigate and remove public security risks and ensure the lasting social stability.

Wang Lequan, deputy secretary of the Political and Legal Affairs Commission of the Communist Party of China (CPC) Central Committee, made the remark at a working conference here Tuesday.

Wang also urged that more efforts should be focused on the routine management, rather than punishment in maintaining public security.

Wang called Party organizations and relevant governmental departments at all levels in China to conduct thorough check on risks and problems posing threat to the public security, especially the situation of public order in the less-developed areas in the cities, and make sure that there is no "blind spot" left in the check.

Wang urged intensified efforts to crack down and uproot gang crimes.

He also called relevant departments to give full play to mediation in the social disputes resolution.

Concrete measures should be taken to ensure the livelihood and employment of the people and meet their real needs, Wang said.

Wang also urged personnel and resources to be increased in school security safeguarding.

- China to strengthen poverty alleviation work (8th July)

(Xinhua) -- The General Office of China's State Council, the Cabinet, and the General Office of the Communist Party of China Central Committee issued a circular recently, calling for more progress in the nation's poverty alleviation work.

Poverty alleviation work that targets old revolutionary base areas, ethnic regions, border areas and poverty-stricken areas has made great progress since it was started 24 years ago, the circular said.

Future tasks are to focus on ensuring adequate food and clothing for people in need and helping them out of poverty via improving their capabilities for development on their own.

It is necessary to continue efforts in reducing poverty through development, and to make great efforts in advancing and enhancing infrastructure construction, improving the capacities to offer basic services, and cultivating key agriculture-based businesses, so as to ensure a comprehensive, coordinating and sustainable growth in developing the economy and society of the targeted poor regions, said the circular.

Party and government departments, state-owned enterprises, key state research institutions, military and armed police forces should participate in the work, while large private enterprises and social organizations, too, are encouraged to devote themselves to the work, the circular said.

- Public input sought on food safety draft (8th July)

(Xinhuanet) -- A draft of rules designed to protect the safety of exported and imported food has been opened for public debate until next Friday.

It is the first systematic regulation concerning the safety of exported and imported food, said Liu Zhaobin, director of the policy and legislation department of the General Administration of Quality Supervision, Inspection and Quarantine, which drafted the rules.

The import and export of food additives, food products, grains, fruit and live animals intended for human consumption are all covered by the regulations.

"Previously, there were only rules concerning a certain type of food products, such as meat and fruit," Liu said.

According to the draft, export food producers are required to record all purchases of raw materials, food additives and packaging. They must also record the production processes they have used and the results of any inspections their products have undergone prior to shipping.

This data must be retained for at least two years in case there is a need to consult the documents.

Farms that provide raw materials for exported food products are required to keep similar records and they must be registered with inspection and quarantine departments.

These farms have additionally been ordered to set up an epidemic inspection system, the draft says.

Those that are found to have exported unqualified food will be made known to the public. Supervision and quarantine departments will impose fines of up to 30,000 yuan (\$4,400) on food exporters who are found to have improperly used agricultural chemicals, materials from unregistered providers, or to have forged records and certificates.

Food safety experts have embraced the draft for its potential to improve the regulation of the industry, after a string of incidents involving food exports tainted China's image.

Sang Liwei, a Beijing-based food safety expert, said the new rules will help implement the Food Safety Law, which took effect last June.

However, she expressed doubt over the efficiency of using fines to penalize those who violate the rules, because the proposed fines are too low for the size of their operations. Instead, she suggested that they be prohibited from being allowed to export their products. (Source: China Daily)

- McDonald's under pressure in China over chemical ingredients (8th July)

(Xinhua) -- An online survey in China showed Thursday that three out of four people would no longer buy a McDonald's product as it reportedly contains two chemical additives that, if taken in excess, may cause nausea and vomiting.

The survey, run by a leading Chinese portal website www.sina.com.cn, showed at 2 p.m. Thursday that 75.4 percent of 30,151 respondents "would definitely not" buy McDonald's Chicken McNuggets, while only 7.1 percent said the revelation would not stop them from buying the deep fried chicken pieces.

The survey came after recent reports that McNuggets sold in America contained dimethylpolysiloxane, an anti-foaming agent, and a petrol-based chemical called tertiary butylhydroquinone (TBHQ).

The survey's result seems a natural response in a country haunted by food safety scandals, as critics call for a more responsible attitude to be taken by food companies and food safety watchdogs.

"The Sudan Red incident suggests that even global giants would cross the line," said the Harbin Daily in a commentary, referring to that industrial dye Sudan Red found in products of a number of food companies in 2005, including mega food chain Kentucky Fried Chicken.

The commentary went on to say food additives should be used more cautiously as there was always contradictions between industrial production and food safety.

On Wednesday, China's Ministry of Health urged food companies to only use food additives in accordance with laws and regulations, after the State Food and Drug Administration announced it would proceed with safety checks on Chinese McDonald's products.

McDonald's China division responded that the amount of the two chemical ingredients in Chinese McNuggets were within the limits set by the country's food additive standards.

It said dimethylpolysiloxane was used to prevent oil from foaming and TBHQ was a preservative for vegetable oil and animal fat.

However, it did not release the exact amount of the additives used.

Ding Chunming, a food science and engineering expert with the Inner Mongolia Agricultural University, said "the government should require fast food chains such as McDonald's to specify food additives of their products, so that consumers could be more aware of what they are eating."

It's deja vu for Chinese consumers who just walked out of the shadow of the tainted milk scandal, which is said to have destroyed the credibility of China's dairy industry back in 2008.

Melamine, a chemical that can cause kidney stones and other ailments, was added to milk so that the milk showed a higher level of protein in tests. A large amount of milk powder products were contaminated by the chemical, causing the death of at least six children and sickening more than 300,000 others.

China launched a long-term campaign to crack down on making, selling and using illegal food additives in September 2009 -- three months after the country's Food Safety Law took effect.

In February, the State Council, China's Cabinet, set up a heavyweight food safety commission consisting of three vice premiers and a dozen minister-level officials.

Ethnic issues

Environmental front

- China to host UN climate change talks in October (6th October)

(Xinhua) -- China will host UN climate change talks in October, said Foreign Ministry spokesman Qin Gang here Tuesday.

The 12th session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) and the 14th session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) will be held in the northern Chinese city of Tianjin, Qin told a regular news briefing.

It is the first time for China to host the UN climate change talks, Qin said. It is also the last round of negotiations before the next big UN Framework Convention on Climate Change (UNFCCC) gathering, taking place in the Mexican resort of Cancun from November 29 to December 10.

