

Business and Politics in Muslim World

China

Fareeha Sarwar

18th July to 24th July 2010

Presentation Date: 28th July 2010

REPORT No. 129:

Outline

National report

Political front

- CPC to beef up exchange with Asian political parties, says Chinese vice president (19th July)
- CPC stresses "history wealth," calls for more education of Party history (22nd July)

Foreign relations

- Nixon's China policy remembered as his most significant achievement (18th July)
- Parliamentary leaders pledge to promote Sino-Swiss ties (18th July)
- Chinese aid key to African development: Kenyan expert (19th July)
- Trade exec says green technology boosts Sino-Italian ties (19th July)
- China wants to see peaceful Afghanistan: FM (20th July)
- China, France to further expand cooperation (20th July)
- China, Angola vow to advance military ties (20th July)
- China says its ties with Thailand exemplary (20th July)
- Chinese FM makes six-point proposal to deepen East Asian cooperation (21st July)
- Chinese FM underscores importance of EAS as macro-level dialogue platform (21st July)
- "South-South" media dialogue (21st July)
- Japanese PM instructs new envoy to further develop ties with China (22nd July)
- China, Laos pledge to strengthen military ties (22nd July)
- China respects ASEAN consensus on EAS enlargement: FM spokesman (22nd July)
- Chinese FM makes five proposals to strengthen regional security (23rd July)
- New Japanese ambassador to China calls for deepening of ties (23rd July)
- China, Senegal to promote media cooperation to boost bilateral ties (23rd July)
- Chinese FM meets with Hillary Clinton on bilateral ties (23rd July)
-
- US to oppose Chinese nuclear reactor sale to Pakistan (24th July)

Economic front

- Morgan Stanley economist forecasts China's economy to expand over 10 pct in 2010 (18th July)
- CPC discipline watchdog stresses collective decision-making to fight corruption in SOEs (18th July)
- Premier Wen stresses stabilization of economic growth momentum (18th July)
- Chinese Vice President stresses transformation of economic growth pattern (19th July)
- China macro policies gear economy on track amid mounting obstacles (20th July)
- China dismisses IEA analysis of it being world's top energy user (20th July)
- China accuses U.S. of protectionism in proposed probe on steel deal (20th July)
- China H2 foreign trade growth forecast to slow (20th July)
- China's industrial value-added output growth may exceed 11 pct this year (20th July)
- China's automakers told to develop abroad (20th July)
- China plans weather insurance to help farmers (20th July)
- "High-low" trend predicted for China's 2010 foreign trade, ministry (20th July)
- China, India become top exporters to UAE (21st July)
- Chinese auto makers eye growing Russian market (21st July)
- Chinese Vice Premier vows to push forward WTO talks (21st July)
- China-made planes set to soar onto world market (21st July)
- China Topped BP's Energy Rankings, Too (22nd July) Wall Street Journal
- Is China's market oversold, or overbought? (22nd July)
- China's banks face more debts (22nd July)
- Chinese President repeats government stance on economic policy (22nd July)
- China's financial markets: Premium puzzle (22nd July) THE ECONOMIST
- Foreign investors eye China's realty market (22nd July)
- China may calculate yuan exchange rate against basket of currencies, not just USD: PBOC (22nd July)
- China important to global economic stabilization: WTO's Lamy (22nd July)
- Argentina adopts anti-dumping measures against Chinese imports (23rd July)
- China signs currency swap pact with Singapore (23rd July)
- Chinese Vice Premier stresses energy conservation, efficiency (24th July)
-

Social front

- Chinese and Congolese artists explore their countries' ties (Deutch Wella)
- Asian political parties hail CPC's poverty alleviation efforts (18th July)
- Chinese State Councilor urges armed police to enhance their capabilities (19th July)
- China builds network to ensure enforcement of court decisions (20th July)
- Chinese president stresses deepening of reform of cultural system (23rd July)

Ethnic issues

Environmental front

- China's Three Gorges Dam buffers worst flood in decades (22nd July)

Cyber/Technology Front

- China's Huawei rejects Motorola's espionage claims (23rd July)
- Baidu Seeks Android Deal, China Listing (23rd July) Wall Street Journal

Regional report

North

Politics

Social front

Economic front

Northwest

Politics

- German Chancellor visits northwest Xi'an (18th July)
- Zhang Yi becomes new Party chief of northwest China's Ningxia Hui Autonomous Region (24th July)

Social front

Economic front

- CNPC has huge plans for Xinjiang (20th July)

Northeast

Politics

Social front

Economic front

Southwest

Politics

Social front

Economic front

- China National Gold's Tibet mining project begins production (19th July)
- Senior CPC official stresses social, economic advancement in Inner Mongolia (21st July)
- Senior Chinese official calls for improved socio-economic development in Tibetan regions (21st July)

South central

Politics

Social front

Economic front

- New Chinese law to turn 'lose-lose' labor disputes into 'win-win' negotiation (22nd July)

East

Politics

Social front

Economic front

- Shanghai Expo providing platform for business success (19th July)

HONGKONG AND MACAU

Politics

Social front

Economic front

- Hong Kong, Shanghai can cooperate to mutual benefit: HK official (18th July)
- HK's goods export volume up 19.2% (20th July)
- Macao's CPI up 2.68 pct in June (21st June)
- HK sets up task force to study regulation of travel industry (22nd July)
- Macao will "timely" adopt measures to ease inflation pressure: economic chief (23rd July)
- Hong Kong gazettes minimum wage ordinance (23rd July)
- UN report shows Hong Kong ranks 4th globally by foreign direct investment (23rd July)
- HK monetary authority still investigates 169 Lehman-related cases (23rd July)

National report

Political front

- CPC to beef up exchange with Asian political parties, says Chinese vice president (19th July)

(Xinhua) -- Chinese Vice President Xi Jinping on Monday pledged to step up exchanges and cooperation between the Communist Party of China (CPC) and other Asian political parties.

Xi made the pledge in his meeting with delegates attending the Poverty Alleviation Conference of the International Conference of Asian Political Parties (ICAPP) held from July 16 - 18 in Kunming, capital city of southwest China's Yunnan Province.

Xi also noted the CPC successfully hosted the third ICAPP meeting six years ago.

"The Kunming Proposal on Poverty Alleviation adopted at the just-concluded conference will not only boost cooperation between Asian political parties on development issues but also facilitate regional stability, prosperity and harmony," Xi said.

The CPC and Asian political parties share the same responsibilities to promote development in their countries and improve people's livelihoods, the vice president said.

"We would like to further strengthen exchange and cooperation with Asian political parties and contribute to regional development and friendly relations between people."

Sri Lankan Prime Minister D.M. Jayaratne, a senior leader in that country's Freedom Party, extended thanks for China's efforts to ensure the success of the conference on behalf of all participants.

Co-chairman of ICAPP Standing Committee Jose De Venecia said China has made great contributions to the world's poverty alleviation cause, and so holding a conference on poverty alleviation in China was appropriate.

He said the Kunming Proposal adopted in the conference will be submitted to the UN Millennium Development Goals summit scheduled for September.

Later on Monday, Chinese Vice Premier Li Keqiang met with a delegation from the Thai Democrat Party led by Thai Deputy Prime Minister Suthep Thaugsuban.

More than 120 representatives from 57 political parties in 30 countries attended the conference. Some African political parties, the UN and the Asian Parliamentary Assembly sent observers to the meeting.

- CPC stresses "history wealth," calls for more education of Party history (22nd July)
(Xinhua) -- The Communist Party of China (CPC) Central Committee held its first-ever, high-level national conference on the work concerning Party history on Wednesday, prior to the 90th anniversary of its founding in July 2011.

Vice President Xi Jinping called for more research and education about the history of the CPC, especially among young people.

Xi, a Standing Committee member of the Political Bureau of the CPC Central Committee, made the remarks during a keynote speech delivered at the conference.

He said the history of the 89-year-old Party is a "lively and vivid textbook," which should be well-studied, and research results should be used to "educate Party members, officials and the masses, especially the youth."

He said Party history should be included in schools' curriculums and publicized via the Internet.

Further, researchers should study the Party's history "in a practical and realistic manner," Xi said, adding that the Party's glory, experiences, traditions and fine work style should be publicized.

He added that the CPC strongly opposes any tendency that "distorts or smears the Party's history."

Xi said the Party, having experienced the tests of revolution, development and reform, "successfully united and led the Chinese people to achieve miracles under an extremely complicated circumstance."

"Over the past 89 years, the CPC contributed greatly to the nation's independence, unification and the people's well-being," he said.

President Hu Jintao, also general secretary of the CPC Central Committee, met with the delegates, mainly Party historians, ahead of the conference. The country has more than 17,000 Party history researchers working in more than 2,800 research institutes nationwide.

"VIVID TEXTBOOKS"

Xie Chuntao, vice director of the Party history department at the Party School of the CPC Central Committee, said the CPC boasts a tradition of summing up the experience of the Party's development. It summarizes the history every five years when the CPC plenary meeting is held.

Xie said how the history is understood has a bearing on the way of perceiving the future. Efforts should be made to "deepen the understanding of the laws for the development of the ruling party, socialist progress and the course of human society," and elevate these experience to a theoretical level, he said.

"There are both experiences and lessons to learn," Xie said.

RELAXED ENVIRONMENT OF HISTORY STUDY

Researchers say the environment of studying Party history has become more relaxed.

Xie said more confidential documents that had passed time limits for secrecy, began to become available to the public. They often contained valuable material for historical studies.

For past state leaders who committed mistakes, their contributions and positive sides have been exposed more in official documents, or even in films and TV plays.

"Officials are often told in Party schools' classes the lessons learned in history so that they will not replicate these faults," he said.

For the large volume of information about the anecdotes of CPC history on-line or in other social media, Li Zhongjie, deputy director of the CPC Central Committee's Party History Research Office (PHRO), said, "Some are true, some are not, and there are even some intentional slanders aimed at smearing the Party and subverting the country and its socialist system."

Li said efforts should be made to clarify falsehoods, dispel rumors and misrepresentations, and show respect to the history.

He said, "There are many figures and events in the Party's history. Different people will recollect and interpret them from various angles, and they are also easily affected by various factors."

"Every one has bias when they recall the past, so recollections are different. We must stop fabricated stories from entering the written history of the Party, some of which are made up for the purpose of misleading people," he said.

MORE EXPOSURE OF PARTY HISTORY

In a column called "Eternal Monument," the CPC's history was told in short tales to help people, especially the young, to learn it.

The column was seen in major state media, including the flagship newspaper People's Daily, the Xinhua News Agency and the national broadcasters China National Radio and China Central Television, from 2005 to 2007. It was the culmination of cooperation between the PHRO and these media outlets.

Besides researching the Party history, the PHRO is also obligated to preserve historical sites concerning events in the Party's history. It also designs routes for people to learn history through sightseeing tours. Such "red (revolutionary) tourism" has become very popular in recent years.

The office has also compiled more than 1,000 history books over the last five years and collaborated with film producers to shoot 166 films about Party history. Li said these books and films are narrated in a lively way, free from "mechanical teaching."

Founded in 1980, with Hu Qiaomu as its first director, the office received its first task of composing a credible history of the turbulent Cultural Revolution (1966-1976). How to treat this history was a crucial question faced by the CPC at that time. The Party had to make an impartial judgment and draw lessons from it.

The PHRO is now working on increasing its openness. On June 30, its spokesman, Zhang Shujun, together with spokespersons for the CPC's ten other departments, made an unprecedented group debut in front of both domestic and overseas media, one day ahead of the 89th anniversary of the founding of the CPC, on July 1, unveiling the mask of the mystery-shrouded historian's organization.

The CPC, founded on July 1, 1921, is the world's largest political party. It had 78 million members as of last year.

Foreign relations

- Nixon's China policy remembered as his most significant achievement (18th July) (Xinhua) -- Nixon's China policy was remembered as the most significant achievement in his presidency as politicians, family members and friends gathered Saturday to celebrate the 20th anniversary of the founding of the Richard Nixon Library and Museum.

A panel discussion was held in Yorba Linda, Nixon's birthplace in California, by former Nixon Administration officials.

Panelists said Nixon's China policy will be remembered for 1,000 years for its impact on the U.S. society and the world as a whole. He had incredible vision of the world, they agreed.

There have been many criticisms of the former U.S. president. But more and more Americans have agreed that his vision to establish diplomatic relations with China was incredible.

"I think that the China initiative is the most stunning stroke of foreign policy, and the relationship he built with China has continued to grow over 40 years through different administrations, Democrats and Republicans," said Barbara Franklin, a former secretary of commerce.

The relationship between the United States and China is now the most important bilateral relationship in the world and Nixon should be remembered for this, she said.

Nixon was buried in Yorba Linda in 1994 after his death. He dedicated his library in Yorba Linda in July 1990. The library is now part of the National Archives and Records Administration.

http://news.xinhuanet.com/english2010/china/2010-07/18/c_13403094.htm

- Parliamentary leaders pledge to promote Sino-Swiss ties (18th July)
(Xinhua) -- Parliamentary leaders of China and Switzerland on Saturday exchanged views on bilateral ties and other issues of mutual concerns, and both sides pledged to enhance parliamentary exchanges and bilateral ties between the two nations.

Wu Bangguo, chairman of the Standing Committee of China's National People's Congress (NPC), expressed satisfaction over the significant progress in Sino-Swiss relations in recent years at a meeting with Pascale Bruderer, president of the National Council of Swiss Federal Assembly, and Erika Forster-Vannini, president of the Council of States of Swiss Federal Assembly.

The development of the Sino-Swiss relations has brought substantial benefits to both peoples and China looks forward to working together with Switzerland to further develop the comprehensive friendship and mutual-beneficial cooperation, Wu said.

Switzerland is China's main trade partner in Europe and a major source of foreign investment and technology. China is Switzerland's second largest trade partner in Asia.

Wu said that both sides should properly deal with sensitive issues between them to maintain the momentum of sound development of their bilateral ties.

He proposed that China and Switzerland take more actions to continuously deepen mutual political trust, expand economic cooperation and people-to-people exchanges.

The friendly exchange and cooperation between legislative bodies of the two countries will help promote an all-round development of their bilateral ties and are in the interest of both peoples, Wu said.

The NPC will work together with the Swiss parliament to promote exchanges in various forms between the two nations' legislative bodies, he added.

Bruderer and Forster-Vannini said Wu's visit will further promote the Swiss-Chinese ties and offer an opportunity for more exchanges between their legislative bodies. They agreed to conduct closer parliamentary exchanges with China.

The further development of Swiss-Chinese ties is in the interest of the Swiss government, legislative bodies and people. The legislative bodies of Swiss will vigorously push forward the substantial cooperation with China in all areas, they said.

Wu arrived in Zurich on Friday for an official goodwill visit to Switzerland.

"The bilateral ties between China and Switzerland have achieved significant progress in recent years. The enhancing mutual political trust, continuously growing economic cooperation and expanding people-to-people exchanges have brought substantial benefits to both peoples," said Wu in a written statement upon his arrival.

"China looks forward to taking advantage of the 60th anniversary of the establishment of Sino-Swiss diplomatic relations to push forward the friendship between our two nations in a healthy way and in the spirit of mutual respect and equality," he said.

After meeting with the country's parliamentary leaders, he is also expected to hold talks with Doris Leuthard, President of the Swiss Confederation, to discuss Sino-Swiss relations and mutual concerns.

Wu visited Switzerland at the invitation of Bruderer and Forster-Vannini. He is the first top Chinese legislator to visit the country in 16 years.

Switzerland is the last leg of Wu's three-nation Europe tour after France and Serbia. He is scheduled to attend the third World Conference of Speakers of Parliament in Geneva and return home next Tuesday.

