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National report

Political front

- Chinese Peasants and Workers Democratic Party celebrates 80th anniversary of founding (9th August)

(Xinhua) -- The Chinese Peasants and Workers Democratic Party (CPWDP) celebrated its 80th anniversary of foundation here Monday.

Sang Guowei, chairman of the CPWDP Central Committee, called on party members to carry on the party's patriotic and revolutionary traditions while applying the Scientific Outlook on Development.

Sang urged CPWDP members to strengthen their faith in the political development path of socialism with Chinese characteristics.

Sang is also the vice chairman of the Standing Committee of the National People's Congress, China's top legislature.

Liu Yandong, member of the Political Bureau of the Communist Party of China (CPC) Central Committee and also a State Councilor, delivered a congratulatory speech on behalf of the CPC Central Committee for the CPWDP's 80th anniversary of founding.

The CPC hopes the CPWDP continues to be its partner and to follow the path of socialism with Chinese characteristics, Liu said.

The other seven non-communist parties in China also congratulated the CPWDP on its 80th anniversary.

The CPWDP, originally called the "Provisional Action Committee of the Kuomintang," was founded in August 1930 in Shanghai by left-wing members of the Kuomintang. It adopted its present name in 1947.

- Senior Chinese official hails anti-corruption stage drama (12th August)

(Xinhua) -- Senior Chinese official Li Changchun on Wednesday praised a mainstream stage drama as a "good textbook" in the fight against corruption.

The play, titled "The Final Struggle," tells the story of a retired official of the Communist Party of China (CPC) and his family members. By portraying their different attitudes towards money and political faith, the play delivered a message that the Party and the public are resolved to fight corruption.

Li, a Standing Committee member of the Political Bureau of the CPC Central Committee, said the play is a good textbook for anti-corruption education and it should be widely promoted among the Party cadres, as well as among the general public.

The play, an original product by the National Theatre of China, was among the programs staged by the national artistic troupes for a one-month arts festival that opened on Aug. 3.

- Top Chinese political advisor stresses importance of socialist core value system (12th August)

(Xinhua) -- Top Chinese political advisor Jia Qinglin Wednesday urged non-communist party personages to enhance their understanding of the socialist core value system.

Jia, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), made the remarks in written comments for a video and telephone

conference Wednesday in Beijing, which calls on non-Party personages to better understand and support the campaign.

The concept of "socialist core value system" was publicized for the first time at the Sixth Plenum of the 16th Communist Party of China (CPC) Central Committee in 2006, at which the CPC highlighted the importance of creating a "socialist harmonious society."

The Party explained the value system should consist of Marxism, socialism with Chinese characteristics, patriotism, the spirit of reform and innovation and the socialist sense of honor and disgrace.

In his written comments, Jia expressed hope the non-Party personages can strengthen their faith in the leadership of the CPC and the development path of socialism with Chinese characteristics.

Du Qinglin, head of the United Front Work Department of the CPC Central Committee, said at the meeting that concept learning must be an important task for non-Party personages now and in the future.

- China to select central government workers from grassroots (13th August)
(Xinhua) -- The State Administration of Civil Service Thursday announced a plan to select personnel for central government organizations from the grass-roots level.

In all, 30 civil servants will be selected and assigned to 11 ministry-level organizations such as the ministries of foreign affairs, education, agriculture and culture.

Civil servants working in government organizations in the province, city, county and village levels can apply for these posts.

However, those at the provincial level will have to have two-years of grassroots work experience while village-level civil servants must have at least three-years of work experience.

The written test and interview for the selection will be held in September.

According to a statement released by the administration, the plan aims to create a system of cultivating civil servants from the frontline and grass-root levels for optimizing the structure of civil servants in central government departments.

- Senior PLA commander spells out defensive nature of China's nuclear arsenal (13th August)

(Xinhua) -- China's nuclear weapons are for self-defense purposes, a top commander in the People's Liberation Army (PLA) of China strategic missile corps said.

"If no power presses for nuclear war with China, the Second Artillery Force will always keep silent," General Jing Zhiyuan, commander of the PLA Second Artillery Force that controls China's nuclear weapons stockpile, said in an article published in the latest issue of China Armed Forces.