The Tianjin talks, part of the UNFCCC, will aim to consolidate the status of the Convention and the Kyoto Protocol as the main channel for negotiation and promote the dual-track negotiating mechanism of the UNFCCC and its Kyoto Protocol to make new progress, Qin noted.

He said China has started the preparation work for the talks and is maintaining communication and coordination with the Secretariat of the UNFCCC.

As the host country, he said, China would ensure the negotiations have the necessary logistical support and security.

China will work with all the parties to push forward the Cancun conference, in line with the Bali Roadmap, to achieve a comprehensive and balanced result and promote the full implementation of the Convention and the Kyoto Protocol, Qin stressed.

"China will continue to play a constructive role in the process," he said.

- China keeps promise to curb carbon emission (6th July)

(Xinhua) - Although it is not an easy task, China strives to put into practice the promise made last November before the Copenhagen Conference -- to cut its carbon dioxide emissions per unit of gross domestic product by 40 to 45 percent by 2020 compared with the level from 2005.

"The old path of economic growth based on environmental pollution implemented in developed countries over the past 300 years is not feasible in China, and China can not afford the losses brought by this development mode," said China's Minister of Environmental Protection, Zhou Shengxian, at an ongoing theme forum of the Shanghai World Expo in Nanjing, capital of east China's Jiangsu Province. The two-day forum ended Sunday.

China should base its development on its own situation and explore a new development path that is more efficient and sustainable, costs less, and results in less carbon emissions, Zhou said.

After the outbreak of the international financial crisis in September 2008, the world economy suffered the greatest challenge since the Great Depression as the United Nations Environment Programme (UNEP) advocated the development of a "green economy" worldwide.

In China's 4-trillion-yuan (about 588.24 billion U.S. dollars) economic stimulus plan, funds for energy savings, carbon reductions and ecological construction reached 210 billion yuan. Plus the 370 billion yuan in funds used for innovation, restructuring and coping with climate change, "green investment" accounted for 14.5 percent of the stimulus plan. It indicates the government is shifting its values from traditional "profit maximization" to "welfare maximization."

Zhang Guobao, director of the National Energy Administration, said "the government puts great stock in seeking harmonious development between cities and the environment, and is readjusting the energy structure by giving priority to the development of clean and low-carbon energies, including hydroelectric, nuclear, wind and solar power."

Authorities have closed small, coal-fired plants totaling 60.06 million kilowatts in capacity between 2006 to 2009. This year's target of closing 10 million kilowatts of capacity should be achieved by August, he said.

"We have promised to the international community that 15 percent of our power will be generated from non-fossil sources by 2020," Zhang said. At present, non-fossil energy accounted for around 7.8 percent.

The country's operating hydropower capacity in 2009 reached 197 million kilowatts, the highest in the world. Further, the installed capacity of wind power has been doubling every year for the past four years to more than 22 million kilowatts, the third highest in the world, and the figure is expected to exceed 30 million kilowatts in 2010.

Zhang proposed increasing the proportion of clean energy in the total national energy consumption. Statistics show that China invested 34.6 billion U.S. dollars in clean energy in 2009, exceeding the United States which invested 18.6 billion U.S. dollars, to become the highest in the world. However, China's investment in clean energy was only 2.5 billion U.S. dollars five years ago.

China has reduced the traditional high-energy consumption industries while increasing its investment in clean energy. From 2006 to 2009, China shut down 6.06 million kilowatts of small coal fired power units, a figure equivalent to the fully installed capacity of Britain, therefore saving 64 million tonnes of coal and preventing 160 tonnes of carbon dioxide from being introduced into the air every year.

"China took only 30 years to have the environmental problems that had gradually emerged in developed countries over 200 to 300 years. 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," said Minister Zhou Shengxian.

The Shanghai World Expo well illustrates China's effort to save energy and curb carbon dioxide emission. More than 80 percent of the pavilions adopted environmental friendly designs in buildings, while more than half of the pavilions use clean and renewable energy.

However, China's carbon emission reduction target cannot be achieved easily. Wang Ke, a team member of the energy and ecological economy project under the People's University in Beijing, said the shift to a low-carbon economy will only be met at a huge cost to society.

For instance, more than 400,000 people were laid off as a result of the shutdown of small coal-fired power plants from 2006 to 2009. Many studies indicate that curbing greenhouse gas emissions may delay China's development, affect people's income, lead to unemployment and further increase the burden on vulnerable groups in the short term.

Hu Angang, director of the Center for China Studies, a top think tank for policy-making under the Chinese Academy of Sciences and Tsinghua University, said China's promise of curbing carbon emissions and saving energy is not only a response to international pressure, but to meet the internal demands of the transformation of the economic development mode.

- World Bank offers more loans to China for floods control, environment (8th July) (Xinhua) -- The World Bank has approved loans totaling 260 million U.S. dollars to China for flood control and environmental improvement projects, the bank's China office said Thursday.

The new loans came just one day after the World Bank lent five Chinese provinces 100 million U.S. dollars to increase diversified forest cover and improve the management of forest resources.

Among the 260 million U.S. dollars worth of new loans, 200 million dollars will be offered to the Huaihe River Basin Flood Management and Drainage Improvement Project, located in Henan, Anhui, Jiangsu, Shandong and Hubei provinces in central and eastern China.

The project will supplement the Chinese government's efforts in strengthening flood control and drainage infrastructure in the region by focusing on medium and small sized works on the Huaihe river's tributaries in the poorer rural areas, the World Bank said.

According to the bank, the loans will finance construction or rehabilitation of dikes, flood control works, waterways and other infrastructure, enhancement of disaster assessment and support systems including collection, transmission and processing of information and data on river floods and drainage, and capacity building for local project implementation entities.

The other 60 million U.S. dollars will go to the Yunnan Urban Environmental Project II to provide additional financing to the ongoing project and fund development of two water supply treatment plants, expansion of waste-water treatment capacity and river environment improvement in the new urban development area, said the bank.

Cyber/Technology Front

- Network media playing larger role in spreading news in China: blue book (7th July) (Xinhua) -- Network media in China is rising from the "grass-roots" to the mainstream of the country's distribution of news, according to a blue book issued by the Chinese Academy of Social Sciences' journalism and communication research institute on Wednesday.

Thanks to the rapid development and growing popularity of the Internet, network media in China is playing a larger role in expressing public opinions and in the distribution of information about major news events, the blue book reported.