- Chinese aid key to African development: Kenyan expert (19th July)

(Xinhua) -- China's development aid, mostly targeting the infrastructure sector, is key to the development of Kenya and Africa as a whole, a Kenyan development analyst says.

China is pushing for a greater role in the development of Kenya's infrastructure -- an area with significant untapped potential for Chinese firms, said Edward Oyugi, a professor at the University of Nairobi.

"China's aid to Kenya has increased in size. It has not been subject to conditionalities which have been the hallmark of Western bi- and multilateral aid which have caused many African economies a lot of problems," Oyugi told Xinhua in an interview.

He said the Chinese aid has targeted the infrastructural sector, which is key for development.

Beijing sees infrastructure as central to economic development and much of the aid and soft loans issued in recent years have supported investment in the area.

Oyugi agreed that Nairobi and Beijing should diversify new areas of development cooperation to include health, energy and education.

China's aid, Oyugi said, has been geared to infrastructure, trade and education sectors and in direct budget support, which gives Kenya the necessary latitude to direct the received resources to where they are needed.

"Chinese aid should continue to grow in size and scale up in favor of strategic sectors that are key for equitable economic development in Africa," Oyugi said.

According to regional economic analysts, there was still room for more infrastructure investment in East Africa.

They said Beijing should use the China-Africa Development fund to help channel more Chinese investment into Africa and identify suitable projects in Kenya.

China says it will continue to support Africa's energy sector, which takes up about a third of its overall assistance to the continent.

Agriculture, healthcare and education will also receive ongoing support while projects to help tackle climate change are expected to get new commitments from China at this year's UN Climate Change conference in Cancun, Mexico.

"Whether or not the Chinese economy will cope with the anticipated increased demand for support is a moot question at the moment," Oyugi said. "Of course it will depend on the extent to which the Chinese economy will continue to bear the burden of underwriting the U.S. sovereign indebtedness."

- Trade exec says green technology boosts Sino-Italian ties (19th July)

(Xinhua) -- Green technology stands as the greatest opportunity to boost commercial ties between Italy and China, says the president of Italy's main industrial association.

"The Chinese government, with determination and resolution, is addressing the challenge of climate change through the promotion of new, green technologies and environmental-

friendly industries," Emma Marcegaglia, president of Italy's Confindustria, said in a recent interview with Xinhua.

Italy can do its part in supporting China because "Italian firms are the forerunner in environmental protection and green economy," she said.

The sophisticated and efficient systems Italy has developed in technological fields can serve as a platform for a stronger Italy-China bilateral collaboration.

Marcegaglia said new technologies are an Italian hallmark, a "Made-in-Italy" product just like the fashion, food, furniture and design that represent the best of what the country is capable of making.

"Our firms throughout the years have acquired a solid knowledge and skills in using green technologies in sustainable development and energy efficiency, which offers extraordinary opportunities for cooperation between the two countries," she said.

"It's unacceptable that today just 2 percent of Italian exports are China-bound. That's too little when we're talking of the world's second largest economy."

Marcegaglia said trade and economic relations between the two countries are expected to advance in the future.

China, she said, is a strategic, growing market that Italy cannot afford to ignore.

"The Chinese market, with its rising middle class, stands as a high priority for Italian companies hoping to boost their overseas sales, especially during the global financial turmoil," she said. "China is not simply a strong competitor, but a partner we must work together with." She said that an Italian delegation to China in June was a total success. The delegation was composed of more than a record-high 600 representatives, including business giants, banks and institutions.

In Marcegaglia's view, World Expo 2010 in Shanghai presents a unique occasion to boost Italy-China ties. She welcomed the success of the Italian pavilion, calling it "a perfect blend of architecture, technology and new materials, the symbol of Italian skills, beauty, creativity and quality of life."

"Thanks to the Shanghai Expo, Italy has a good chance to show its excellencies in China, while at the same time paving the way for the upcoming Milan Expo 2015," she said.

In 2008, bilateral trade volume between Italy and China reached a record high of more than 38 billion U.S. dollars, close to the goal of 40 billion U.S. dollars set by the two countries for 2010. Italy has become China's fifth largest trading partner and the third largest technology import source in the European Union.

- China wants to see peaceful Afghanistan: FM (20th July)

(Xinhua) -- Chinese Foreign Minister Yang Jiechi on Tuesday called for continued support of the international community to the war-torn Afghanistan.

"We want to see a peaceful, stable and independent Afghanistan that enjoys development and good neighborhood," Yang said addressing one-day international conference on Afghanistan in the Afghan capital Kabul.

"We should respect Afghanistan's sovereignty, and work together for the realization of Afghanistan run by the Afghans," he stressed.

To achieve the goal, he proposed four points including ensuring security, political reconciliation, speeding up economic reconstruction and enhancing international cooperation.

"We call on international community to channel more assistance to infrastructure and other projects that will bring immediate benefit to ordinary Afghans," Yang said.

He added that it is important to enhance coordination between regional and international cooperation so that they will complement and reinforce each other.

The international community, he said, should remain committed to bringing durable peace and stability to Afghanistan. He also urged the international community to provide more help to Afghanistan in capacity-building and human resources development.

China had contributed more than 900 million Yuan (over 123 million U.S. dollars) besides canceling 19.5 million U.S. dollars worth of debt owed by Afghanistan from 2002 to 2009.

The first ever international conference hosted by post-Taliban Afghanistan with the participation of United Nations Secretary General Ban Ki-moon and some 40 foreign ministers among other delegates from over 70 countries and international organizations wrapped up with renewing support to Afghanistan.

- China, France to further expand cooperation (20th July)

(Xinhua) -- Top legislators of China and France met here on Monday and reiterated their willingness to further expand cooperation in various areas and strengthen coordination in international affairs.

Wu Bangguo, chairman of the Standing Committee of the National People's Congress (NPC) of China, said his latest official goodwill visit to France was successful thanks to joint efforts by both China and France. It is in the interest of both countries and peoples to strengthen the bilateral ties and deepen cooperation in international and regional affairs, Wu said at the meeting with Accoyer.

Bernard Accoyer, speaker of the French National Assembly, said Wu's visit to France is remarkable in Sino-French ties and is fruitful, which will play a constructive role in deepening substantial cooperation and boosting the friendship between the two peoples. France looks forward to take chance of Wu's visit to conduct closer coordination in international affairs and accelerate the development of Sino-French ties, he said.

Wu paid an visit to France from July 7 to July 14 as a part of his three-nation Europe tour. He is here to attend the third World Conference of Speakers of Parliament.

On the sideline of the conference, Wu also met with Klaus Schwab, executive chairman of the World Economic Forum, on Monday and discussed the upcoming Summer Davos Forum in China.

- China, Angola vow to advance military ties (20th July)

(Xinhua) -- The Chinese and Angolan defense ministers met here Tuesday and vowed to push forward bilateral military cooperation.

The peoples of China and Angola have a deep traditional friendship, Chinese Defense Minister Liang Guanglie said while meeting his Angolan counterpart, Candido Pereira dos Santos Van-Dunem.

Liang said the two sides' comprehensive bilateral relationship is sound and that friendly exchanges between the two armed forces have developed.

The Chinese armed forces attach great importance to relations with the armed forces of Angola, said Liang.

Liang added that China hopes to work with Angola to promote bilateral military cooperation.

Van-Dunem thanked Liang for China's support of Angola's reconstruction and economic development.

He also expressed hope his visit will promote bilateral military cooperation.

He also reaffirmed Angola will continue to adhere to the one-China policy.

Angola achieved independence from Portugal in 1975. A 27-year civil war ended in 2002. China forged diplomatic ties with Angola in 1983.

- China says its ties with Thailand exemplary (20th July)

(Xinhua) -- China has hailed its relationship with Thailand, calling the bilateral relationship exemplary.

Chinese Vice Premier Li Keqiang made the remarks in a meeting with Thailand's Deputy Prime Minister, Suthep Thuagsuban, in Beijing on Monday.

During the meeting, Li reviewed the 35 years of diplomatic ties between China and Thailand.

Li said the two countries understand and respect each others' core interests.

Calling the bilateral relationship a treasure for both nations, Li said the relationship is "a paradigm for how China and its neighboring countries can exist in harmony and benefit each other."

Li highlighted the soaring trade volume between China and Thailand.

He said China hopes to step up communication and deepen all-round trade cooperation with Thailand, as the China-ASEAN Free Trade Agreement boosts economic engagement.

Suthep said Thailand values its ties with China and that it hopes to expand cooperation with China in all fields.

- Chinese FM makes six-point proposal to deepen East Asian cooperation (21st July)
(Xinhua) -- Chinese Foreign Minister Yang Jiechi made a six-point proposal to the 11th ASEAN Plus Three Foreign Ministers' Meeting here on Wednesday to boost East Asian cooperation.

"ASEAN plus three countries should focus on financial cooperation, and meanwhile broaden exchanges in a wide range of areas," said Yang.

The meeting, drawing foreign ministers from ten member states of the Association of Southeast Asian Nations (ASEAN), China, Japan and the Republic of Korea, opened in Vietnamese capital Hanoi on Wednesday.

Yang said that East Asian countries should take further steps to implement and improve the Chiang Mai Initiative Multilateralization (CMIM), a multilateral currency swap accord covering all ASEAN+3 members.

Yang called for the early establishment of regional economic surveillance body to provide necessary information and assistance to the operation of CMIM.

Secondly, Yang said ASEAN plus three countries could make full use of their markets and take steps in promoting the creation of a free trade area covering East Asia.

Thirdly, Yang said East Asian countries should expand agricultural exchanges and enhance the regional grain production capacity. A rice reserve covering ASEAN plus three countries should be set up at an early date, he said.

Fourthly, Yang said enhancing connectivity remains an important part in building ASEAN Community and the envisioned East Asia Community. China would continue to increase investment into ASEAN infrastructure development, he said.

Fifthly, Yang called on ASEAN plus three countries to increase exchanges in energy-saving and environmental protection technology, pandemics prevention and treatment, human resources development, culture heritage protection and media.

Finally, Yang said ASEAN plus three countries should make full use of the regional cooperation fund to support relevant programs.

ASEAN countries at the meeting reviewed progress made through ASEAN plus three mechanism in recent years. They found that economic and trade power, financial stability, food security, infrastructure development and personnel exchanges have all been strengthened thanks to the cooperation scheme.

ASEAN countries expressed the willingness to deepen ASEAN+3 cooperation for the regional peace, development and stability.

The ten-member ASEAN comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

- Chinese FM underscores importance of EAS as macro-level dialogue platform (21st July)

(Xinhua) -- Chinese Foreign Minister Yang Jiechi on Wednesday urged East Asia Summit (EAS) to continue to serve as a platform for macro-level dialogue in the region.

EAS, as a leaders-led forum, could be a forward-looking platform for countries in the region to explore ways to push for strong, continued and coordinated growth in the region, said Yang at the East Asia Summit Foreign Ministers' Informal Consultations.

The consultations drew foreign ministers from ten ASEAN (Association of Southeast Asian Nations) member states, China, Japan, South Korea, India, Australia, and New Zealand.

EAS has served as a dialogue platform among different countries in the region on major issues in the past year, including the effect of the international financial crisis, said Yang. Yang said the world economy is recovering, however, the momentum needs to be further sustained. Countries in the region could make better use of the platform to achieve sound and fast growth.

Yang said EAS has pushed forward cooperation on finance, disaster mitigation, trade, education and climate change in the region.

Yang said China would intensify education cooperation with other EAS countries. In the coming five years, China will provide 400 more government scholarship each year to developing countries in the EAS framework.

Yang also illustrated China's position on region architecture development at the meeting.

Yang said the development of regional architecture is conducive to the peace, development, cooperation and prosperity of East Asia. Yang reaffirmed that ASEAN should maintain centrality in regional framework.

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

- "South-South" media dialogue (21st July)

(Xinhuanet) -- Twenty-three media officials from 14 developing countries, including nine at the ministerial level, gathered on Tuesday for a workshop in China.

"The developing countries have a majority of the world's population, but our voice is weak and has limited discursive power," Wang Chen, minister of China's State Council Information Office, said at a reception held on Tuesday evening to welcome participants to the workshop, which will run until Monday.

The Media Workshop for Information Ministers, being jointly held by the State Council Information Office and the Ministry of Commerce, which is in charge of foreign aid programs, is the first to specifically cater to information officials at the ministerial level.

The program is designed to enhance the exchange of information in the media sector, which, it is hoped, will further expand cooperation and jointly preserve the common interests of the developing world, Wang said.

On the first day of the gathering, the delegates spoke to Chinese Foreign Minister Yang Jiechi and listened to a lecture on Chinese media delivered by Wang Zhongwei, deputy head of the State Council Information Office.

Throughout the rest of the workshop, they will visit major Chinese news agencies and TV stations, study rural development and attend seminars.

A.B. Wali, the Nigerian ambassador to China, said the workshop is another positive sign of China's vigorous commitment to the developing world.

China's own success at achieving a high level of literacy, as well as its citizens access to and use of information technology, will undoubtedly inspire other developing countries, Wali said.

(Source: China Daily)

- Japanese PM instructs new envoy to further develop ties with China (22nd July)

(Xinhua) -- Prime Minister Naoto Kan on Thursday instructed Uichiro Niwa, Japan's new ambassador to China, to further develop Japan-China relations, public broadcaster NHK reported.

Kan made the instruction while meeting with Niwa, who is about to go to China to assume office, at the prime minister's residence.

Kan said that he spent some 10 years studying Japan-China relations, and voiced his hope that Niwa will make determined efforts to further strengthen bilateral ties.

After the meeting, Niwa told reporters that Japan will be left behind if it does not seek to cement ties with China in the economic area.

Following the direction of economic ties, Japan will strengthen political relations with China, he added.

At a cabinet meeting on June 15, Niwa, senior corporate adviser and former president of leading trading house Itochu Corp., was named as Japan's new ambassador to China. It is the first time the Japanese government has picked one from the private sector to serve as its ambassador to China.

- China, Laos pledge to strengthen military ties (22nd July)

(Xinhua) -- China and Laos on Thursday pledged to further strengthen military ties.

The pledge came out of a meeting between China's Defense Minister Liang Guanglie and visiting Deputy Prime Minister and Minister of Defense of Laos Douangchay Phichit.

"China attaches importance to the bilateral relationship with Laos and its armed forces. This is not only in the interest of the two peoples, but also conducive to regional security and development," Liang said.

Hailing the traditional friendship between the two countries, Liang said China would work with Laos to strengthen friendship and expand cooperation, so as to advance bilateral political and military ties.

Douangchay echoed Liang saying cooperation between the two countries had gone well in recent years. The Lao government and armed forces would continue to pursue friendly policies toward China and promote common development with it.

Douangchay also reiterated the Lao government and armed forces' adherence to the one-China policy.

After the meeting, the two defense ministers signed a cooperation agreement.

- China respects ASEAN consensus on EAS enlargement: FM spokesman (22nd July)

(Xinhua) -- China attaches importance to and respects the consensus reached among the ASEAN members concerning the enlargement of the East Asia Summit (EAS), Foreign Ministry spokesman Qin Gang said here Wednesday.

Qin made the remarks when required to comment on the EAS's tendency to bring in the United States and Russia as its new members.

China always advocates that cooperation between East Asian countries should be open and accommodating, and the changing of regional architecture should be able to promote peace, development, cooperation and prosperity of East Asia while in accordance with the region's characteristics of diversity, Qin said.

ASEAN should play a dominant role in the changing process, he said.

China will stay in close contact with related parties till a consensus is reached, said Qin.

- Chinese FM makes five proposals to strengthen regional security (23rd July)

(Xinhua) -- Chinese Foreign Minister Yang Jiechi made five proposals to the 17th ASEAN Regional Forum (ARF) here on Friday to enhance regional security.

Firstly, Yang said countries should bear in mind the overall situation and interests when dealing with sensitive regional issues, and always safeguard the regional peace and stability.

Secondly, Yang said countries should adopt a new security concept by seeking cooperation instead confrontation, and respecting and taking care of each other's core interest and security.

Thirdly, countries should respect each other, strengthen political mutual trust, improve and develop long-term, healthy and stable relations.

Fourthly, countries should exercise restraint when disputes arise and settle disputes through peaceful means.

Fifthly, countries should make use of multilateral mechanism like Shanghai Cooperation Organization, ASEAN Regional Forum and Six-Party Talks to promote common interest and common security.

Yang said on one hand, the situation in Asia-Pacific region is generally stable. On the other hand, the unstable and uncertain factors are increasing.

Yang said ARF could serve as a security dialogue platform to push for mutual trust among members. Yang also urged ARF members to strengthen cooperation on non-traditional security issues including anti-terrorism, disaster relief, non-proliferation and maritime security.

ARF comprises 27 members including the ten ASEAN member states namely Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam, the 10 ASEAN dialogue partners namely Australia, Canada, China, the European Union, India, Japan, New Zealand, the Republic of Korea, Russia and the United States, and seven other countries in the Asia and Pacific region namely Bangladesh, the Democratic People's Republic of Korea, Pakistan, Mongolia, Sri Lanka, Timor-Leste, and Papua New Guinea.

- New Japanese ambassador to China calls for deepening of ties (23rd July)

(Xinhua) -- New Japanese Ambassador to China Uichiro Niwa on Friday called for deepening of Sino-Japanese mutually beneficial strategic relations.

"In recent years the leaders of the two countries have created a conducive environment for the development of bilateral ties. I am very glad to see that," Niwa told Chinese press in Tokyo.

Upon his assignment to China, the Japanese ambassador said China and Japan, as close neighbors, should deal with each other for the upcoming 1,000 or 2,000 years rather than 10 or 20 years. In the long run, both countries share a lot of common interests, and a stable, friendly relationship is the ultimate goal.

The former president of Itochu Corp. said that he aimed to boost communication, strengthen economic cooperation, and build on the mutual trust between the leaders of the two countries.

Niwa also said in the age of multipolarization, no one can conduct diplomacy with knowledge of China alone. So the relations with South Korea, and the United States are also important.

Niwa was appointed by Prime Minister Naoto Kan in June to the key diplomatic post, making him the first ambassador to China from outside the government sector since the two countries normalized ties in 1972. He will leave for Beijing on July 31

- China, Senegal to promote media cooperation to boost bilateral ties (23rd July)

(Xinhua) -- China and Senegal on Friday agreed to increase media cooperation to promote understanding and bilateral ties in a meeting between seniors officials of the two countries.

Li Changchun, a member of the Standing Committee of the Political Bureau of the CPC Central Committee, expressed the hope to promote media cooperation between the two countries during a meeting with Moustapha Guirassy, Senegalese minister of communication and government spokesman, in the Great Hall of the People.

Li hailed the development of China-Senegal relations since the two states resumed official diplomatic ties in 2005.

Guirassy said he was impressed by China's economic achievements and his country will learn from China's experience in economic sectors. He expected his current China visit would help push for exchange and cooperation between media circles of the two countries.

- Chinese FM meets with Hillary Clinton on bilateral ties (23rd July)

(Xinhua) -- Chinese Foreign Minister Yang Jiechi met with U.S. Secretary of State Hillary Clinton here on Friday to discuss bilateral exchanges and cooperation.

During the meeting, Yang said China-U.S. relations have maintained fine development momentum in recent years.

China is ready to work together with the U.S. side to implement consensus reached by leaders of the two countries and maintain frequent exchanges of visits at all levels, said Yang.

Yang expected China and the United States could enhance communication and coordination on major international and regional issues, respect each other's core interest and major concern, and advance bilateral ties in a positive, cooperative and comprehensive manner.

For her part, Clinton spoke highly of recent development in bilateral ties. She said United States would like to join hands with China to enhance strategic dialogue and mutual respect.

Clinton said United States and China should expand cooperation on economic, trade, investment and a wide range of areas to maintain positive development momentum of bilateral ties.

In response to the planned U.S.-South Korean military drills, Yang said China firmly opposes foreign warships and military aircraft entering the Yellow Sea and other coastal waters of China to engage in activities affecting China's security and interests.

Yang urged relevant parties to exercise calm and to refrain from acts that might escalate tension in the region.

Yang also met Canadian Foreign Minister Lawrence Cannon here on Friday. During the meeting, the two sides vowed to enhance cooperation level, promote coordination in multilateral affairs, strengthen cultural exchanges and advance bilateral strategic partnership.

- US to oppose Chinese nuclear reactor sale to Pakistan (24th July)

The Obama administration's point man for countering arms proliferation said on Thursday that the administration would vote against China's sale of nuclear reactors to Pakistan in the international Nuclear Suppliers Group (NSG), The Washington Times reported.

The announcement follows the visit of Secretary of State Hillary Rodham Clinton to Pakistan, where she said the US would be willing, over time, to discuss the prospects of Pak-US nuclear cooperation.

Pakistan, India and Israel are the only three countries that have never signed the Nuclear Non-Proliferation Treaty, a pact that promises nuclear cooperation in exchange for a pledge to forgo nuclear weapons. All three of those states have nuclear weapons.

During a hearing before the House Foreign Affairs Committee, Vann H Van Diepen, the acting assistant secretary of state for international security and nonproliferation, said the US would vote against any exemption for China to sell two civil nuclear reactors to Pakistan.

In response to a question from Rep Ed Royce, a California Republican, asking whether the US would vote against the exemption for China, Van Diepen said, "Yes sir, by definition, we do not support any activity that goes against the guidelines."

The 46-nation NSG is an international forum designed to limit sales of nuclear technology. Earlier, Van Diepen said, "Based on the facts we are aware of, it would occur to us that this sale would not be allowed to occur without an exemption of the NSG."

daily times monitor.
http://www.dailytimes.com.pk/default.asp?page=2010%5C07%5C24%5Cstory_24-7-2010_pg7_2

Economic front

- Morgan Stanley economist forecasts China's economy to expand over 10 pct in 2010 (18th July)

(Xinhua) -- Hong Kong-based Morgan Stanley's chief Asia economist, Wang Qing said he was relatively optimistic about China's economic outlook and the world's third largest economy was expected to expand by more than 10 percent this year.

In a recent interview with Xinhua, Wang said China's consumer price index (CPI), the main gauge of inflation, was likely to peak in July at 3.5 percent to 3.6 percent. For the entire year of 2010, he forecast the CPI to stand at around 3 percent.

China's economic growth in the second quarter this year slowed down to 10.3 percent, which fell within Morgan Stanley's expectation made early this year, said Wang, who attributed the slowdown to waning effects of the Chinese government's stimulus package and the increasingly higher quarterly comparative bases in 2009.

He expected China's growth to continue slowing down in the second half, with the third quarter to expand by about 10 percent and the fourth quarter at about 9 percent or even lower.

The economist attributed the accelerating slowdown in China's economy to a simultaneous slowdown in the U.S. and European economies, as well as China's measures to cool down the property market.

Wang maintained it was not of much significance regarding a slowdown and what really mattered was that whether the growth rates fell within expectations and within an acceptable range.

As inflation expectations started to go lower, Wang said there could be little possibility for the People's Bank of China, or the central bank, to raise the interest rate in the near future. He also expected Chinese financial institutions to meet their target of 7.5 trillion yuan (1.11 trillion U.S. dollars) in new loans for 2010.

- CPC discipline watchdog stresses collective decision-making to fight corruption in SOEs (18th July)

(Xinhua) -- The Communist Party of China (CPC)'s discipline watchdog has ordered state-owned enterprises (SOEs) to improve their collective decision-making mechanisms to curb corruption and financial risk.

The CPC Central Commission for Discipline Inspection (CCDI) and the Ministry of Supervision said in a statement Sunday that SOEs should work out detailed procedures for decision-making mechanisms.

China said last week it would introduce new collective decision-making procedures for powerful and profitable SOEs.

All important decisions, appointment of key officials and executives, arrangements for major projects, and decisions concerning large amounts of funds must now be jointly decided by collective leadership, according to the new procedures.

The CCDI has asked inspectors, organizational departments and state assets supervisory organs to enhance education, governance and supervision of relevant personnel.

In the statement, the CCDI vowed to "severely punish" those who violate the procedures. The CCDI also ordered authorities to give full play to employees' and the public's supervisory roles for the timely uncovering of irregularities.

The statement highlights China's increased resolve to keep executives at its profitable SOEs under supervision.

Thirty-five senior executives at large SOEs -- such as former Sinopec chairman Chen Tonghai -- faced corruption charges last year. Thirty-one of them were involved in cases concerning an average 110 million yuan (16.2 million U.S. dollars).

- Premier Wen stresses stabilization of economic growth momentum (18th July) (Xinhua) -- Chinese Premier Wen Jiabao said China's economic performance is consistent with the government's macro-economic controls while on a three-day visit to Xi'an, capital of northwest China's Shaanxi Province, that ended Sunday.

Wen visited Shaanxi Automobile Group Co. Ltd. The 42-year-old company is one of China's top five truck producers.

Wen inspected an assembly line that produces a heavy truck every six minutes. He also talked with workers and fitted wheels to a tractor truck under the workers' direction.

"We must maintain the continuity and stability of macro-economic policies to ensure favorable external conditions for enterprises. But a company's growth ultimately relies on its inner drive. Companies should improve quality, develop new products and expand their market," he said.

Wen also visited Shaanxi Huasheng (Group) Corp. Fruit Co. Ltd., a high-tech agriculture company in the apple industry. The company has production bases in more than 20 counties.

"The global economy is recovering, but at a slow pace. There are many uncertainties. We should expand domestic demand while stabilizing overseas demand," he said.

"Only through sound and relatively fast economic growth can we ensure employment and facilitate the restructuring of the economic development mode," he said.

Wen also visited the Sixth Research Institute of the China Aerospace Science and Technology Corporation and the Northwest Institute for Non-ferrous Metals Research.

"The world is experiencing a technological revolution and one of its key fields is materials technology. We must always remember that high technologies cannot be bought. We have to rely on ourselves," he said.

Wen visited Zhujiang New Town, a residential community providing affordable housing for low-income groups. There, he entered the home of 72-year-old He Jing, a retired teacher.

- Chinese Vice President stresses transformation of economic growth pattern (19th July)

(Xinhua) -- Chinese Vice President Xi Jinping on Sunday called for greater efforts to fuel the country's transformation of its economic growth pattern.

Xi made the call during an inspection to Tangshan, a city ravaged by a 7.8-magnitude earthquake that killed more than 240,000 people in 1976, just days ahead of its 34th anniversary.

The Vice President placed flowers before a memorial wall for the earthquake, and expressed his condolences for the quake victims.

When visiting a local dock and a train factory, Xi said the drive to transform China's economic growth pattern should rely on newly developed and high technologies, and called for greater efforts to develop a circular economy in order to attain "energy-saving, environment-friendly and innovation-driven development."

He also urged members of the Communist Party of China to solve more practical problems for the public, and said the current official selection and appointment system should be further improved.

- China macro policies gear economy on track amid mounting obstacles (20th July)

(Xinhua) -- From a quick rebound from the global crisis to a moderate slowdown to avoid the risk of overheating, China's economy is heading down the path of continuing its healthy and sustainable development under the government's effective economic management.

Unlike the restrictive plan to only fuel growth in 2009 in response to the global economic turmoil, the Chinese government has more on its agenda this year: including maintaining stable and reasonably fast economic growth, accelerating economic restructuring and managing inflation expectations.

However, the job is definitely not easy, especially with alternating positive and negative factors along with the mingling of short-term risks and long-term problems. The complication has spurred continuous arguments since the beginning of the year on what policies the government would take, and when.

Debates escalated after the growth of China's gross domestic product (GDP) in the first quarter quickened to an eye-popping 11.9 percent which, however, did not put policy makers at ease, but ignited growing concerns about an overheated economy.

At the beginning of 2010, Chinese Premier Wen Jiabao warned that this year would be "the most complicated" in terms of economy. Months later, Wen noted that "policy makers face increasing dilemmas as the effects of the global financial crisis become more severe than expected and worldwide recovery increasingly zigzags".

Wang Jun, a researcher with the China Center For International Economic Exchanges, said more dilemmas are complicating policy-making, including contradictions between growth driven by government spending and industrial production and economic restructuring; between curbs on property market and economic growth; between withdrawal of stimulus packages and risks of double dipping; between adjustment of exchange rate policies and economic restructuring.

Cheng Enfu, chairman of the World Association of Political Economy and senior professor of the Chinese Academy of Social Sciences, a government think tank, blamed excessive economic growth for most of the dilemmas and problems bothering China.

"To pursue high GDP growth, local governments would do everything, regardless of the consequences they could cause, including encouraging exports and the continuing production of polluting and energy-intensive products, and excessive exploitation of natural resources," he said.

Further, it would be very difficult to upgrade economic structures and earn high economic returns, he added.

Aware of this fact, the Chinese government cautiously moved to resolve these problems by hammering out a series of policies in the first half of 2010, including the raising of reserve requirement ratios for three times; plans for regional development; the prolonged subsidies for auto purchases; the increasing of the minimum wage; the canceling of export rebates on some energy-consuming and high-polluting products; the slowing of property costs; the easing of restrictions for private investment in certain industries; and curbs on loans to polluting and energy-intensive industries.

- China dismisses IEA analysis of it being world's top energy user (20th July)

(Xinhua) -- A Chinese energy official Tuesday rejected a report by the International Energy Agency (IEA) saying China surpassed the United States last year to become the world's largest energy consumer.

"The IEA's data on China's energy use is unreliable," Zhou Xi'an, an official with the National Energy Administration (NEA), said at a press conference.

According to the IEA, China consumed the equivalent of 2.252 billion tonnes of oil in 2009, 0.4 percent more than the 2.17 billion tonnes used in the United States.

However, China's National Bureau of Statistics said in a report in February that China's energy consumption last year stood at the equivalent of 3.1 billion tonnes of standard coal, which was equal to 2.132 billion tonnes of oil.

An NEA official who declined to be named told Xinhua on the sidelines of the press conference that the IEA and China's statistical authority collected data from different sources, which led to the different results. He did not elaborate.

Zhou Xi'an noted the IEA still lacked understanding about China's relentless efforts to cut energy use and emissions, notably the country's aggressive expansion of new energy development.

He said China had outpaced the United States in new energy expansion, as it boasts the world's largest hydropower capacity, solar power water heating use, and nuclear power capacity currently under construction. It also has the world's fastest growth in wind power generation.

Luo Zhongwei, a researcher with the Institute of Industrial Economics of the Chinese Academy of Social Sciences, a government think tank, warned of the risks that some international institutions might politicize the IEA's report and make China the target amid negotiations on climate change.

"That would be a totally different story if some institutions use the excuse to press China to shoulder more responsibilities on emission reductions than it should", he added.

The Chinese government announced in November 2009 that the country would reduce carbon dioxide emissions per unit of GDP in 2020 by 40 to 45 percent compared with the levels found in 2005.

The government also vowed to cut energy consumption per unit of GDP by 20 percent between 2006 and 2010.

To achieve these goals, the country has stepped up its efforts on emission reductions and energy savings, including the elimination of outdated industrial capacity, the scrapping of export tax rebates on energy-intensive and polluting products and the promoting of new technologies.