The blue book further said Chinese network media successfully played its role when covering the 17th National Congress of the Communist Party of China in 2007, the country's relief efforts against the Wenchuan earthquake in 2008, and the annual sessions of the Chinese People's Political Consultative Conference National Committee and the National People's Congress in 2009.

"They showed the network media's maturation after more than ten years' of development," the blue book read.

According to Liu Ruisheng, professor with the Huazhong University of Science and Technology and one of the authors of the blue book, by March this year, China had boasted 400 million Internet users.

Despite the rapid growth of online communities, websites, blogs and social networking services websites in China, news portals remained an irreplaceable mainstream network media, Liu said.

- Interview: China contributes to space-based information access a lot: UN official (9th July)

(Xinhua) -- The United Nations Platform for Space-based Information for Disaster Management and Emergency Response (UN-SPIDER) said on Thursday China plays a large role in providing technical support to national and regional organizations that they will have access to and use space-based information to mitigate the negative impact of global climate change.

The UN-SPIDER will officially open its third office in Beijing, China where it will effectively coordinate its entire program in ensuring the access to and develop the capacity to use all types of space-based information to support the full management of disaster management cycle.

Juan Carlos Villagran, Representative of UN-SPIDER, told Xinhua in an exclusive interview that the governments of China, Germany, and Austria have displayed special commitment to supporting UN-SPIDER program towards its objectives.

He said the UN-SPIDER has three major offices including the one in China which will be playing significant role in providing technical advisory support to the program.

"The UN-SPIDER Office in Beijing will be officially opened in November this year; the Beijing Office has been conceived since the UN-SPIDER was designed to be in charge of the national and regional technical advisory support of the national and regional level; so it plays a large role complementary to the UN Office which focuses on capacity building in our objectivity, complementary to the Office in Bonn, Germany, so the entire program will be coordinated through these Offices," said Villagran.

"Beijing will have a very important role in assisting in providing technical advisory support to national organizations and regional organizations such as United Nations Economic Commission for Africa," he added.

"We have been benefited from data which has been gathered through Chinese satellite for disaster around the world so that will be another contribution that we are hoping will be available from the Beijing Office mobilizing Chinese satellite that we can provide

satellite information to countries which are experiencing disaster; it is part of the technical advisory support from Beijing,” said him.

According to Villagran, the government of China has special commitment to support the UN-SPIDER program. UN-SPIDER is a program of the UN Office for Outer Space Affairs established on the 14th of December, 2006 by the UN General Assembly, to provide universal access to all countries and all relevant international and regional organizations to all types of space-based information and services relevant to disaster management.

The UN-SPIDER coordinates its program through its three major offices in Beijing, China, Venna, Austria, and Bonn, Germany.

- China renews Google license despite censorship row (9th July)

China renewed **Google's** license to operate a website, preserving the search giant's toehold in the world's most populous country after the company gave up an attempt to skirt Beijing's censorship practices.

[Google](#) ([GOOG](#) - [news](#) - [people](#)) said Friday that Chinese officials had approved its Internet content provider, or ICP, license but gave no details of what services it would offer.

Renewal had been in question after Google began automatically redirecting users in China to an uncensored Hong Kong search site. But the company dismantled the virtual bridge to Hong Kong last week after regulators objected to the sleight of hand and threatened to revoke its Internet license.

Users are still only a single step away from the Hong Kong service. They can click anywhere on the Google.cn page to go to Hong Kong, a subtle change that could still be enough to persuade mainland Chinese to use a competing search site instead.

And while mainland users can get uncensored Google results from Hong Kong for even controversial topics, users will not always be able to click through the links because of government filters.

"We are very pleased that the government has renewed our ICP license, and we look forward to continuing to provide [web search](#) and local products to our users in China," Google's top lawyer, [David Drummond](#), said in a statement. The company's one-sentence statement gave no details. Google spokeswoman Courtney Hohne said information on what services Google will offer in China would be released in coming weeks.

There was no immediate statement on the website of China's Internet regulator, the Ministry of Industry and [Information Technology](#).

Google said in January it no longer wanted to comply with rules requiring it to censor search results after it traced hacking attacks to China. The announcement embarrassed Chinese leaders, prompting questions about whether they might punish the company by shutting it out of China, where Google has a lucrative advertising business and a fledgling mobile phone operation.

In March, Google shut down its mainland China-based site, which had excluded from its results sites that could not be reached from China. It redirected users to the uncensored Hong Kong site instead.

Google opted not to leave China completely so it could pursue its commercial ambitions - a music service, its mobile phone business, a Beijing development center and a staff to sell ads for the Chinese-language version of its U.S. search engine.

And to keep the license, it stopped the automatic redirection.

Losing the China license would have been a significant setback for Google, even though China will only account for an estimated \$250 million to \$600 million of the company's projected \$28 billion in revenue this year. China already has nearly 400 million Web surfers and usage is expected to rise for years to come.

For Beijing, the renewal tones down a high-profile dispute at a time when American and European businesses are complaining about unfair treatment by the government and saying China has become less welcoming to foreign business.

"Basically, this was a smart move on the part of the Chinese government to kind of defuse the situation," said Paul Denlinger, an Internet consultant for startups. He said that the friction between Google and China will not disappear but will temporarily dissipate.

The outright departure of Google from China would have hurt an Internet industry that communist leaders see as a source of future prosperity and that they are depending on foreign companies to help develop. Chinese fans of Google left an avalanche of messages on Internet billboards pleading with the company not to leave.

Beijing encourages Internet use for business and education but tries to block material deemed subversive or pornographic. Government task forces monitor foreign websites and use a system that routes traffic through a handful of state-controlled gateways to shut off access to those run by dissidents or human rights and Tibet activists. China has routinely blocked parts of Google's service such as YouTube.

Still, the existence of Web filters is widely known, and many Chinese users know technical tricks to get around them.

The license renewal leaves Google in China but with its commercial future unclear.

The China-based Google.cn site lets users click a tab to go to Google's uncensored Hong Kong search site. But industry analysts say that without a China-based search function, users will defect to local rival Baidu Inc., and advertisers trying to reach a mainland audience won't use the Hong Kong site.

Unlike in the United States, Google is not the dominant player in China, with some 30 percent of the search market to Baidu's 60 percent. That's down from about 35 percent at the end of 2009, just before Google decided to stop censoring search results in China.

Advertising spending will shift to Baidu and other Chinese sites, predicted Vincent Kobler, managing director of EmporioAsia Leo Burnett, which buys online advertising space for clients including [Marriott International](#) ([MAR](#) - [news](#) - [people](#)). He said the firm was recommending clients switch to Baidu.