Jiang Bing, head of the development and planning department of the NEA, said China would focus on increasing consumption of non-fossil fuels and cutting carbon emissions over the next five years.

- China accuses U.S. of protectionism in proposed probe on steel deal (20th July) (Xinhua) -- A proposed investigation of a Chinese steel-maker's investment plan in the United States has politicized a business deal and is protectionism, Yao Jian, spokesman of Ministry of Commerce, said Tuesday.

Yao was commenting on Anshan Iron and Steel Group's (Ansteel) plan to establish a joint rebar venture with an U.S. partner in Mississippi, but 50 U.S. congressmen have requested that Washington investigate the deal.

"It is inappropriate for some U.S. lawmakers to label regular business behavior as a move that threatens national security," Yao said.

He urged politicians and industrial communities in the United States not to politicize a regular commercial deal.

"I hope the United States can create a better investment environment for Chinese enterprises," he said.

In a letter to U.S. Treasury Secretary Timothy Geithner early this month, the congressmen said the proposed joint venture threatened "American jobs" and "national security."

Ansteel planned to have a 14-percent stake in the 175-million-U.S.-dollar joint venture with the Steel Development Co. in Amory, Mississippi, which would create jobs and increase tax revenues and local supplies, it said in a statement on July 7.

- China H2 foreign trade growth forecast to slow (20th July) (Xinhuanet) -- The State Information Center predicted in a report that the growth of China's imports and exports will slow down in the third and fourth quarter of this year, China Securities Journal said Monday.

The report said that the growth rate of imports will gradually decrease to about 19.3 percent in the second half and hit a low for the year in the fourth quarter due to high base figures of the last quarter of 2009. It forecast a 33.6 percent whole-year growth over last year.

Exports will grow at about 16.3 percent in the second half, due to high base figures, the European debt crisis and adjustment to the country's export tax rebate policy, the report said, adding that the growth rate for this year will be around 24.5 percent year-on-year.

The report said that the country's imports and exports have recovered to their levels before the world financial crisis. With a shrinking trade surplus, China's foreign trade is

more balanced. The country is increasing its exports to other emerging markets and reducing its reliance on major trade partners such as the United States, according to the report.

(Source: China Daily)

- China's industrial value-added output growth may exceed 11 pct this year (20th July)

(Xinhua) -- China's industrial value-added output may exceed the 11-percent growth target set for the whole year in 2010, although the pace of increase may slow in the second half, the Ministry of Industry and Information Technology (MIIT) said Tuesday. The country's industrial value-added output growth has dropped in month-on-month terms since the start of the year. It grew 13.7 percent in June year on year, down from a 16.5-percent increase in May.

Ministry spokesman Zhu Hongren said at a press conference that the slower growth in industrial value-added output in the first half was partly due to last year's high comparison base and the country's efforts to eliminate outdated capacity.

A slower growth rate in terms of industrial production reflects the country's push to accelerate industrial restructuring and change the growth model, he said.

He also ruled out the possibility of a double-dip recession in the second half although "some challenges and uncertainties still remained," including higher labor costs and a fragile export recovery.

The government would limit new high-energy consuming and high-polluting projects and push for consolidation in sectors suffering from overcapacity over the rest of year, he said. The steel industry is one of those sectors with excessive capacity. The number of steel makers would be reduced to 200 from 800 through mergers and acquisitions, said Chen Yanhai, director of the raw material department of the ministry, without providing a deadline for the consolidation.

The ministry said last week that those steel mills which produced less than one million tonnes in 2009 would be shut down and makers that produce less than 300,000 tonnes of top-end steel products per year should withdraw from the market.

The country would continue to encourage the development of emerging industries such as the pharmaceutical industry and information technology, and enhance Chinese companies' innovation capacity, spokesman Zhu Hongren said.

- China's automakers told to develop abroad (20th July)

(Xinhua) -- China's automakers must expand research and development initiatives abroad in order to overcome limitations to their innovative and competitive abilities at home, an industry expert said Tuesday at a major auto show in northeast China.

The three major advantages of conducting R&D abroad were access to advanced technologies, cost and time efficiencies, and the ability to attract a wider range of professional expertise, said Hu Kaibin, a research fellow from the Economic Management Research Institute of Beijing Automotive Industry Holding Co. Ltd..

Hu said poor research capabilities meant Chinese auto enterprises were struggling to meet consumer demand and market requirements.

"It is essential to conduct research and development abroad. Auto giants such as Toyota, GM and Ford all have their own their research and development centers in Europe," Hu said at the China (Changchun) International Auto Show in Changchun, Jilin Province.

In the first half, China's auto exports hit 242,800 vehicles, up 70.53 percent from the same period last year.

However, industry experts say domestic auto enterprises still face problems, including a lack of technological competitiveness, brand reputation and international marketing networks.

- China plans weather insurance to help farmers (20th July)

(Xinhuanet) -- China may roll out its first weather insurance coverage before the end of the year to help farmers cope with economic losses from natural disasters.

"The policy will first be carried out on a pilot basis in Fujian province, an area that is frequently hit by typhoons," a source with a major insurer told China Daily on Monday.

A weather index insurance will pay out a contractually predetermined amount should the observed result meet the policy's requirement. It is different from traditional agriculture insurance, which requires adjustment for losses and claims auditing.

"Such a policy will largely reduce insurers' underwriting cost and boost their initiatives to underwrite more agriculture insurance - a usually loss-making business," said Hao Yansu, a professor of insurance policy at the Central University of Finance and Economics.

The country's current insurance coverage is unable to offer adequate compensation for losses from catastrophes, statistics from the China Insurance Regulatory Commission (CIRC) showed.

Insurers cover about 30 percent of losses from natural disasters in developed countries, but that figure is below 5 percent in China - a country that is frequently hit by a wide range of natural disasters.

As of last Friday, about 38.2 million people in 10 southern provinces and Chongqing municipality had been affected by continuous rainstorms and floods since July 1, the Ministry of Civil Affairs said in a statement on its website.

About 124,000 homes have been destroyed and more than 1.3 million people relocated, it said. Direct economic losses were estimated at about 29.5 billion yuan (\$4.4 billion), up from Thursday's 26 billion yuan.

The weather insurance project was launched last September as an important part of an economic cooperation deal signed by China and Germany last year. The CIRC and the China Life Property & Casualty Insurance Company Limited promoted the project.

"Weather index insurance could play an important role in helping farmers mitigate their economic losses and rebuild their homes, especially when there is still no catastrophe insurance scheme in China," said an analyst with the country's major non-life insurer.

Global losses from natural disasters in 2010 could be three to five times what they were in 2009, said Thomas Hess, chief economist of the world's second-largest reinsurer, Swiss Re.

Economically advanced nations tend to purchase more insurance coverage, which helps to finance the costs of reconstruction. Less developed economies can also benefit from insurance coverage, especially if the public and private sectors - insurers, reinsurers, brokers, governments and international agencies - work together, Hess said.

(Source: China Daily)

- "High-low" trend predicted for China's 2010 foreign trade, ministry (20th July) (Xinhua) -- A "high-low" trend was emerging for China's foreign trade in 2010, as growth in the first half would be stronger than in the second half of the year, Yao Jian, a spokesman with Ministry of Commerce told a briefing Tuesday.

China's exports will only moderately increase in the next half of the year, since the tightening monetary policies in emerging economies, such as Brazil and India, and the European sovereign debt crisis will curb overseas demand, Yao said.

He also pointed out that rising production costs, including 20-to-30- percent price hikes in raw materials in the first half of the year and increasing labor costs, will squeeze company profits.

Yao said trade friction will also weigh on the country's exports in the future.

"The accumulated effects of anti-dumping and anti-remedy measures on Chinese exports over the past two years, together with the 38 cases of trade remedy investigations in the first six months, will impact on the country's exports considerably," said Yao.

He said China will maintain its current trade policies while making them more targeted and flexible, and accelerate the transformation of the growth model, in a bid to promote coordinated and sustainable development.

The country's total value of imports and exports jumped 43.1 percent year-on-year to 1.35 trillion U.S. dollars in the January-to-June period, but the trade surplus was down 42.5 percent to 55.3 billion U.S. dollars.

- China, India become top exporters to UAE (21st July)

(Xinhua) -- China and India replaced long- standing Western suppliers of goods to the United Arab Emirates (UAE) to become the dominant exporters to the Gulf nation, accounting for nearly a quarter of its total imports last year, the Emirates Business 24/7 website reported Wednesday.

India exported a record high 61.5 billion dirhams (about 16.7 billion dollars) worth of goods to the UAE in 2009, accounting for around 13.7 percent of the country's total imports, the report said, citing figures by the National Bureau of Statistics of the Economy Ministry.

The figures showed that China's exports to the UAE stood at 47. 8 billion dirhams (about 13 billion dollars) last year, constituting around 10.7 percent of the country's total imports of 447.3 billion dirhams (about 121.8 billion dollars).

Taken together, exports by India and China to the UAE totaled around 109.3 billion dirhams (29.7 billion dollars) in 2009, accounting for nearly 24.5 percent of the country's total imports, the report said.

Both countries had been small exporters to the UAE compared with such major industrial powers as Japan, the United States and the European Union during the 1990s before they overtook them and became the top exporters to the country, the second largest Arab economy and one of the top 20 global importers.

The surge was a result of an aggressive marketing blitz by India and China, the competitive price of their products, proximity to the region, their strong political relationship, and persistent volatility in the bill of imports from key Western economies because of the peg between Gulf currencies and the U.S. dollar, the report said.

As for re-exports, the figures showed that Iran remained the largest market for re-exported products from the UAE, mostly from Dubai, with a value of around 25.9 billion dirhams (about 7.05 billion dollars) in 2009, accounting for 17.6 percent of the UAE's total non-oil re-exports of 147 billion dirhams (about 40.05 billion dollars).

According to the Cairo-based Arab League, the UAE became the largest trading hub in the region in 2009 after overtaking Saudi Arabia. Dubai, the country's business capital, has also maintained its position as the Middle East's transshipment center, handling over a fifth of the Gulf region's non-oil trade.

- Chinese auto makers eye growing Russian market (21st July)

(Xinhua) - Chinese auto manufacturers are eyeing opportunities in Russia as that country witnesses a recovery in its domestic auto market, an industry insider said Tuesday at a major auto show in northeast China.

Fu Jianguang, district manager of the Great Wall Motor Company Limited, said that Russia is considered one of the most important overseas markets for Great Wall Motor and will continue to be so in the future. Fu made his remarks during the ongoing at the 7th Changchun International Auto Expo.

Great Wall Motor sold nearly 30,000 vehicles abroad in the first half of 2010, up 51 percent from a year earlier, according to Fu.

"Sales are rising in Russia this year," he said, attributing the rise not only to a market recovery, but also the release of new models which have received EU approval to be sold in the European market.

Besides Great Wall Motor, other Chinese local brands, such as Chery and BYD Auto, are being positioned for sales in Russia.

Chinese vehicle and battery maker BYD Auto announced earlier this year that it has established strategic partnerships with Russian auto manufacturer Tag AZ and will begin manufacturing BYD's F3 model in Russia this summer.

Analysts at the Expo also pointed out that it is of great significance for China's auto makers to seek a larger market share in Russia, as Russia is expected to become a growth engine for the European auto market.

- Chinese Vice Premier vows to push forward WTO talks (21st July)

(Xinhua) -- Chinese Vice Premier Wang Qishan Wednesday pledged to push forward the new round of talks at the World Trade Organization (WTO).

"China will work with all sides to push the Doha round of talks to success," Wang told WTO Secretary-General Pascal Lamy, who is in China for the Shanghai World Expo.

Wang said China firmly opposes trade protectionism and actively strives for free trade.

Wang also said China hopes to promote mechanisms for mutually beneficial trade.

Lamy stressed the importance of the Doha round of WTO talks and hailed the positive role China is playing in the process.

- China-made planes set to soar onto world market (21st July)

(Xinhuanet) -- Chinese planes can make a "significant impact" on the world arms market, said an expert of a leading think tank.

Two JF-17s, co-produced by China and Pakistan, have just made their international debut at an ongoing major international air show.

Gary Li, who analyzes the People's Liberation Army for London-based International Institute for Strategic Studies, also told China Daily that the Chinese air force is already "one of the strongest" in the world.

"Currently China is engaged in a very rapid series of aircraft upgrades and diversification," Li said, noting that the PLA Air Force (PLAAF) is currently strong only in terms of size.

Earlier this month, The Diplomat magazine, based in Tokyo and Sydney, as well as London's Jane's Defence Weekly, almost simultaneously published stories expressing concerns over the buildup of the PLAAF, entitled "China air force steps it up" and "Chinese military aircraft: up and coming".

The Diplomat even said China is "building a force that will be without rival in the Asia-Pacific".

Despite such a rapid upgrade, Li said China should work on "technological choke-points".

A big problem, he said, is China's heavy reliance on Russian-made engines. Most of the country's latest aircraft, including JF-17s, still use engines bought from its northern neighbor.

"How many aircraft can China produce a year if Russia stops selling its engines to Beijing?" Li asked.

"China needs to solve this problem within 10 years if it wishes to continue the overhaul of the PLAAF and the development of the new generation of fighters".

China has been active in the international aircraft market in recent years.

The total value of China's arms exports from 2005-9, according to Sweden's Stockholm International Peace Research Institute, was \$2.73 billion, only about 2.3 percent of the world's total.

But Beijing's aircraft sales - worth up to \$815 million - are larger than any other of its weapon exports.

Though Chinese aircrafts are not comparable with US or Russian ones, Li said, "Chinese companies offer very attractive packages."

"The US never sells its latest generation of aircraft, or sell critical technologies," he said. In contrast, "China sells packages", not just the aircraft, but also technology and expertise - such as production licenses for domestic assembly, technical assistance and other after-sales support.

Almost all Chinese aircraft exports go to less developed countries, like Egypt, Venezuela and Myanmar. And Pakistan, China's "all-weathered friend", is the biggest recipient of Chinese planes.

The Pakistan Air Force (PAF) received its first two JF-17 Thunder fighters from China in July 2007. Last year, the PAF started its own assembly line, which saw the first aircraft roll out in November.

In February, the PAF activated its first JF-17 squadron, with 14 aircraft in service and another 24 to be delivered from the initial contract batch. Pakistan's total requirement for this type of single-engine plane is reported to be as high as 250.

Li said the JF-17 is an "excellent aircraft", available at a cheap price (about \$15 million each), with a good avionics system and good radar. "It is a successful product of a successful partnership Chinese design really shines."

Significantly, the plane fits into Islamabad's needs, as "countries like Pakistan or Egypt don't need F-22s", Li added.

"If China decides to export its newer aircraft such as the J-11B and J-10, then it will make a significant impact on the world arms market, by offering attractive and cost effective alternatives to Western and Russian planes."

Long March

Also at the show, the China Academy of Launch Vehicle Technology presented China's next-generation heavy-duty launch vehicle, Long March-5, slated to take off in 2014.

The Long March-5 launch vehicle is currently China's largest, designed for transporting heavyweight satellites and space stations. It has entered the test stage.

(Source: China Daily)

- China Topped BP's Energy Rankings, Too (22nd July) Wall Street Journal

Chinese authorities were quick to dismiss as "not very reliable" the International Energy Agency's announcement that China was the world's biggest energy consumer last year, ending a century of U.S. dominance.

But the Paris-based body that advises most of the world's biggest economies on energy policy wasn't the first to point out China overtook the U.S. In June, BP released its annual roundup of energy statistics, which also ranked China No. 1.