"Even last year before this crisis, Baidu always was in a stronger position," Kobler said.

"In terms of media buying, customers in general, despite this news of the ICP license being renewed, are still more comfortable with Baidu."

Google said its license expires in 2012 but must be renewed annually.

The license renewal means Google will have a chance to see if it can build other lines of business in China: advertising, mapping and the Android operating system for mobile phones.

Things to look out for in coming months include whether Google services are featured on new mobile phones in China, Denlinger said. [Motorola](#) ([MOT](#) - [news](#) - [people](#)) had

replaced Google functions with Baidu and Google postponed the launch of two Android phones with a Chinese carrier due to the dispute.

"It will be interesting to see if Google can stop the slow bleeding," Denlinger said.

Google Inc., based in Mountain View, Calif., opened its China site in 2006 to attract more Chinese users after the government filters slowed their access to its main U.S. site, Google.com.

Google's efforts to win renewal appeared to be late and not very energetic, said T.R. Harrington, chief executive officer of Darwin Marketing in Shanghai. He said the new Google.cn home page put up late last month appeared very rough compared with other Google sites.

"They were playing a game of chicken," Harrington said. "It seemed like Google was trying to get pushed out rather than leave on their own."

http://www.forbes.com/feeds/ap/2010/07/09/technologytelecommunications-equipment-as-google-china_7755363.html?boxes=Homepagebusinessnews

- China's telecom gear vendors await Indian move amid perplexity (10th July) (Xinhua) -- Chinese telecom device vendors expressed their anxiety and confusion while waiting for the release of official telecom security norms with Indian government to regain access to the emerging market, according sources from Chinese telecom gear makers. "We're now in a position of waiting and perplexity and keep active change of ideas with India telecom operators and governmental departments with the hope of swift resolution of delayed orders," said a source with China-based telecom device producer ZET Corporation on Thursday.

Chinese telecom gear manufactures are worried to get a lower hand in competition with western rivals if Indian government couldn't allow their access in the first around of 3G telecom device purchase.

Indian telecom operators are expected to roll out their 3G services prior to September with the auction of 3G spectrum ended on May 19.

"The documents on Indian telecom security norms have swelled from several pages to more than 40 pages in the process of negotiation among stakeholders," said an official with Huawei Technologies.

It's reported earlier that Indian high-level officials have allowed the access of Chinese telecom gear vendors if they obtain certificate from the third-party organization in addition to about 11 million U.S. dollars of deposit by Indian telecom operators with the government.

Still, telecom operators and Chinese telecom gear vendors are unable to sign telecom security agreement with the absence of official telecom security standards.

The Indian government has delayed the clearance of telecom gear sale orders with 25 Chinese vendors since early 2010 due to security concerns from India intelligence department, which are valued at about 2 billion U.S. dollars, said a recent article by Economic Times.

Chinese vendors are not allowed to conduct self-certification in order to sell telecom gears, while western telecom device makers now enjoyed the self-certification mode.

Industry insiders said that some Indian telecom operators like Bharti Airtel had started to place orders from western vendors, posing great pressures to others relying on Chinese vendors.

Nevertheless, an official with the marketing division of Chinese telecom gear vendor UT Starcom said that "the delay of sales orders has been almost resolved and it's not a serious problem."

The official expected that the Indian government could announce the telecom security norms in next week or the week afterwards.

Regional report

North

Politics

Social front

Economic front

- INNER MONGOLIA EXPORTS TO MONGOLIA SOAR 80 PCT IN FIRST HALF (6th July)

The Inner Mongolia Autonomous Region's exports to neighboring Republic of Mongolia soared 80 percent year on year to 600 million U.S. dollars in the first half of this year, the region's customs authorities said Monday.

The exports mainly consisted of textiles, vegetables, fruit, daily necessities, machinery products and automobiles.

Northwest

Politics

Social front

Economic front

- Aid from across China aims for sustainable improvements in Xinjiang (4th July) (Xinhua) -- As in many parts of rural China, women in Shule County of remote Xinjiang Uygur Autonomous Region stay behind as their menfolk migrate to cities for low-paid laboring work.

Without proper education or training, ethnic Uygur girls who venture out of rural Xinjiang to larger cities outside the region often find themselves lost with few suitable, decent jobs.

But a range of new initiatives is aiming to provide more opportunities at home.

Nurbiya Tohu, 16, was among 1,800 who enrolled in vocational training classes to be launched in this month.

She chose a tailoring course from 20 subjects that include clothing design, catering, ethnic knitting, and rug weaving.

"After graduation, I want to open a tailor's store," says Nurbiya Tohu. "I want to be a good tailor, so I won't be a burden to the family."

She says the vocational school is good news for teenage girls like her who in the past could only learn by experience at small, private stores.

The training scheme, costing an estimated 30 million yuan, was co-financed by Shule's treasury and that of the eastern coastal city of Dongying, Shandong Province with the latter covering most of the expense.

In late March, China's central government mobilized a new round of support packages from 19 provincial or municipal governments across the country to help develop Xinjiang's economy.

As of the end of May, 71 assistance programs had been drawn up with a committed investment of 2.2 billion yuan, including 1.4 billion from outside Xinjiang.

Analysts say the new round of support focuses more on livelihood programs such as job training, medical care, and education that could make Xinjiang attractive to local talent and outside investors.

Previously, they said, assistance tended to flood the region with money and educated people, but contributed relatively little to the long-term sustainable development of the region.

To Shule, a state-listed impoverished county with a large population but little land, job creation is a paramount concern.

Chen Zepu, the county's Communist Party chief, says as long as one young member of a family gets a job and helps the household to earn about 10,000 yuan a year, it can be lifted out of poverty.

Official figures show more than 56,000 residents of rural Shule left to find work in 2008, earning 12.6 million yuan in total, of which about 2 million was sent home.

In the Dongying-funded vocational school, students study for free and get a monthly meal subsidy of 150 yuan, says Zhao Jianting, the county's education chief.

"To allow the young people to learn a life skill for free and subsequently get a job means quite a lot to maintaining stability," Zhao says.

Xinjiang, which has a large proportion of ethnic Uygurs in its population and lies at China's far west bordering Central Asian states, including Pakistan and Afghanistan, is the country's frontline against terrorism.

In the country's worst riot in decades, 197 people were killed while 1,700 were injured when violence broke out in Urumqi, capital of Xinjiang, on July 5, 2009.

Separatists and extremists abroad were blamed from inciting the violence, authorities said. But in the wake of the riot, the central government also ramped up development drives in this relatively poor region to clear away the seeds of violence and tension.