BP said China, including Hong Kong, used the energy equal to burning 2.199 billion metric tons of oil. That was 19 million more metric tons than the 2.182 billion metric tons of oil equivalent used by the U.S.

Regardless of who's right, China's enviably fast-rising living standards for its huge population put it on course to be the biggest consumer, as an op-ed by China's state-run news agency Xinhua noted.

At issue for China is that recognition of its position will put its efforts to secure energy supplies under the glare of the international spotlight. "We should be on guard with those exaggerated statistics, and what's more, prevent the issue from being politicized," said Xinhua.

<http://blogs.wsj.com/chinarealtime/2010/07/22/china-topped-bps-energy-rankings-too/>

- Is China's market oversold, or overbought? (22nd July)

by Josh Noble

Shanghai-listed Chinese shares used to come at a premium to their Hong Kong counterparts, with Chinese investors seemingly ready to pay more for their stock than foreigners. Now the crack between Shanghai, where trade is largely limited to Chinese investors, and Chinese shares listed in Hong Kong, where mainland Chinese are banned, is whisker thin. So what's going on?



Source: CEIC, UBS estimates

First of all, it's important to note that many of the individual stocks listed in both Shanghai as A shares and in Hong Kong as H-shares still see distinct price gaps - some with a mainland bias, some with a Hong Kong bias, as Forbes' Gady Esptein points out. Also as Chinese investors can currently only buy the Shanghai market, while foreigner investors are largely restricted to buying (and selling) the Hong Kong listings, which means totally different investors bases in each market, and totally different pressures on the market in terms of capital flows, liquidity etc.

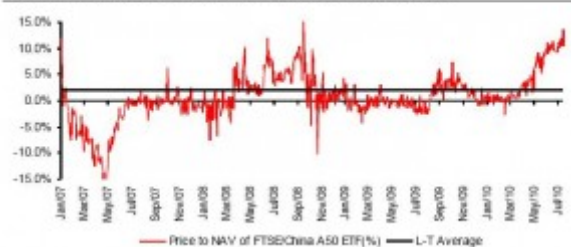
However, the simple reason for the narrowing gap is this: Chinese investors look bearish, while foreigners are bullish. Although the Shanghai market has performed well so far this week - with Chinese funds buying back in - the overall market is the second worst performer in the world this year - after Greece.

Michael Kurtz at Macquarie has been looking into this in the bank's latest issue of its 'A-Share monitor'. Part of the problem is the lack of fresh appetite within China to play the market:

Weekly retail [A-share] account openings have remained subdued recently in the 200,000–300,000 range. This suggests that Chinese retail investors for now remain too intimidated by policymakers' frequent and arbitrary interference to seek return enhancement on the equity market (and, previously, were preoccupied with property as the investment vehicle of first resort).

Meanwhile, foreigners are feeling almost as bullish on China as ever - helped by what appear to be cheap stocks and strong growth. This chart speaks volumes - it's the premium to which the FTSE/China A50 ETF trades over net asset value.

Fig 4 FTSE/China A50 ETF is now trading at 13.6% premium to NAV



The black line indicates the long-term average premium that foreigners were willing to pay for mainland China exposure (through this ETF). The red line shows the current level - and that we're ticking back up to near record highs. But with the market direction

effectively controlled by Chinese retail investor sentiment - which seems in a funk - you might wonder why.

But then perhaps it's the China bulls who have it right - maybe mainland shares are simply oversold. Trading at a lower P/E ratio than Mexico, Peru or Malaysia, and on a price to book ratio less than half that of the Indonesian market - there are plenty of reasons to see it as a buying opportunity.

So far this week, taking account of Thursday's close, the Shanghai Composite has gained 5.7 per cent, while the H-Share index has gained just 2.3 per cent. Perhaps the crack is opening up again.

<http://blogs.ft.com/beyond-brics/2010/07/22/chinese-sell-foreigners-buy/>

- China's banks face more debts (22nd July)

'Overall, we believe that despite the credit risks, China's banking industry is looking in reasonable shape,' Standard & Poor's said, adding it would maintain a stable outlook for the sector. -- PHOTO: AFP

BEIJING - CHINESE banks will face rising bad loans in the next few years as economic growth slows and local government investment vehicles struggle to repay their debts, a global rating agency warned on Thursday.

But the rise in non-performing loans will not cripple the Chinese banking system, with major lenders buffered by strong bottom lines and sufficient capitalisation, Standard & Poor's said in a report.

'Overall, we believe that despite the credit risks, China's banking industry is looking in reasonable shape,' Standard & Poor's said, adding it would maintain a stable outlook for the sector.

Fearing an explosion in bad debts after a 9.6-trillion-yuan (S\$1.94 trillion) lending binge in 2009, Beijing has set a 7.5-trillion-yuan loan target for this year and ordered banks to increase the amount of money they have in reserve.

Banking regulators have also clamped down on lending to local government companies, which borrowed heavily during the financial crisis and funnelled much of the money into property developments and infrastructure projects.

Lending to local government financing arms accounts for 18-20 per cent of total loans in the banking system, the S&P report said. If 30 per cent of these loans turn sour, it could add four to six percentage points - or the equivalent of US\$400 billion (S\$549.7 billion) - to the non-performing loan ratio of the banking system, it said. -- AFP

- Chinese President repeats government stance on economic policy (22nd July)

(Xinhua) -- Chinese President Hu Jintao has said that the government should stick to the pro-active fiscal policy and moderately loose monetary policy in the second half of this year to ensure a stable and relatively rapid economic development.

Hu, also general secretary of the Communist Party of China (CPC) Central Committee, made the remarks at a symposium held in Beijing Tuesday, with attendance of people from the non-communists parties and the All-China Federation of Industry and Commerce, as well as celebrities without party affiliations.

Other members of the Standing Committee of the Political Bureau of the CPC Central Committee, including Wen Jiabao, Jia Qinglin, Xi Jinping, Li Keqiang, also attended the symposium.

"We should strengthen our awareness of current risks and challenges the country is facing in economy, and firmly implement the central government's policies to ensure a stable and relatively rapid economic development," Hu said.

- China's financial markets: Premium puzzle (22nd July) THE ECONOMIST

OF THE many oddities surrounding Chinese stockmarkets, the most glaring has long been the premium mainland investors pay for shares listed domestically over what those same shares trade for in Hong Kong. Now the puzzle is why the premium has disappeared (see chart).

The usual explanation for the existence of the premium ran as follows. A closed capital account and a tightly run financial system left Chinese investors with only three places to put their money: property, with its high transaction costs and manic price moves; bank deposits, offering diminutive interest; or shares, with price moves as big as property but lower dealing costs. That paucity of choices drove shares higher than in places with more options.

What, then, has changed? The last time the price of shares simultaneously trading in the mainland and Hong Kong came close to converging was in 2006 when foreign fund managers were flooding into Hong Kong, intoxicated by potential gains from underpriced bank offerings. This time is different. Prices in Shanghai and Shenzhen have fallen by 22% and 15% respectively this year, making the mainland one of the world's worst-performing markets. In Hong Kong prices of shares in the same companies have fallen far less. Outsiders appear more willing to believe China's growth story than the Chinese. The decline on mainland markets may be because investors are tapped out. Of the \$19 billion raised recently by Agricultural Bank of China, more than 60% came from other Chinese state-owned entities. Every big bank is lining up for large capital injections and there have been many other share issues as well. Chinese companies raised \$54 billion in equity in the first half of this year (before the AgBank listing) and another \$80 billion in debt, according to Dealogic. That's a lot, even for China.

Another possibility regards moves to liberalise the yuan. In a series of decisions—including an announcement on July 19th on various yuan-denominated products banks will be able to trade in Hong Kong—small holes are being punched in the wall separating China's currency and the outside world. Perhaps the gap between shares in Hong Kong and those in the mainland is shrinking because the barriers between the two are falling.

These are just theories, however. Investment bankers are scrambling to work out what is happening to China's markets even as they prepare more companies for flotation. Despite falling prices, the appetite to list remains keen. The pipeline of prospective deals at most of the big banks consists overwhelmingly of Chinese companies, hoping to place their shares at home or in the hands of China-obsessed foreign buyers. Non-Chinese companies are also clamouring to list in Shanghai, a process that could begin early next year. Perhaps the premium has disappeared because foreigners now have fewer appealing choices, too.

http://www.economist.com/node/16646054?story_id=16646054&fsrc=rss

- Foreign investors eye China's realty market (22nd July)

(Xinhuanet) -- China's property market has seen soaring investment from foreign institutional investors, driven by strong expectations of renminbi appreciation this year.

According to international real estate advisor CB Richard Ellis, the value of en bloc property transactions in 15 Chinese cities has hit 49.9 billion yuan (\$7.36 billion) in the first-half of this year, among which 19.4 billion yuan came from foreign institutional investors, 10.2 billion yuan from Hong Kong, Taiwan and Macao, and the remaining 20.3 billion yuan from mainland investors.

Total investments in the first six months of this year were almost five-fold of those from the same period of last year.

"Affected by the financial crisis, foreign investors were inactive last year and domestic investors dominated the market. But due to better liquidity and expectations of renminbi appreciation, the situation is just the opposite this year," said Danny Ma, senior director of CB Richard Ellis Research China.

Industry experts say the renminbi will probably appreciated 3 percent this year.

LaSalle Investment Management, a US-based real estate fund, for instance, has been actively seeking opportunities in China, particularly in second-tier cities. Though the fund raised \$2 billion last year, it made no investments at all in 2009. But top management said that they will definitely reach a deal in China this year.

"We are now in talks with several projects in the commercial and industrial sectors," Eric Au, China director of LaSalle told China Daily on Thursday.

For Matt Brailsford, Deputy Managing Director of Savills Beijing, their foreign clients have shown much stronger interest in investing in China's properties, mainly in the office and retail sector.

"But there is no big increase of new faces in market, most of them remain those from Hong Kong and the United States," said Brailsford.

Eric Pang, head of Beijing Investment at Jones Lang LaSalle, said investments will be much more active in the second half.

"At the beginning of May, 12 commercial plots located in the core Central Business District area opened to public bidding, and a large number of reputable institutions and developers are expected to participate in the tendering process," said Pang. "To us, this therefore indicates a strong rebound in sentiment in the Beijing commercial investment market."

(Source: China Daily)

- China may calculate yuan exchange rate against basket of currencies, not just USD: PBOC (22nd July)

(Xinhua) -- China may calculate the yuan's exchange rate against a basket of currencies, instead of only against the U.S. dollar, a Chinese central bank official said Thursday.

The People's Bank of China (PBOC), or the central bank, might publish the nominal effective exchange rate on a regular basis, Hu Xiaolian, deputy governor of the PBOC, said in her second signed article on the yuan's exchange rate regime published on the PBOC web site this month.

The move might change the public's habit of focusing on the yuan's exchange rate against the dollar, Hu said.

There should be various currencies in the effective exchange rate basket to reflect the diversity of China's trade and investment activities, Hu added.

The yuan's exchange rate would be mainly adjusted according to China's trade balance, including domestic and global market trends, the international balance of payments, and

the strength and bearing capabilities of local enterprises against exchange rate moves, said Hu.

"A more flexible yuan would bring certain pressure to the structural adjustment of domestic enterprises, and if trade surplus falls sharply, it might indicate that Chinese enterprises should increase some adaptability," she said.

China needed to follow a managed floating of its exchange rate, which is a fundamental need for its economic restructuring and the optimizing of the allocations of its resources, Hu said in her previous article published last week.

The PBOC announced on June 19 this year that it would further the reform of formation mechanisms of the yuan exchange rate to improve its flexibility. At the same time, it ruled out a one-off revaluation.

- China important to global economic stabilization: WTO's Lamy (22nd July)

(Xinhua) -- The Chinese economy's strong economic growth and its demand for imports are important factors in the stabilization of the global economy, director general of the World Trade Organization (WTO) Pascal Lamy said Thursday.

Lamy made the remarks at the Shanghai World Expo.

He said many economies increased their exports to China during the global slowdown and that the Chinese market has now become crucial for them.

China's economy expanded by 8.7 percent year on year in 2009, helping a number of economies exit recession.

Lamy said China's entry into the WTO not only accelerated the pace of China's opening-up and reform but has also contributed to world economic growth.

He said China is living up to its name -- the country in the center, according to the Chinese meaning -- as it is now playing an important role on the global economic stage.

Lamy said China's admission into the WTO nine years ago was a key event in the history of the world trade body.

- Argentina adopts anti-dumping measures against Chinese imports (23rd July)

(Xinhua) -- The Argentine Industry Ministry said on Thursday that it has decided to impose anti-dumping duties on multi-functional food processors and polyester textiles for voile curtains imported from China.

It said it would levy 202.79 percent of anti-dumping duties on Chinese-made multi-functional food processors for five years.

It also set a minimum departure price for per kilogram of China's polyester textiles at 17.6 U.S. dollars. Importers who report lower prices to the customs are subject to anti-dumping duties. The measure is also valid for five years.

The Argentine Industry Ministry claimed that the country's national industry has suffered damage due to increased imports of certain products from China and Brazil.

Facing countless trade frictions with other countries, the Chinese government has repeatedly expressed strong opposition against trade protectionist measures, stressing that such measures would only impede the world's faltering economic recovery.

- China signs currency swap pact with Singapore (23rd July)

(Xinhua) -- The People's Bank of China (PBOC), the central bank, said Friday that it has signed a 150-billion-yuan (22.12 billion U.S. dollars) currency swap agreement with the Monetary Authority of Singapore (MAS).

The agreement has a three-year maturity and can be extended if both sides agree, according to the statement posted on the PBOC website.

The move is aimed at promoting bilateral trade and direct investment, it said.

"The bilateral currency swap arrangement is a key pillar of cooperation between the PBOC and MAS to strengthen regional economic resilience and financial stability," the MAS, the central bank of Singapore, said in a statement on its website.

Chinese Vice Premier Wang Qishan and Singaporean Deputy Prime Minister Wong Kan Seng attended the signing ceremony held in Beijing.

Before the ceremony, the two officials jointly chaired a meeting about China-Singapore cooperation, and two more meetings featuring the Suzhou Industry Park in east China's Jiangsu Province and Tianjin Eco-City project, both of which are cooperation projects between the two nations.

Since late 2008, China has signed currency swap agreements with the Republic of Korea (ROK), Malaysia, Belarus, Indonesia, Argentina and Iceland, as well as Hong Kong.

The arrangements would provide yuan liquidity and facilitate cross-border trade settlement in the Chinese currency. Cross-border yuan trade settlement is now allowed in all countries and regions, after starting first in Hong Kong, Macao, and in 10 member states of the Association of Southeast Asian Nations (ASEAN).

- Chinese Vice Premier stresses energy conservation, efficiency (24th July)

(Xinhua) - Chinese Vice Premier Li Keqiang, on Friday, called for greater efforts to develop and put into use advanced energy technologies as a means of boosting energy conservation and efficiency, and to fuel the country's sustainable social and economic growth.

Li made the remarks when meeting with prize winners awarded for their contributions to China's energy science and technology advancements here in Beijing.

Energy security was key to China's ongoing urbanization and industrialization, and to the steady and relatively quick long-term economic development of the country, Li said.

He urged authorities to focus on energy conservation and environmental protection, enhance China's energy technology innovation capabilities, optimize energy structures, and establish a modern energy industrial system.

Energy use efficiency should also be improved, he said.

Noting the rapid development in energy technologies and their large potential markets, the Vice Premier said the country should promote nuclear energy construction while ensuring its safety, and should develop hydro, wind, solar and biomass power in an orderly manner.

Efforts should be made to put new technologies into use, and to cultivate innovative capabilities to assure breakthroughs occur in energy sciences and in new technologies, he said.