According to the plan, the central government aims to narrow the gap between Xinjiang and other inland regions as much as possible over 10 years and guarantee that Xinjiang fulfills the goal of achieving a "moderately prosperous society in all aspects" by 2020.

Last year, the per capita GDP (gross domestic product) of Xinjiang was 19,926 yuan, or 79 percent of the national average.

That means Xinjiang's annual growth over the next five years reaching 10.5 percent year-on-year.

In Shule, job creation programs are being supplemented by programs on infrastructure, agricultural machinery, building earthquake-resistant homes, and resettling slum residents. Also, an elementary school, an elderly care home, and a public hospital funded by the government of south China's economic hub of Shenzhen will rise in Shule in the near future.

"We aim to achieve a well-off society in Xinjiang in 10 years with the aim of allowing local people to live in good houses, have good jobs near home, and live a good life," says Zhang Chunxian, the regional Communist Party chief.

Northeast

Politics

Social front

Economic front

Southwest

Politics

Social front

- CPC to host ICAPP Conference on Poverty Alleviation (7th July)

(Xinhua) -- The Poverty Alleviation Conference of the International Conference of Asian Political Parties (ICAPP) will be held from July 14 to 18 in Kunming, capital of southwest China's Yunnan Province.

The conference would be hosted by the Communist Party of China (CPC), said Ai Ping, Vice Minister of the International Department of the CPC Central Committee, at a news briefing.

China hoped political parties in Asia would exchange experience on poverty alleviation, enhance pragmatic cooperation and focus the attention of the international community on development, so as to help realize the United Nations' Millennium Development Goals (MDG), he said.

"It is the common responsibility and important obligation of political parties in Asia to achieve the goal of poverty alleviation, which is closely linked to the development agenda and the improvement of the livelihoods of the people", he added.

To date, about 90 representatives of 66 political parties from 36 countries had confirmed their attendance at the meeting, including observers from Latin America and Africa, Ai said.

The CPC successfully hosted the third ICAPP in 2004, which announced the Beijing Statement advocating cooperation among Asian parties.

Economic front

- Chinese leaders call for more efforts to develop west (6th July)

(Xinhua) -- Chinese leaders have called for more efforts to develop the country's vast west regions and raise people's standards of living.

President Hu Jintao stressed, during a work meeting on Monday and Tuesday in Beijing, the importance of developing the country's west, saying it is a major task for the country to build a moderately prosperous society and is in the interests of people from all ethnic groups in the region.

Hu urged efforts be undertaken to accelerate infrastructure construction, rural development in west China, upgrade the industrial sector and revitalize enterprises and traditional industries with high technology and enhance ecological protection.

He said the government would make unswerving efforts to raise people's livelihoods in the west regions in the next decade, including creating more jobs, and improving education, medical service and social security networks.

He also underscored the importance of ethnic and religious work to maintain harmony in the western regions, where many ethnic minorities that believe in Buddhism, Islam and other religions live.

The Chinese government launched a "West Development" campaign ten years ago in an aim to narrow the gap between the country's coastal east and underdeveloped west.

"Though the West Development drive has scored great achievements, the development gap between eastern and western regions remains broad, and the west is still a conundrum for the country's endeavor in building an overall moderately prosperous society," Hu said. At the same meeting, Premier Wen Jiabao called for "serious and good" implementation of all the policies and measures the central government has made and taken to further boost the development of the west.

He said a modern industry structure should be developed in the west to translate its resource-rich advantage into a momentum in economic growth, while the region seeks robust development of agricultural, industrial and tertiary sectors.

Wen promised to make vigorous efforts in social development aimed at improving livelihoods to ensure people in the western regions can share the fruits of national economic progress.

He said the government would strengthen efforts to alleviate poverty in the west, putting the poverty-stricken belts in southern Xinjiang, eastern Qinghai-Tibet Plateau, western Yunnan Province and other areas on top of the poverty-reduction list.

Wen also stressed sustainable development and ecological protection in his speech.

Vice Premier Li Keqiang added that the government would continue improving its policy and financial support for the development of the west regions in the next decade.

He also asked central government departments and local governments in eastern and central regions to intensify their supports to the west, and encourage enterprises to invest in the west for healthy interactions and common development between different parts of the country.

- Top political advisor stresses Tibet development (7th July)

(Xinhua) -- Top Chinese political advisor Jia Qinglin Wednesday said emphasis must be put on improving the living standards of Tibetan farmers and herdsmen.

Jia, chairman of the National Committee of the Chinese People's Political Consultative Conference, made the remarks at a conference on deploying "pairing assistance" for Tibet. Under the "pairing assistance" model, which was initiated 15 years ago, other provinces or cities provide technological and financial support, among other things, for the development of areas where Tibetans predominantly live, namely the Tibet Autonomous Region and areas in Sichuan, Yunnan, Gansu and Qinghai provinces.

Jia said the "pairing assistance" is a central government strategic initiative and is crucial to the leapfrog development and lasting stability in Tibet and Tibetan areas in the four provinces.

Jia said major projects launched to support Tibet's development should be incorporated into the national social and economic development plan for the next decade, which is currently being compiled.

He also said the fight against the separatist forces led by the Dalai clique should be deepened so to sustain social stability in Tibet and Tibetan ethnic areas.

- China's western region development plan a dual strategy (8th July)
(Xinhua) -- Ten years after it unveiled a strategy to promote growth in its western area, China announced a plan to continue the initiative, even as the world's third largest economy strives to shift to a more domestic-driven growth.
"The plan will not only benefit the western region, but is also crucial to the sound and fast development of the whole nation," Du Ying, deputy director of the National Development and Reform Commission (NDRC), the country's top economic planner, said at a Thursday press conference.
"Under the new plan, the central government will focus on boosting economic growth, raising people's living standards and enhancing environmental conservation in the western region during the next ten years," Du said.
The central government will also enhance support for development in the region by lowering tax rates and prices for industrial lands, he added.
The NDRC, along with other departments, will compile a catalogue of industries in the western region covered by the government's favorable policies. Companies in these industries will enjoy a favorable corporate income tax rate of 15 percent, compared to the regular rate of 25 percent.
The move to further develop the west came as the government took steps such as subsidizing auto and home appliance buyers, to boost domestic demand and lessen reliance on exports.
Challenges for China's future development lay in "whether we can continue to boost domestic demand and make it a foundation for overall sustainable growth and whether we can remove constraints on resources and environment," Du said.
Turning to this vast region and market was a strategic move, which would help China bolster domestic demand and accelerate transformation of the economic growth pattern, Vice Premier Li Keqiang had said.
The vast, resource-rich western region has great potential to help enhance domestic demand as the regional population accounts for 27.5 percent of the country's total, while consumption only takes 18.4 percent of national retail sales, Du said.
Early this week, NDRC said it will unveil 23 new infrastructure projects in the western region this year, with a total investment of 682.2 billion yuan (100.62 billion U.S. dollars). The money will be utilized in building railways, roads, airports, coal mines and hydro-power stations.
More investments in these new projects than in those started in 2009 reflected the government's intention to push the growth further into the poorer inland region, UBS Securities economist Wang Tao said in an emailed note to clients.
China initiated a western region development strategy in 2000 in an effort to help this less-developed area catch up with the relatively well-off coastal area. The strategy covers infrastructure construction, attracting foreign investment and increased efforts in ecological protection.
The western region involves six provinces, five autonomous regions and Chongqing municipality, accounting for more than 70 percent of the Chinese mainland's area and habitat of 75 percent of the country's ethnic minority population.
Due to this strategy, the combined gross domestic product of the western region reached 6.69 trillion yuan in 2009, four times more than the 1.67 trillion yuan in 2000.

- Chongqing aims to build biggest IT manufacturing base in Asia (9th July) (Xinhuanet) -- Chongqing, the populous economic hub in southwestern China, never seems to be out of the limelight. After launching a sweeping crackdown on violent gangs last year, the city is now setting its sights on building Asia's largest manufacturing base for information technology (IT) products.

In an interview with China Daily, Chongqing Mayor Huang Qifan expressed his confidence on the prospects for the IT industry, supported by fast-growing demand for computer and communication facilities, even though the overall global output of the IT industry has shrunk some 40 percent amid the global financial crisis.

"Partnering with several big names in IT, such as Hewlett-Packard (HP) and CISCO, Chongqing will soon have an IT industrial cluster with an annual industrial output of some 400 billion yuan (\$59 billion)," Huang said on the sidelines of the World Cities Summit in Singapore.

US computer maker HP and world-leading communication technology provider CISCO have established new manufacturing bases in Chongqing, aiming to tap the country's central and western regions.

The HP factory will produce 5 million computers this year and 40 million by 2012, according to Huang.

The IT industrial cluster is only part of the local authorities' effort to build Chongqing, China's largest municipality, into an economic powerhouse in the country's western hinterland.

The city won government approval last month to set up a 1,200 square kilometer special economic zone - Liangjiang New Area, the nation's third of its kind after Shanghai Pudong and Tianjin Binhai.

Located in northern Chongqing, Liangjiang New Area is set to be built into a modern manufacturing base and the premier financial center in western China, and will also serve as a test bed for the country's bold social and economic reforms, such as integrating urban and rural development and public housing reform.

"If Pudong and Binhai are landmarks for China's export-oriented economy, the launch of Liangjiang New Area is a milestone marking the country's decisiveness in opening up inland regions and spurring domestic demand," Huang said.

Indeed, Chongqing's rapid development owes much to the country's strategy of developing western regions, which was initiated 10 years ago aiming to achieve more balanced growth between eastern and western China.

During the past decade, the country invested \$100 billion in 23 major infrastructure projects in the western region, which has helped the region's economy grow at an annualized 11.9 percent during the period.

At a national meeting held by the State Council earlier this week, the country's top policymakers pledged to continue the pace of developing China's vast western region, adding new impetus to Chongqing's future development.

"We cannot miss the chance to take advantage of the country's western development strategy, as Chongqing is set to become a key growth engine in western China," Huang said.

Under the city's development roadmap, it plans to quadruple its industrial output to some 4 trillion yuan over the next 10 years, driven by pillar industries including IT, automobile, equipment and machinery manufacturing, he added.

(Source: China Daily)

South central
Politics
Social front

Economic front

- Mainland delegation departs Taiwan after reaching deals worth \$2.2 bln (5th July) (Xinhua) -- A delegation from south China's Guangxi Zhuang Autonomous Region ended a five-day visit to Taiwan Monday after reaching investment and trade contracts worth 2.23 billion U.S. dollars.

The two sides signed 70 investment contracts in agriculture, manufacturing, tourism and logistics worth about 2 billion dollars, as well as 56 trade contracts worth 227 million dollars, said a statement from the regional government.

Of the trade contracts, 20 concerned imports from Taiwan to Guangxi and were worth 196 million dollars, the statement said.

"We have fulfilled the purpose of this visit and learned a lot about Taiwan," said Guo Shengkun, secretary of the Guangxi Zhuang Autonomous Regional Committee of the Communist Party of China, who headed the delegation, while waiting to depart at the airport.

"I found Chinese culture and traditions are strong in Taiwan. People either side of the Strait have much in common," he said.

In addition, Guo said he received a very warm welcome from locals, especially during his visits to villages.

"Such affection can be a very strong force pushing forward cross-Strait cooperation," he said. Guo himself from a Hakka family visited a Hakka village in central Taiwan during the visit.

The two sides should keep engaging in a peaceful and mutually beneficial way so that people on both sides can benefit, he said.

The delegation arrived in Taipei Thursday, the first mainland delegation after the two sides signed the Economic Cooperation Framework Agreement (ECFA) in Chongqing June 29.

- Cross-Strait economic forum kicks off in south China (10th July) (Xinhua) -- The Cross-Strait Economic, Trade and Culture Forum, a regular forum between the Communist Party of China (CPC) and Taiwan's Kuomintang (KMT) Party, opened Saturday in the southern city of Guangzhou.

The forum, the sixth of its kind since it was first held in 2006, will focus on cross-Strait cooperation in green energy, energy conservation and environmental protection.

Wang Yi, director of the Taiwan Work Office of the CPC Central Committee, said the forum was held as the peaceful development of cross-Strait ties achieved new progress.

The Economic Cooperation Framework Agreement (ECFA), reached between the Chinese mainland and Taiwan in late June, signaled that cross-Strait economic ties had entered a new stage of mutual benefits, he said while addressing the opening ceremony.

"The main topics of the forum include how to implement the agreement and our cooperation in new energy, energy conservation and environmental protection industries," said KMT vice chairman Lin Fong-cheng at the ceremony.

KMT honorary chairman Wu Poh-hsiung, who led the Taiwan delegation, said in his speech that he hoped more voices from the island to be heard during the forum and the delegation's some 200 members from different parties would exchange ideas with the mainland delegates.