Social front

- Chinese and Congolese artists explore their countries' ties (Deutch Wella)

One country devastated by violence, the other poised to become an economic superpower: Congolese and Chinese artists teamed up for a unique project which reveals how the countries view each other.

"In China, I experienced an advanced country that is developing itself and making strides toward the future - but that also bears its traditions in mind," said Freddy Tsimba from Kinshasa, the capital of the Democratic Republic of Congo.

"The situation in DR Congo seemed so chaotic to me. Nothing really worked well - neither the police, nor the transportation system nor the political system," said Pak Chuen Sheung from Hong Kong, immediately excusing himself, should he come across as being impolite.

Both men are artists taking part in the "Brave New Worlds" project at the Theater der Welt (Theater of the World) festival in Germany's Ruhr Valley - part of this year's European Capital of Culture programming.

There's a world of distance separating the capital of an African nation shattered by civil war and the busy textile center of a nation that is among the most powerful in the world. Those economic and political contingencies affected not only the observations of the "Brave New Worlds" artists, but also their creative output.

'Made in China'

A cultural center in Muelheim, Germany, was transformed into an open studio for the project. There, Vitshois Mwilambwe spread balls of yarn out on a large table. Every size and color was represented; some unraveled while others were still tightly coiled.

"These days, our culture is dominated by products from China," said Vitshois. "These colors symbolize 'made in China.' Nearly everything that you can find at the markets in Kinshasa - whether it's t-shirts, sneakers, bags, suitcases or toys - was manufactured in China."

Freddy Tsimba put together an imposing installation made up of machetes, which were China's first mass export to reach DR Congo and continue to sell extremely well there. They are used as farm tools, but the swords also invoke the violence and genocide the region has witnessed.

Photography banned

Pak Chuen Sheung found numerous traces and remnants of war in DR Congo - an unsettling experience for an artist more accustomed to the bustling world of finance and markets. For instance, he brought a few small toy soldiers dressed for war that he found in the markets of Kinshasa.

His colleague Jiang Jun described sensing aggression and tension everywhere he went in DR Congo. He took around 4,000 photos during his trip and said, with a touch of pride, "There, photography is illegal, but I did it anyway. Everyone is angry when photographed. That's totally different for us in China, where you can photograph everything."

During his trip to DR Congo, architect Chen Shuyu gave five Congolese colleagues a small amount of money and let them decide what they would like to buy. Then he photographed them with their purchases.

His subjects included a mother who purchased a small toy and a backpack for her child and a young man who bought flip flops. Their choices represent the everyday items that many in DR Congo cannot afford.

Worlds apart

"The point of the project was to encourage the artists to think about the roles of their respective countries - it's a process, a work in progress," said one curator of the project, Els Silvrants of Belgium.

As such, the conversations stimulated by "Brave New Worlds" are more important than the artistic results alone. It's also an experiment that shows how difficult it can be for people from such different culture to see eye-to-eye, despite the participants' best efforts.

Many Africans share Mwilambe's view that Chinese products dominate Africa, while many Chinese may agree with artist Jiang Jun, when he said: "Many Africans come to China because they want to work with us and live with us."

According to the artists, the image of China in Africa is heavily influenced by the mass-produced items that find their way there along with massive, complex building projects, while the image of Africa in China is influenced by the skyscrapers in Chinese cities in which African laborers live communally and without contact to their neighbors.

Architect Cheng Shuyu views the entire situation rather critically. "What I saw in the markets in Kinshasa were the cheapest, most artificially reproduced things - objects that we in China have not needed for a long time. That's somehow troubling. It's strange that all of these cheap products are flooding Kinshasa, while we in China are trying to accommodate ourselves to Western standards."

Els Silvrants acknowledges that China is after sturdy raw materials in Africa, but still she sees China as a possible way into the future for Africa.

"It's a different future than is available in Europe, where so many restrictions exist and so many debates about values take place," said Silvrants.

Europe turning its back?

In this discourse, Europe is largely neglected. It plays almost no role other than occasionally being described as arrogant or withdrawn.

"Why is Africa turning to China? Because Europe is turning away," said Tsimba. "China is willing to give us year-long visas, but being able to stay in Europe is extremely hard."

Indeed, three of artists participating in the Brave New Worlds exhibition were unable to travel to Germany for the show because they did not receive visas. On the other hand, one Congolese participant was also denied entry into China. In her passport, her occupation is listed as journalist.

Author: Cornelia Rabitz (gsw)

<http://www.dw-world.de/dw/article/0,,5793506,00.html>

- Asian political parties hail CPC's poverty alleviation efforts (18th July)
(Xinhua) -- Asian political parties said here Sunday they admire China's poverty alleviation efforts, giving credit to the Communist Party of China (CPC).

Representatives of 55 political parties from the Asia-Pacific region made the comments in a proposal on the sidelines of a poverty alleviation conference.

"We express our admiration for China's success in lifting hundreds of millions of people out of poverty within a generation," the proposal read. "This is a historical and unique economic and social achievement for which the CPC and its wise leadership deserve credit."

The Kunming Proposal on Poverty Alleviation, adopted at the Poverty Alleviation Conference of the International Conference of Asian Political Parties, calls for political parties, governments, parliaments, NGOs, civic organizations and the international community to pursue the United Nation's Millennium Development Goals (MDGs) to alleviate poverty.

The MDGs established in 2000 include: halving extreme poverty and hunger by 2015 from 1990 levels; improving health and education; empowering women; and ensuring environmental stability.

China's rural population living in poverty fell from 250 million in 1978 to 35.97 million in 2009.

Delegates attending the conference in Kunming, capital of southwest China's Yunnan Province, also discussed innovative ways to eradicate poverty.

They had discussions on setting up an Asian anti-poverty fund initiative, an Asian micro-finance fund and on the final implementation of a UN-approved debt-swap proposals.

The meeting also lauded international cooperation in poverty reduction, as well as the debt relief actions taken by several nations.

- Chinese State Councilor urges armed police to enhance their capabilities (19th July)

(Xinhua) -- State Councilor Meng Jianzhu Sunday called on China's armed police to enhance their capacity to tackle emergencies and terrorist attacks to ensure China's national security and social stability.

Meng, also Minister of Public Security and first political commissar of the Chinese People's Armed Police Force, made the remarks at a plenary meeting of the Communist Party of China (CPC) Committee of the Armed Police Forces.

He stressed the leadership of the CPC over the armed police force and said Party building must be enhanced and carried out in a scientific way.

He called on the armed police to strengthen ideological and political development.

- China builds network to ensure enforcement of court decisions (20th July)
(Xinhua) -- China's Supreme People's Court (SPC) has formed a national network with 19 central organizations, including the People's Bank of China and the State Administration of Taxation, to ensure that court decisions are enforced in a timely manner. While announcing the establishment of the network at a press conference held in Beijing Tuesday, SPC also released a document entitled "Opinions Pertaining to Issues in Building and Improving Linked Enforcement Mechanism."
The 25-article document, which came out after two years of drafting, says the network covers organizations such as:
 - The SPC and the Supreme People's Procuratorate
 - The Communist Party of China (CPC) Central Commission for Discipline Inspection, the CPC Central Committee's Organization Department, Publicity Department and the Political and Legal Affairs Commission
 - National Development and Reform Commission, the Ministries of Public Security, Supervision, Justice, Civil Affairs, Land and Resources, as well as Housing and Urban-Rural Development and the People's Bank of China.
 - The State Administration of Taxation and the State Administration for Industry and Commerce
 - The regulatory commissions for banking and securities.

- Chinese president stresses deepening of reform of cultural system (23rd July)
(Xinhua) -- Chinese President Hu Jintao Friday urged greater efforts to reform the nation's cultural system to boost China's "soft power."
Hu, also General Secretary of the Central Committee of the Communist Party of China (CPC), made the remarks at a meeting of the CPC Central Committee Political Bureau. Hu listed the key tasks to reform China's cultural system now and in the near future:
 - The acceleration of the reform on the cultural system and encouragement for cultural innovation;
 - The acceleration of the building of a public network providing cultural services;
 - The acceleration of the development of the cultural industry through the fostering of new cultural industry forms;
 - The enhancement of the guidance of production of cultural products so as to meet the needs of the public.
 Hu said cultural reforms must take development as their theme. He asked CPC committees and governments at all levels to put cultural reform high on their agendas.

Ethnic issues

Environmental front

- China's Three Gorges Dam buffers worst flood in decades (22nd July)
(Xinhua) -- The Three Gorges Dam on Yangtze River, the country's largest, is offering a buffer for the worst flood in decades as it blocks more than 40 percent of upstream water. The world's largest hydropower station was holding up against its first major flood-control test Tuesday, said officials of the China Three Gorges Corporation.

The flow on the river's upper reaches topped 70,000 cubic meters a second Tuesday -- 20,000 cubic meters more than the flow during the 1998 floods that killed 4,150 people and the highest level since the dam was completed last year.

The flood peak at the Three Gorges Dam at 8 a.m. was slightly below the record high of 70,800 cubic meters per second in 1981, a spokesman with the corporation said.

"Compared to 1998, the biggest difference is the Three Gorges Dam. Without it, thousands of soldiers and rescuers would have been needed to fight the floods," said Yuan Jie, director of the Three Gorges Cascade Dispatching Center of China Three Gorges Cooperation.

"There are three reasons why the dam is withstanding the enormous water pressure, which are the precise monitoring systems, the huge reservoir and the good decisions made by the corporation," said Chen Fei, general manager of the Three Gorges Corporation.

The upper reaches of Yangtze River covers an area of one million square kilometers, 60 percent of which was covered by the Three Gorges monitoring system and another 20 percent was covered by systems of the Dadu and Yalong rivers.

"The peak flow is high, but it has not exceeded the designed capacity of 100,000 cubic meters of water per second," said Cao Guangjing, the corporation's chairman.

The peak flow was greater than in 1998 but the peak period was shorter so far, Cao said.

The discharged amount had been kept under 40,000 cubic meters per second, which means the dam blocked 43 percent of upstream water and prevented severe flooding in the lower reaches, Cao said.

The Three Gorges Corporation had reduced the reservoir's water level to below 146 meters before the raining season. The reservoir has a capacity of more than 20 billion cubic meters as water level can rise to as high as 175 meters.

The current flood control will store about 7.6 billion cubic meters of water, said Cai Qihua, chief of Yangtze River Water Resources Commission. It is estimated to reduce the water level in Jingjiang, a 360-km section of Yangtze in the plain region of Hubei and Hunan provinces that is most vulnerable to flooding, by 2.5 meters, Cai said.

Breaches of dikes on the above-ground Jingjiang section could threaten 15 million residents and 1.5 million hectares of crops.

Water level in the lower Jiujiang section in eastern province of Jiangxi is expected to be reduced by 0.5 meters when the flood crest reaches Jiujiang on July 25.

The will make a severe flood into a common flood, said Tan Guoliang, head of the Jiangxi maritime bureau.

The current situation was stable in the lower reaches, said an official of the Bureau of Hydrographic, Yangtze River Water Resources Commission.

The water level has begun to fall in the Hankou area of Wuhan City, capital of central China's Hubei Province, the official said.

As of 2 p.m. Tuesday, the water flow there dropped to 66,000 cubic meters per second, the official said.

According to the monitoring systems at the dam, power generation continued as normal during the high flow, the official said.

All ferry services were halted at the Three Gorges Dam on Monday and the 30-km road along the river had been opened to vehicles carrying shipping cargoes, said an official of the Three Gorges Navigation Administration.

Services would be resumed after the flow decreased from 70,000 to 45,000 cubic meters per second, the official said.

Ferries near the Gezhouba Dam, on the lower reaches of the Three Gorges, were still operating as the flow there was 40,000 cubic meters a second, below its designed capacity of 60,000 cubic meters per second, the official said.

Days of torrential rains has raised water levels in many tributaries of Yangtze to record levels and inundated seven county seats in Sichuan, Chongqing and Shaanxi.

A total of 630,000 people in provinces along Yangtze, including Hubei, Anhui and Hunan, were battling the flood. Landslides and floods had affected 9.2 million residents and left 44 people dead and further 95 missing in mainly mountainous areas of the three regions by Monday.

Historically, the Yangtze river floods caused huge losses for China in 1931, 1945 and 1998. The floods in 1998 killed 4,150 people, and forced more than 18 million people out of their homes and caused economic losses of 255 billion yuan (about 38 billion U.S. dollars).

Cyber/Technology Front

- China's Huawei rejects Motorola's espionage claims (23rd July)

(XINHUA) -- U.S. mobile phone maker Motorola is suing its Chinese rival Huawei Technologies for allegedly stealing trade secrets, an allegation Huawei rejected as "groundless and utterly without merit."

In an amended complaint filed last week in the U.S. District Court for the Northern District of Illinois, Motorola alleged that the Chinese telecom equipment giant stole confidential information about its cellular network equipment.

The complaint alleged that former Motorola employee Shaowei Pan secretly reported to Ren Zhengfei, Huawei's founder and chairman, while he was working at the Schaumburg, Ill.-based company.

Motorola claimed that Pan left the company to help set up Lemko Corp., also based in Schaumburg, IL, with the intention of stealing more trade secrets from Motorola.

In an e-mailed statement released on Thursday, Huawei said the lawsuit had no merit and denied any wrongdoings.

"The complaint is groundless and utterly without merit," said the statement.

"Huawei will vigorously defend itself against baseless allegations," it said.

"Moreover, as an active and significant player in global standards-setting bodies, Huawei has great respect for the right of intellectual property holders, and will with equal vigor protect its own hard-earned intellectual property rights," the company said.

The statement said that Huawei, which in the past has had an agreement with Motorola allowing that company to resell Huawei's wireless equipment, has only recently learned of the amended Motorola complaint.

It added that Huawei has no relationship with Lemko, other than a reseller agreement.

Motorola spokeswoman Tama McWhinney declined to comment on the issue citing the pending litigation, but wrote in a statement that "This litigation is nothing more than a legal dispute between Motorola, Lemko and Huawei."

"Motorola has a long-term commitment to China. We have developed deep relationships with local partners, including government, customers, suppliers, and distributors, and will continue to grow our presence here," said the statement.

Tech analysts agree that it is unlikely that the lawsuit will have a wider impact on U.S. tech firms' relationships with Chinese vendors.

Toan Tran, associate director of the technology team at Morningstar said in an interview with Xinhua: "The issue that U.S. firms may have with Chinese vendors or competitors has always been about intellectual property right."

But he said that U.S. firms have always sought to strike a balance between negative news, its manufacturing needs and desire to reach the growing Chinese consumer market.

Citing the example of the recent suicides at Foxconn Technology Group, the world's largest maker of electronics, and a supplier for Apple, Tran said despite the negative news, it's hard for Apple to find manufacturers that can handle its production needs.

"I don't think someone like Apple can really partner with someone else beyond Foxconn or Hon Hai because there's no one else that can provide the manufacturing structure that Apple needs to produce its product at the scale it does," Tran said.

- Baidu Seeks Android Deal, China Listing (23rd July) Wall Street Journal

Chinese Internet search giant Baidu Inc. is gearing for a battle on rival Google Inc.'s own turf: Phones that use Google's Android operating system.

The Beijing-based company is in talks with mobile handset makers that use the Android software about embedding a Baidu search box on their phones that are destined for the Chinese market, the company's Chief Executive Robin Li said in an interview.

Targeting Android phones deepens Baidu's competition with Google in China, as both companies look to expand in the small but fast-growing mobile search market there. Android phones made up a tiny 0.4% of the 7.25 million smartphones sold in China during the last three months of 2009, according to Beijing-based technology research firm Analysys International. Still, Baidu wants to capture as much of this budding market as early as possible.