Wu urged participants to pool wisdom during the two-day forum because proposals and conclusions reached at this event would be possibly adopted by authorities on both sides. More than 400 people from Taiwan and the mainland are expected to attend the forum on Saturday and Sunday in Guangzhou, capital city of Guangdong Province.

A cultural and educational symposium will also be held at the weekend to review the implementation of joint proposals put forward by delegations from the Chinese mainland and Taiwan during the previous forum.

In a congratulatory letter to the opening of the forum, Lien Chan, also honorary chairman of the KMT, said the mainland and Taiwan should further discuss regional economic cooperation under an unrestricted mechanism in order to boost economic development.

- Backgrounder: Cross-Strait Economic, Trade and Culture Forum (10th July)

(Xinhua) -- The sixth Cross-Strait Economic, Trade and Culture Forum, sponsored by Taiwan's Kuomintang (KMT) Party and the Chinese mainland's Communist Party of China (CPC), opened Saturday in Guangzhou in south China.

More than 400 people from Taiwan and the mainland attended this year's forum, which focuses on closer cross-Strait economic cooperation, and collaboration in green energy, energy conservation and environment protection.

Since its inception in 2006, the Cross-Strait Economic, Trade and Culture Forum has become an important platform for CPC-KMT dialogues and for exchanges between people on both sides of the Taiwan Strait.

Following are some key facts chronicling the forum's development:

-- A cross-Strait economic and trade forum and a cross-Strait agricultural cooperation forum was held in Beijing and southern province of Hainan in April and October 2006 respectively. A total of 35 favorable policies to boost cross-Strait cooperation were announced at the two forums.

The two forums were later referred to as the first two Cross-Strait Economic, Trade and Culture Forums.

-- In April 2007, the third Cross-Strait Economic, Trade and Culture Forum opened in Beijing.

A total of 13 new policies to promote mainland-Taiwan economic, trade and cultural ties were announced at the forum, including authorizing three more mainland cities - Guangzhou, Qingdao and Wuhan - to issue valid passes for Taiwan visitors entering the mainland, and opening 15 qualification tests for Taiwan professionals.

-- The fourth Cross-Strait Economic, Trade and Culture Forum opened in Shanghai in December 2008, during which the Chinese mainland announced 10 measures of economic cooperation with Taiwan to jointly cope with the global financial crisis.

The measures included support for the development, transformation and upgrading of Taiwanese-funded companies on the mainland, promotion of two-way investment, improving financing services for Taiwanese-funded enterprises, and so on.

-- In July 2009, the fifth Cross-Strait Economic, Trade and Culture Forum was held in central China's Changsha City.

A proposal demanding closer cross-Strait cultural exchanges and cooperation between the cultural industries in addition to educational and media institutions, was presented at the forum.

A package of favorable policies to boost cultural and educational exchanges between the Chinese mainland and Taiwan were also announced.

East

Politics

Social front

- Pollution still hinders water diversion in east China (6th July)

(Xinhua) -- Authorities are still struggling with concerns about the poor water quality of the eastern route of the South-to-North Water Diversion (SNWD) project eight years after the eastern route's construction began.

Vice-Minister of Environmental Protection Zhang Lijun said thousands of polluting paper mills and alcoholic beverage factories have been shut down to improve the water quality of the world's largest water diversion project.

A State Council-approved directive issued before the eastern route's construction required local authorities to ensure the water quality is at least Grade 3, the minimum standard for water that is drinkable after treatment.

Director of the SNWD office under the State Council Zhang Jiyao was quoted as saying by Tuesday's China Daily, "There is still a long way to go before local authorities transform the eastern route into a clean-water corridor and ensure the quality won't decline again."

The construction of key pollution-control facilities is slated for the end of this year, Zhang said.

The facilities include manmade wetlands, which will purify urban waste water, and pipelines linking urban sewage treatment plants, he said.

Measures will prioritize curbing pollution caused by irregular aquaculture, rural sewage and small shipping wharfs scattered along the Grand Canal near the eastern route.

Zhang urged local authorities to monitor pollution upstream of the Danjiangkou Reservoir -- the water supply source of the SNWD's central route -- to prevent pollution from entering the reservoir or contaminating its under-construction trunk canal.

The SNWD project will take water from the massive Yangtze River in the South to satisfy demand in the North's drought-prone cities, such as Beijing and Tianjin. The eastern, central and western routes will each stretch more than 1,000 km.

Construction began on the eastern route in 2002 and a year later on the central route. The eastern route is still on the drawing board and is scheduled for completion by 2013.

The eastern route's first phase involves improving canals to connect river systems to channel water mainly through Jiangsu and Shandong -- the two provinces along the route with the worst water pollution -- to Tianjin.

All 426 pollution control projects have broken ground, and 399, or 94 percent, of them have been completed, Zhang's office reported. Two-thirds of them are operating at more than 80 percent of capacity.

The new industrial pollution control facilities have also achieved more than 90 percent of the standard for sewage discharge .

Testing in the first quarter found water quality is at least Grade 3 in 23 trunk canals, or 66 percent of the sections planned for the eastern route south of the Yellow River.

Economic front

HONGKONG AND MACAU

Politics

Social front

- HK signs education pact with ROK (7th July)

(Xinhua) -- Hong Kong and the Republic of Korea (ROK) signed a deal to strengthen collaboration in education and promote educational exchange, HK's Information Services Department said in a release Wednesday.

The pact was signed by HK's Secretary for Education Michael Suen and ROK Minister of Education Ahn Byong Man in Seoul early on Wednesday, according to the release.

The pact recognizes and supports extensive collaboration between the educational communities of the two places, and strengthens partnerships and strategic collaboration that support internationalization of education and lifelong learning.

It also enhances excellence and creativity in teaching, learning and research conducted by their educational institutions, and contributes to professional development in the education sector.

Economic front

- HK SFC affirms 18-month suspension of stock broker for malpractice (5th July)

(Xinhua) -- The Securities and Futures Commission (SFC) of Hong Kong announced Monday it has suspended Godwin Chu Kwok Shing for 18 months from June 30, 2010 to Dec. 29, 2011 following the determination of the Securities and Futures Appeals Tribunal (SFAT).

The disciplinary action stemmed from an SFC investigation into suspicious trading activities by Chu and his former colleague Wong Hong Wah.

The SFC found that over a period of three days in April 2005, Chu and Wong used a "scaffolding" strategy in trading three stocks to facilitate their disposal of the relevant stocks at a more favorable price level.

The SFC found that shortly after Chu and Wong had placed a sell order, they repeatedly placed, canceled and re-input numerous buy orders which substantially inflated the

apparent demand of the relevant stocks. They then canceled all or most of the outstanding buy orders as soon as their sell orders were fully executed.

The SFC held that Chu and Wong placed the buy orders for the purpose of creating a false and misleading impression about the supply and demand of the stocks.

The SFC therefore concluded that Chu and Wong were not fit and proper persons as their trading activities had damaged the integrity of the market, and decided to suspend Chu's license. Chu appealed to the SFAT.

On June 30, 2010, the SFAT decided to sustain the SFC's decision to suspend Chu's license to dealing in securities and futures contracts.

Meanwhile, the SFAT reduced the suspension period imposed by the SFC from three years to 18 months.

- HK's foreign currency reserves up \$600 mln in June (7th July)

(Xinhua) -- Hong Kong's Monetary Authority announced Wednesday that HK's official foreign currency reserve assets rose to 256.8 billion U.S. dollars in June, up 600 million U.S. dollars on May.

It added there were no unsettled forward contracts at the end of June and May.

Hong Kong is the world's eighth largest holder of foreign currency reserves based on the latest published figures, after the Chinese mainland, Japan, Russia, China's Taiwan, India, South Korea and Switzerland.

The total foreign currency reserve assets represent more than nine times the currency in circulation or about 56 percent of Hong Kong dollar M3.

- Hong Kong amends company bill, enhancing business friendliness (7th July)

(Xinhua) -- Hong Kong's lawmakers voted for the Companies (Amendment) Bill 2010 Wednesday, which would allow applicants to file their corporate registration forms and documents through electronic means next year and enhance business friendliness in the city.

Secretary for Financial Services and the Treasury of the HKSAR government, K C Chan, welcomed the passage.

Speaking at the resumption of the second reading debate of the Bill at the Legislative Council in the day, Chan said the amended Companies Bill mainly aimed to tie in with the development of Phase II of the Integrated Companies Registry Information System (ICRIS II) by the Companies Registry, which will enable on-line applications for company registration and filing of company documents.

Chan said the new system would come on stream in phases early next year, which would facilitate the issue of certificates of incorporation by the Registrar of Companies through electronic means.

Other amendments by the Companies (Amendment) Bill 2010 include three aspects:

-- to strengthen Hong Kong's company name registration system to enhance enforcement against possible abuses by "shadow companies", which are companies incorporated in Hong Kong with names very similar to existing and established trademarks or trade names and often pose as representatives of the owners of such trademarks or trade names to produce counterfeit products.

The Bill empowers the city's Registrar of Companies to act pursuant to court orders to direct a "shadow company" to change its name. The Registrar may substitute the

company's name with its registration number if it fails to comply with the Registrar's direction to change its name

-- to amend the Companies Ordinance (CO) so that Hong Kong companies can make use of electronic means to communicate with their shareholders.

-- to amend the relevant provisions of statutory derivative action (SDA) by expanding the scope of SDA to cover "multiple" derivative actions.

-- to introduce technical amendments to the CO to remove the limitations arising from provisions in the CO that compel the use of paper documents of title and paper instruments of transfer in relation to shares and debentures.

Also in the day, the Business Registration (Amendment) Bill 2010 was passed by the Legislative Council.

The amendments will enable the Companies Registry (CR) to provide a one-stop company and business registration service upon the implementation of ICRIS II. Any person who submits an application for company registration will be deemed to have applied for business registration at the same time.

"With the above service in place, an on-line application for registration of a local company and business registration will be completed within one day, compared with an average of four working days under the existing system," Chan said.

- Sky-high apartment deals raise eyebrows in HK (8th July)

(Xinhuanet) -- As the rest of the world smarted from the global financial crisis, it seemed that boisterous Hong Kong had landed a blockbuster property deal.

In October, Henderson Land Development Co signed agreements to sell 25 units at a luxury apartment building with an expansive view of the city's harbor - including a 572-square-meter five-bedroom duplex with a whopping price tag of nearly US\$57 million.

At the time, it was believed to be Asia's most expensive property by square foot at nearly US\$9,200.

Last month, Henderson, whose Chairman Lee Shau-kee was ranked No. 22 on this year's Forbes billionaire list, announced that 20 of the 25 deals, including the record-breaking flat, fell through.

Documents obtained by legislators and released on Monday showed that the developer refunded US\$22.4 million of the US\$46 million in deposits it received from the 20 buyers - 20 shell companies that used the same law firm.

Now some are wondering if the October sales were simply a sham to prop up property prices.

Police in Hong Kong are investigating and legislators have summoned Henderson executives to a special hearing in a brewing controversy that shines the spotlight on the high-stakes game of Hong Kong real estate.

The abandoned deals have generated outrage in this crowded coastal city of 7 million, where less than a quarter of its mountainous land is developed, opposition lawmaker James To said.

One of the most expensive places in the world to live, some 47 percent of Hong Kongers live in government-subsidized housing - so locals are naturally upset at the suggestion that the territory's already ultra-rich property tycoons are manipulating the market to make an even bigger profit.

"There are so many suspicious aspects," To said. "There needs to be an investigation. This involves the integrity of the system."

Hong Kong's Apple Daily said in an editorial on Tuesday that the mass back-outs are "extremely unusual" and questioned why Henderson didn't seek further damages from the buyers in addition to keeping part of the deposit.

"For a private enterprise that cares about every penny, for a listed company that's supposed to maximize shareholder profit, this is too weird, too inconceivable," the newspaper said.

Henderson has denied wrongdoing. A Henderson spokeswoman said yesterday the developer has no business dealings with the 20 buyers other than the flat sales and that it granted extensions on the closing dates at their request.

(Source: Shanghaidaily.com)

- Macao, Guangdong to establish Chinese medicine industrial park (9th July)
(Xinhua) -- Macao Special Administrative Region (SAR) will cooperate with Guangdong province in building a Chinese medicine industrial park on the Hengqin Island, a spokesperson of the SAR government said on Thursday.

In order to push forward the industrial park, the SAR government will set up a preparation office which will work with its counterpart in the Guangdong provincial government to launch the project, said Tam Chon Weng, the spokesperson of the SAR government, at a press conference here.

The new industrial park will be located on the Hengqin island, which is a part of Guangdong's Zhuhai city and is adjacent to the SAR.

The Guangdong provincial government has agreed to allocate half a square kilometer of land on the island for the industrial park and the funds will be provided by Macao, according to Tam.

He also said that the two sides will draft the details of the project, which will later be submitted to the central government for review and approval.