The company is in similar talks with makers of other mobile operating systems and handsets that run their software, Mr. Li said. Baidu's goal: To have "a search box very prominently on the phone's screen." Though he declined to name any companies, he said, "We are talking to quite a few big names."

Last month, the Symbian Foundation, which manages the Symbian operating system heavily used on phones made by Nokia Corp., announced it would set up a joint lab along with Baidu to help integrate Baidu search functions onto Symbian. According to Analysys, Symbian-powered phones made up 72.1% of the smartphones sold in China during the fourth quarter of last year.

Mr. Li also said in the interview the U.S.-traded company is considering a mainland Chinese listing even as it considers acquisitions outside its home market. But he offered few details about either push.

Though virtually unknown outside of its home country, Baidu is the overwhelmingly dominant search engine in China and the company further strengthened its leading position over Google in China after Google shut down its China search service in March and began directing Chinese search users to its Hong Kong site. Baidu's share of China's

search market grew six percentage points in the second quarter to 70%, according to Analysys. Google's share fell by about the same amount to 24%.

Mr. Li said Thursday in an earnings conference call that mobile search accounts for just a small percentage of Baidu's traffic, but the company has seen "effective growth" in mobile search traffic in the last few years.

A Google spokeswoman declined to comment.

Nasdaq-listed Baidu is also in contact with regulators about listing on a mainland Chinese stock market, but has no definite schedule for a listing, Mr. Li said.

"The technicalities haven't been thought through carefully yet. But the general direction is that...we would like to get listed," partly because most of Baidu's traffic and revenue comes from China, he said.

A listing in China would give Asian investors more access to the company's stock and bring in funds that could fuel expansion by Baidu, whose only overseas search site so far is in Japan.

The timeline for the Chinese listing depends on the company's need for additional capital, market momentum and China's regulatory environment. Mr. Li added it is too early to say how much Baidu would aim to raise in a listing or what it would do with the funds.

He also added Baidu would consider acquiring Internet sector companies outside China, declining to give details.

"We'll be open-minded. I think there are quite a few interesting companies outside of China," Mr. Li said.

Web search will remain Baidu's core revenue growth driver for the next five to 15 years, but other content pages and international search operations could become big parts of Baidu's business in several years as well, Mr. Li said.

"Right now, our focus is still on search and I think that there are many years down the road that we will enjoy very high growth."

"Once we decide to launch new services in other countries we will launch multiple languages, not just one," he said.

Baidu is evaluating which countries or regions to focus on for expansion abroad, but it will likely avoid the U.S. "for the time being" since the market already has strong search players, he said.

Though Baidu said its current international revenue is negligible, Mr. Li hopes that will change in the future.

"Maybe five to 10 years down the road, the international revenue will also become a very significant part of our business."

http://online.wsj.com/article/SB10001424052748703294904575384600415735996.html?mod=googlenews_wsj

Regional report

North

Politics

Social front

Economic front

Northwest

Politics

- German Chancellor visits northwest Xi'an (18th July)

(Xinhua) - German Chancellor Angela Merkel continued Saturday her visit in Xi'an, capital of China's northwestern Shaanxi Province.

During the visit, Merkel and Chinese Premier Wen Jiabao held talks with heads of prestigious German and Chinese firms, and visited China-German joint venture Siemens Signaling Company Ltd.

Merkel also held a meeting with the acting Governor of the Shaanxi Province Zhao Zhengyong.

Zhao said the Sino-German cooperation taking place in Shaanxi had enjoyed great achievements during recent years, as there had been about 60 Sino-German joint ventures operating in the province.

Merkel said more and more German businessmen were looking forward to getting involved in China's "West Development" campaign, and she believed the bilateral cooperation will be pushed forward in the future.

The acting governor gave Merkel a horse sculpture as a birthday gift, for Merkel's 56th birthday falls on this Saturday.

Merkel was born in the year of the horse, according to the Chinese traditional calendar.

During her stay in Xi'an, Angela Merkel also visited a cultural theme park, and the renowned Terra-cotta Warriors and Horses in the mausoleum of Qinshihuang, the first emperor of a united China.

Merkel will leave Xi'an on Sunday Morning and wrap up her four-day official visit to China.

- Zhang Yi becomes new Party chief of northwest China's Ningxia Hui Autonomous Region (24th July)

(Xinhua) -- Zhang Yi has been appointed as the Party chief of northwest China's Ningxia Hui Autonomous Region, according to the Communist Party of China (CPC) Central Committee on Saturday.

Chen Jianguo, who served as the Party chief before Zhang, will no longer be the secretary of the CPC Ningxia Hui Autonomous Regional Committee, a statement of the CPC Central Committee said.

Chen have reached the upper age limit of 65 for provincial officials.

The CPC Central Committee made the decision on the basis of "the overall situation" and the needs of the work, according to the statement.

Born in August 1950, Zhang had served as deputy secretary of the CPC provincial committees in northeast China's Heilongjiang and northern Hebei provinces. He became deputy secretary of the CPC Central Committee for Discipline Inspection in October 2007.

Social front

Economic front

- CNPC has huge plans for Xinjiang (20th July)

(Xinhuanet) -- China National Petroleum Corp (CNPC) plans to develop Xinjiang as a major oil and gas production and processing base over the next 10 years, in line with the nation's plan to further boost the region's economy.

Xinjiang Uygur autonomous region is expected to become the country's most significant base in oil and gas production, refining and chemicals manufacturing, oil storage, and engineering and technology services in the next 10 years, according to CNPC, the nation's largest oil company.

Xinjiang will also become a strategic route for oil and gas imports from Central Asia and Russia, it said.

Oil and gas production in Xinjiang is expected to reach 50 million tons of oil equivalent in 2015, and the figure will further rise to 60 million tons in 2020 and is expected to be sustained for 20 years, according to CNPC.

The region's oil refining capacity is expected to reach 26 million tons per year in 2015, and 30 million tons every year by 2020, it said.

CNPC will also accelerate the construction of strategic oil reserves and commercial oil stockpiles in Xinjiang. Its oil storage capacity in the region is expected to reach 15 million cu m in 2015.

Development of oil and gas business in Xinjiang is "irreplaceably important" in the company's strategy, said CNPC President Jiang Jiemin. The company's sustainable development in Xinjiang is "very meaningful" in its endeavor to become an integrated international energy company, he said.

By now CNPC has invested over 300 billion yuan (\$44.25 billion) in Xinjiang. It has 11 subsidiaries in the region, covering both upstream, middle stream and downstream business. The company on Monday started work on a petrochemical project in Urumqi in Xinjiang to produce aromatic hydrocarbon.

Total investment on the project is estimated at around 3.7 billion yuan.

Aromatic hydrocarbon products are widely used in industries like automobiles, electronics, and machinery.

CNPC also started work on two energy projects in Xinjiang last week, with total investment of around 9 billion yuan. The projects, one fertilizer plant and one natural gas pipeline network, will better use the rich natural gas resources in Xinjiang. Rich in oil and natural gas resources, Xinjiang in northwestern China will play an increasingly important role in domestic energy companies' future strategies, said analysts.

Many domestic companies, such as China Huaneng Group, and China Guodian Group, have unveiled ambitious plans to further develop their business in Xinjiang.

In May, the central government unveiled an ambitious plan to boost development in Xinjiang.

The government in June levied a resources tax in the region, in a move to increase revenue for the local government.

(Source: China Daily)

Northeast

Politics

Social front

Economic front

Southwest

Politics

Social front

Economic front

- China National Gold's Tibet mining project begins production (19th July)

(Xinhua) -- China National Gold Group (CNGG) said Monday the first phase of its Gyama polymetallic mine in Lhasa, capital of the Tibet Autonomous Region, began production Monday, giving a boost to economic development in the mineral-rich region. Located in Meldro Gungkar County, the first phase of the project has an expected daily output of 6,000 tonnes.

CNNG subsidiary Tibet Huatailong Mining Development Co. started construction on the 8 billion yuan (1.18 billion U.S. dollars) project in 2008.

The mine will eventually have a daily output of 15,000 tonnes, but the company did not say when that will be.

The company will pay up to 700 million yuan per year in taxes once the whole project is operational, according to the company.

Hao Peng, deputy secretary of the Chinese Communist Party regional committee in Tibet, said the project will promote economic development in Tibet and help meet China's soaring demand for non-ferrous metals.

Sun Zhaoxue, CNGG general manager, said the company invested 250 million yuan in work safety and environmental protection for the project.

CNGG, China's largest gold producer, has more than 1,300 tonnes of gold reserves, 8 million tonnes of copper reserves and 1.2 million tonnes of molybdenum reserves.

- Senior CPC official stresses social, economic advancement in Inner Mongolia (21st July)

(Xinhua) -- Senior Communist Party of China (CPC) official He Guoqiang stressed the importance of social and economic development in north China's Inner Mongolia Autonomous Region during his four-day inspection tour of the region that ended Sunday.

He, a Standing Committee member of the Political Bureau of the CPC Central Committee, paid visits to enterprises, communities, agricultural and pastoral areas, and cities like Baotou, Ordos, Ulanqab and Hohhot.

In Baotou City, he called for other cities to learn from the city's environmental protection work.

He stressed the combination of economic development and ecological preservation since "Inner Mongolia is an important ecological barrier for northern China."

He also urged government and Party organizations in Inner Mongolia to work harder at transforming the economic development pattern.

He also called on them to guarantee and improve people's livelihoods while maintaining national unity.

- Senior Chinese official calls for improved socio-economic development in Tibetan regions (21st July)

(Xinhua) -- A senior Chinese official has called for more social and economic development in the nation's Tibetan-inhabited regions to improve people's livelihoods.

Zhou Yongkang, a member of the Standing Committee of the Political Bureau of the Communist Party of China Central Committee, made the remarks during his visit to northwest China's Qinghai Province on Monday and Tuesday.

Zhou visited workers fighting floods on the Golmud River and he urged local governments to work hard to ensure the safety of the Qinghai-Tibet railway.

While visiting quake-devastated Yushu County, Zhou urged the local government to speed up the rebuilding of quake survivors' homes.

Zhou encouraged the local Tibetan people to be optimistic about the future and to put the disaster behind them.

Zhou also visited a PetroChina refinery in the province and called on the company's staff to overcome the difficulties of life on the plateau and to make greater contributions to the nation's energy industry.

While visiting local communities in Golmud City, Zhou asked the local police to better serve residents and called on local Muslims to maintain national unity and social stability.

South central

Politics

Social front

Economic front

- New Chinese law to turn 'lose-lose' labor disputes into 'win-win' negotiation (22nd July)

(Xinhua) -- Officials in south China's Guangdong Province on Wednesday reviewed a draft of the country's first law that sets the rules for labor disputes and wage negotiations to ease labor tensions.

The new law hopes to "turn the lose-lose labor disputes into win-win negotiations" as it is expected to save unnecessary costs for both workers and employers through orderly

negotiations, said Liu Mu, head of the labor law department of the standing committee of the Guangdong Provincial People's Congress, the provincial legislative body.

The Regulation on the Democratic Management of Enterprises in Guangdong aims to solve two major labor issues -- poor welfare and low payment, said Ou Guangyuan, head of the standing committee of Guangdong's People's Congress.

Guangdong first mulled creating such a law about a year ago, but stopped reviewing it amid the global economic crisis for fear of increasing the burden on companies.

But a spate of strikes and worker suicides in Guangdong prompted authorities to relaunch the review of the law, Ou said.

HAUNTING COSTLY LABOR DISPUTES

At least two strikes are currently underway in Guangdong.

An unknown number of workers of Omron (Guangzhou) Automobile Electronics Co. Ltd, which supplies Honda and Toyota vehicles with electronic components, went on strike Wednesday.

They have demanded the company raise their monthly salary from 1,300 yuan (about 191 U.S. dollars) to 1,800 yuan.

At the same time, workers of Atsumitec Auto Parts, a Honda parts supply factory in Guangdong's Foshan City, continued their strike as part of a walkout that began July 12, and is the longest walkout reported in the series of strikes that hit Guangdong this year.

Previous strikes at different auto-parts suppliers forced Honda and Toyota's assembly plants in China to halt production. Most of the companies compromised with striking workers by increasing wages.

Although Honda and Toyota's China branches refused to comment on the strikes, analysts estimate significant losses caused by the work stoppages.

Workers at several plants hit by strikes told Xinhua that their leaders were sacked by the companies as retribution.

Labor issues not only cost jobs but also claimed some lives.

An 18-year-old migrant worker of Chimei Innolux, which was merged with Foxconn, maker of the Ipad and Iphone, early this year fell to his death from the sixth floor of a dormitory building in Guangdong's Foshan City.

Although police have not confirmed whether this was a suicide, the death ended a short relief for Foxconn from a national outcry following 10 suicides in the company's industrial complex in the boomtown of Shenzhen in southern Guangdong near Hong Kong.

Foxconn increased average monthly wages of its assembly line workers from 900 yuan to 2,000 yuan in June, adding an estimated annual hike in manufacturing costs of 5 billion yuan.

WAGE NEGOTIATION MECHANISM

One of the major purposes of the revised draft is to establish a legally binding wage negotiation mechanism. Among the regulation's 83 articles, 25 concern wage negotiations. According to the new law, unions should organize wage negotiations between elected worker representatives and employers when more than one-fifth of the workers demand a pay raise, according to the draft law.

If the employer refuses to hold or join wage negotiations, the workers would be entitled to stop working and the employer may not fire workers for striking, the draft reads.

Workers who recently joined strikes or work stoppages said this clause was "particularly important".

"Currently, we are not protected by laws like this. Companies often fire striking workers without giving any compensation. In the future, our rights will be better protected," said a worker who declined to give his name.

The law will be the most comprehensive labor law in China, when adopted. "It will establish a mechanism so workers can legally voice demands for pay raises for the first time in China," Liu Mu, the official with the standing committee of the Guangdong Provincial People's Congress, said.

The draft law, which is now being discussed and revised, is expected to be adopted at a later date.

Some employers also welcomed the draft law. Guangdong entrepreneurs say a legal wage negotiation mechanism can help to avoid unnecessary disruptions of company operations and avoid violent confrontations.

"What the companies worry most about is work stoppages without prior notice. A standard and legal mechanism can minimize the loss for both companies and the workers," said Cheng Fengyuan, chairman of Guangdong's Taiwan Businessmen Association.

Guangdong has 30 million migrant workers, most of who are employed by foreign-owned labor-intensive manufacturers in the Zhujiang River Delta.

Experts say low pay and poor working conditions have been the main cause of the labor strife that has been haunting the area.

"It has become an urgent and imperative mission for Guangdong and China as a whole to set up laws to ensure the income of Chinese workers' increases at a stable and reasonable rate," said He Gaochao, a scholar with Zhongshan University who is researching labor issues in China.

LAW ON WORKERS' WELFARE

The Foxconn tragedy taught us that businesses must respect workers and preserve their dignity, Liu Mu said.

To improve the welfare of workers, the regulation will require enterprises to "shoulder their social responsibility, pay attention to the mental and physical health of their workers and enrich their cultural and spiritual life."

Some experts hailed the new requirement as a sign toward improving Chinese workers' mental health and spiritual life.

"It is a proper response to the most urgent needs of Chinese workers, showing China is establishing laws to make sure that employees can work with decency and live with dignity," said Zhu Yikun, a scholar with Jinan University.

But other experts doubt if the regulation can truly help to improve the working conditions and meet workers' spiritual needs.

The effect of the regulation in this regard has yet to be proven by time. It is difficult to evaluate and standardize pressure, mental health and spiritual life, He Gaochao, the scholar with Zhongshan University, said.

Lawmakers are specifying articles of the regulation in this regard for easier enforcement, Ou Guangyuan, head of the standing committee of Guangdong's People's Congress, said.

Too much overtime and negligence of workers' spiritual needs are widely regarded as the cause of the Foxconn workers' suicides.

A survey by Shenzhen municipal government of 5,044 Foxconn workers showed more than 72.5 percent of them performed overtime, exceeding the maximum legal limit.

Pressures tend to build up in the workers' community of large manufacturing bases, which are almost closed to the outside world, said Xiao Shuiyuan, an expert on crisis intervention with the China Association for Mental Health.

Social services such as entertainment and mental support need to be introduced into the workers' living environment to meet their spiritual needs.

The Regulation is intended to create a pilot labor dispute settlement mechanism that can be promoted across the country, Liu Mu said.

The All China Federation of Trade Unions (ACFTU) is prompting authorities to draft a regulation on wages to make wage negotiations compulsory, said Zhang Jianguo, a senior official with the union.

ACFTU is piloting a wage negotiations program in 10 provinces and municipalities. Beijing has been sponsoring this mechanism since 2000 and about 17,000 enterprises have adopted wage negotiation regulations. But an official with Beijing's trade union was quoted by Beijing Times as saying the results were far from satisfactory.

East

Politics

Social front

Economic front

- Shanghai Expo providing platform for business success (19th July)

(Xinhuanet) -- Expo 2010 Shanghai is proving to be a boon for successful Chinese entrepreneurs eager to tap into the global market.

The 184-day event, which is predicted to attract an estimated 4 million foreign visitors along with global media coverage, is considered to be a golden opportunity for Chinese companies to raise their brands to an international level and explore business opportunities.

According to survey released last year by the information office of Shanghai Municipal Government, more than a quarter of the respondents were hoping to visit Shanghai during the Expo to seek future business.

The online survey polled 503 foreigners in 44 countries and regions across the world, 30 percent of whom were senior corporate executives.

Of the Expo's 58 partners and official sponsors, 47 are Chinese companies, 25 are from Shanghai, 15 are from Beijing and seven from other parts of the country. They contributed a total of more than 7 billion yuan (\$1 billion) in sponsorship fees to the event, averaging more than 100 million each.

While the sums are large, the contributors represent only a small portion of the number Chinese firms that want a slice of the Expo pie. Those who are not qualified to partner an official sponsor have sought other means of gaining brand exposure.

"The Expo is a once-in-a-century opportunity for us to promote our brand on an international scale," said Zhang Yingguang, a public relations manager for Tsingdao Beer, the Chinese industry leader based in Qingdao, Shandong province.

The company launched a flurry of billboard advertisements on the city's busiest streets, as well as in metro stations and commercial areas. The ads targeted foreigners by trying to teach them Chinese phrases about drinking.

It also made a presence in the Zero Carbon Pavilion at the Expo, where it contributed lamps made out of beer bottles and launched a gourmet TV show with a local TV station.

HONGKONG AND MACAU

Politics

Social front

Economic front

- Hong Kong, Shanghai can cooperate to mutual benefit: HK official (18th July) (Xinhua) -- Hong Kong's financial services sector can take advantage of the "One country, Two systems" principle to help China's mainland further open up while helping Hong Kong become a global financial hub, Secretary for Financial Services and the Treasury of the Hong Kong government K C Chan said Sunday.

Chan also said Hong Kong could work together with Shanghai in the gradual internationalization of the mainland market, and the two cities could be in a complementary relationship and help each other.

Chan made his remarks in an interview with official website of Hong Kong Pavilion at World Expo 2010, which was conducted three days ahead of a high-level Hong Kong Special Administrative Region (SAR) Finance Forum to be held in Shanghai on July 21.

The forum, under the theme of "Stronger Links, Strong Markets: Hong Kong, the Mainland and the World," would be co-sponsored by the Financial Services and the Treasury Bureau, Invest Hong Kong (InvestHK), and Hong Kong's bourse operator Hong Kong Exchanges and Clearing Limited. InvestHK is the government agency responsible for attracting and facilitating foreign direct investment into Hong Kong.

About 400 top-level financial services professionals, along with government officials and policy makers, are expected to attend it.

Chan said the event would help to address the challenges in the current global financial environment.

"Nowadays the financial markets change so quickly. We are going to discuss several topics during the forum -- first, the new regulations and situation of the financial environment; second, the financial reforms on the Mainland; third, the opportunities presented by the internationalization of the renminbi," Chan said, referring to the Chinese currency yuan.

COOPERATION BETWEEN HONG KONG, SHANGHAI

The forum would also address the positioning of Shanghai and Hong Kong as well as opportunities for financial co-operation between the two cities, whose relation was described by Chan as " complementary."

According to the official, Hong Kong, as a financial hub, has many advantages -- with financial market fully connected with the rest of the world, the legal system measures up to international standards, and with free flow of capital and information.

"Hong Kong is a market connected to the rest of the world, and its internationalization is unique," he said.

While Shanghai, he said, was the most important financial market in the mainland which requires an important financial center such as Shanghai to support the continuous opening-up and economic development of the nation.

Following the mainland's gradual internationalization, the internationalization of Shanghai as a financial center will increase.

Shanghai and Hong Kong should be complementary with each other. Hong Kong is a fully internationalized market, and can work together with Shanghai in the gradual internationalization of the mainland market.

"We will be in a complementary relationship and helping each other," said Chan.

SUCCESS OF "ONE COUNTRY, TWO SYSTEMS"

Chan said Hong Kong's financial industry was the best example of the successful implementation of the "One Country, Two Systems" principle.

"Two Systems" means the connection between Hong Kong's financial regulatory systems and the rest of the world, and the city's free flow of capital is an important demonstration of "Two Systems," he said.

What is "One Country"? Chan said "One Country" meant that Hong Kong's target for financial services was China's mainland as enterprises and investors in the mainland wanted to go global through Hong Kong.

"As Hong Kong develops as a financial center, we hope that we can match with the economic and financial market development strategy of our country. We have 'One Country', we have 'Two Systems', and this contributes to our success in the financial industry," he said.

Through Hong Kong's advantages and under the unique "One Country, Two Systems" environment, the city could help enterprises in the mainland to go global and participate in international financial services, he said.

"On one hand we help the continuous opening-up of China's mainland. On the other, we help ourselves to become an international financial center," he added.

- HK's goods export volume up 19.2% (20th July)

(Xinhua) -- The volume of Hong Kong's total goods exports recorded a year-on-year increase of 19.2 percent in May, the Census and Statistics Department of Hong Kong said Tuesday.

According to the department, the volume of Hong Kong's goods re- exports rose 19.3 percent over a year earlier, while that of domestic exports rose 14.5 percent. Concurrently, the volume of goods imports increased 22.7 percent.

The prices of goods re-exports during the month rose 4 percent over a year earlier, while those of domestic exports increased 6 percent. Taken together, the prices of total goods exports increased 4.1 percent. Concurrently, the prices of goods imports rose 6.8 percent. Comparing the first five months of this year with the same period in 2009, the volume of goods re-exports grew 21.1 percent, while that of domestic exports increased 16.4 percent. Taken together, the volume of total goods exports increased 21 percent. The volume of goods imports rose 27.2 percent.

- Macao's CPI up 2.68 pct in June (21st June)

(Xinhua) -- Macao's Composite CPI (consumer price index) for June 2010 reached 104.39, an increase of 2.68 percent over the same period of last year, according to the figures released on Wednesday by the city's Statistics and Census Service.

The price indices of miscellaneous goods and services, transport, clothing and footwear, food and non-alcoholic beverages rose in June by 5.94 percent, 5.62 percent, 5.36 percent and 4.49 percent year-on-year respectively, the figures indicated.

Meanwhile, the price index of education dropped 9.81 percent year-on-year and that of communication decreased by 3.48 percent.

The Composite CPI for the second quarter of 2010 increased by 2.67 percent over the same quarter of 2009, with marked increase in the price indices of transport, miscellaneous goods and services and clothing and footwear.

In addition, the average Composite CPI for the first half of 2010 increased by 2.09 percent year-on-year.

- HK sets up task force to study regulation of travel industry (22nd July)

(Xinhua) -- Hong Kong Secretary for Commerce and Economic Development Rita Lau Thursday said a special task force has been set up to look into problems deriving from "zero fee" tours after incidents regarding mainland tourists being forced to shop happened in Hong Kong.

Speaking after a meeting with board members of the Travel Industry Council (TIC) of Hong Kong on Thursday, Lau said incidents involving mainland tourists being forced to shop have seriously struck the reputation of Hong Kong's tourism industry and there is an urgent need to redeem mainland tourists' confidence.

The TIC will deliver messages about quality tours to mainland tourists at main tourism spots, shopping centers and arrival ports in the near future. The Hong Kong Tourism Board will map out a string of events in this regard, Lau said.

"This is a very important responsibility of the TIC to continue to enforce the regulatory provisions governing the conduct and the level of services provided by tour guides," said Lau, adding that the task force will look deeper into the whole system regarding the qualifications required of tour guides before they could be issued tour guide licences.

The task force, jointly established by the city's government and the TIC, will also examine the need to look at any enforcement aspects which will facilitate the compliance of any standards required of a tour guide.

A number of TV stations in the mainland recently broadcasted a clip showing a female tour guide scolded at a mainland tourist for refusing to shop; On May 22, a tourist from Hunan province was suspected to die of heart attack after having conflicts with a tour guide without licence.

Lau said that a report with recommendations towards the problems will be released by the task force in late September.

- Macao will "timely" adopt measures to ease inflation pressure: economic chief (23rd July)

(Xinhua) -- The government of Macao Special Administrative Region (SAR) will closely follow local economic development and will "timely" adopt specific measures to ease the inflation pressure on local residents, the SAR's economic chief said on Thursday.

The appreciation of RMB and the supply of daily necessities from the Chinese mainland to the SAR have been the two major factors that affect local inflation, said Tam Pak Yuen, the SAR's secretary for economy and finance, on the sideline of a public function.

Macao's Composite CPI (consumer price index) for June 2010 increased by 2.68 percent year-on-year, which was attributable to the price increase of Food and non-alcoholic beverages and Transport, according to the latest figures from the SAR's Statistics and Census Service (DSEC).

Tam also predicted that local inflation rate might go up in the second half of this year.

However, he also said that the authorities will only use average figures for a whole period of 12 months as the major indicator for inflation changes, instead of the monthly figures.

The average Composite CPI for the first half of 2010 increased by 2.09 percent year-on-year, and for the 12 months ended June 2010, the average Composite CPI rose slightly by 0.97 percent from the preceding period, according to the DSEC.

The SAR's Chief Executive Chui Sai On has said that once the inflation rate reaches three percent, the SAR government will adopt a series of specific measures to ensure the life quality of the local residents, especially the disadvantaged group.

- Hong Kong gazettes minimum wage ordinance (23rd July)

(Xinhua) -- Hong Kong Friday gazetted the Minimum Wage Ordinance, which was passed by the city's Legislative Council on July 17.

The Ordinance aims to establish an optimal statutory minimum wage (SMW) regime which provides an hourly wage floor to forestall excessively low wages without unduly affecting labor market flexibility, economic growth and competitiveness or causing significant loss in low-paid jobs.

The Provisional Minimum Wage Commission of Hong Kong is tasked to advise the government on the appropriate level of the initial SMW rate.

In accordance with its terms of reference, the commission adopts an evidence-based approach through objective and comprehensive data analyses as well as extensive consultations with stakeholders, with a view to ensuring a sensible balance between forestalling excessively low wages and minimizing the loss of low-paid jobs, while sustaining Hong Kong's economic growth and competitiveness.

The Ordinance will come into operation on a day to be appointed by the Hong Kong Secretary for Labor and Welfare by notice published in the Gazette.

If everything proceeds well and allowing time for the community to gear up for the implementation of SMW, it is hoped that the initial SMW rate.

- UN report shows Hong Kong ranks 4th globally by foreign direct investment (23rd July)

(Xinhua) -- Hong Kong, the Asian financial hub, attracted 48.4 billion U.S. dollars of foreign direct investment (FDI) in 2009, down 19 percent from a year earlier, according to a UN report on global FDI released here Friday.

The World Investment Report 2010 entitled "Investing in A Low-Carbon Economy", written by the United Nations Conference on Trade and Development (UNCTAD), showed that Hong Kong's ranking was after the U.S., Chinese mainland and France.

FDI inflows into the U.S. last year stood at 129.9 billion U.S. dollars, followed by Chinese mainland's 95 billion U.S. dollars and 59.6 billion U.S. dollars for France, according to the report.

Simon Galpin, Director-General of Investment Promotion at Invest Hong Kong (InvestHK), the city's government agency responsible for attracting and facilitating foreign direct investment, told reporters the fourth place was the highest ranking for Hong Kong since 1990 when UNCTAD started released the report.

In 2008, Hong Kong's FDI inflows amounted to 59.6 billion U.S. dollars, ranking the ninth position globally. In 2007, the city attracted 54.3 billion U.S. dollars, ranking 12th place in the world.

Galpin said Hong Kong's status as an international economy was reflected in the record high ranking.

"Hong Kong has many advantages in attracting foreign direct investment, including rule of law, free flows of information, geographic location at the center of Asia and as the gateway to China's mainland," he said.

He also pointed to new developments regarding the city's growing competitiveness and attractiveness in having more FDI inflows, including the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), HK's expanding network of double-taxation agreements with other economies and HK's increasing businesses in the Chinese currency renminbi.

Galpin also said FDI inflows in the first quarter of this year amounted to 20 billion U.S. dollars, a jump of 72 percent from the same period last year, which indicated the city could have a very good year in attracting FDI.

The UN report said the global financial and economic crisis had driven global FDI inflows down by 37 percent in 2009 from a year earlier, but the impact against Asian economies was less profound.

According to the report, FDI inflows worldwide plummeted to 1.114 trillion U.S. dollars in 2009, following a 16-percent decline in 2008. After this freefall, a timid and uneven recovery appears on its way, thanks to better corporate profits and improved economic and financial conditions.

The relative weight of developing and transition economies as both destinations and sources of global FDI is expected to keep increasing, the report said.

Although FDI to developing and transition economies declined by 27 percent in 2009 and FDI outflows from these two groups of economies contracted by 21 percent, they absorbed almost half of FDI inflows in 2009 and accounted for one quarter of global FDI outflows.

These countries are leading the FDI recovery and will remain major destinations for foreign investment, said the report.

- HK monetary authority still investigates 169 Lehman-related cases (23rd July) (Xinhua) -- The Hong Kong Monetary Authority said Friday investigation of over 99 percent of 21,674 Lehman- Brothers-related complaint cases has been completed while the remaining 169 cases were still under investigation.

According to the HK Monetary Authority, of those finished complaint cases, 13,078 cases which have been resolved by a settlement agreement, 2,492 cases which have been resolved through the enhanced complaint handling procedures, 2,561 cases were closed because of insufficient prima facie evidence of misconduct, 2,818 cases which are under disciplinary consideration.

Around 43,700 Hong Kong people invested nearly 15.7 billion HK dollars (2.02 billion U.S. dollars) in products issued or guaranteed by Lehman Brothers.

Most of these products were called mini-bonds, although they were not bonds but complex and high-risk structured products. When Lehman Brothers collapsed in September of 2008, many of these products became worthless or nearly worthless.

Earlier this month, DBS Bank Hong Kong unit had agreed to pay 651 million HK dollars (83.7 million U.S. dollars) to its customers who purchased constellation notes and who were classified by the bank, at the time of purchase, as low-risk customers.