China's development of a nuclear arms capacity is limited to that of the lowest level necessary to safeguard national security, Jing said in the article in the quarterly magazine affiliated to the Xinhua News Agency.

"We will firmly pursue a defensive nuclear strategy and resolutely implement the 'no first use' policy," he said.

China has long insisted its military nuclear drive is purely defensive in nature.

At the Nuclear Security Summit in April this year, Chinese President Hu Jintao put forward a five-point proposal calling on all nuclear-armed countries to keep their nuclear weapons facilities safe.

Jing said China's nuclear military forces will carry out Hu's five proposals and actively support international efforts to enhance nuclear security.

"We, the Second Artillery Force, will always stick to the principle of limited development of nuclear weapons and we will not engage in a nuclear arms race," Jing wrote.

China began building its own nuclear arsenal after the country exploded its first atomic bomb in the deserts northwestern China in 1964.

In 1971, the country became the fifth country in the world to launch a nuclear submarine.

China successfully tested a carrier rocket in 1980, shooting it from northwest China to the South Pacific to showcase its intercontinental strike capabilities.

It also conducted an underwater missile launch in 1982.

In 1996, China declared it would suspend nuclear testing to promote nuclear disarmament.

Foreign relations

- Mexico to strengthen health cooperation with China: minister (8th August) (Xinhua) -- New projects will be launched soon in health cooperation between Mexico and China, Mexico's Health Minister Jose Angel Cordova says.

In a recent interview with Xinhua, Cordova said both Mexico and China were willing to strengthen their cooperation in the health sector.

Mexico is interested in purchasing A/H1N1 flu vaccine from China and hopes to share information with China on epidemiological vigilance and human resources.

"There is a sincere friendship between the two countries and their ties will be strengthened," Cordova said.

According to the minister, Mexico has initiated a project to promote the fight against malaria and dengue -- the two common diseases in the region -- and other health causes.

Speak of last year's A/H1N1 flu epidemic, Cordova praised Mexican people for their "extraordinary" reaction during the crisis.

Advising people to stay at home and go to see the doctor once having any flu symptoms "were among the things that helped Mexico contain the crisis," Cordova said.

On the issue of drug legalization, Cordova said it is not a solution to drug problems, as it would harm the health of Mexican people and boost consumption.

"It would truly be a catastrophe," the minister said.

Drug addiction has become one of the gravest health issues in the country because of the increased access to "addictive and illegal substances," he added.

- Israeli exports to China witness rapid growth (8th August) (Xinhua) -- Israel's exports to China jumped from the 11th to the 5th by the first half of 2010, showed by the latest figures from Israel's Export and International Cooperation Institute on Sunday.

According to the figures, Israel exported 755 million U.S. dollars worth of goods to China in the first half of 2010, which reflects a growing Israeli interest in looking to the east as well as west in seeking new trade deals.

"This mirrors a trend we'll be witnessing in the coming years whereby the main potential for export expansion will be in the Asian markets, predominantly India and China, as well as other economies such as South Korea," Shauli Katzenelson, chief economist at the Institute told Israeli news service Ynet.

The United States, with 5.7 billion dollars, and India with 1 billion dollars, are Israel's largest export partners.

Among Israel's exports to China, electronics, mining, minerals, and oil-refining technology and hardware topped the list, according to the organization.

- China to support ASEAN's efforts for integration: Chinese ambassador (9th August)

(Xinhua) -- Chinese Ambassador to Indonesia Zhang Qiyue conveyed her government's congratulation on the 43rd anniversary of Association of Southeast Asian Nations (ASEAN) on Monday, pledging to continue efforts in developing free trade pact.

"We are sincere about the relationship with ASEAN and keep supporting the process of ASEAN Integration," Zhang told Xinhua at the sidelines of the anniversary celebration held at the ASEAN Secretariat here.

Zhang said that China's relationship with ASEAN has been improved rapidly in recent years, particularly this year with the implementation of ASEAN-China Free Trade Agreement (FTA).

"Eight months after that, the world's largest free trade zone has show a great effect as the trade value between two sides hiked sharply. Both of us agreed that the free trade zone benefit both of us. Thus, ASEAN countries have given high appreciation on the zone," Zhang said.

The free trade pact took into effect since Jan. 1 this year.

Realizing that it requires more time for completion, she said that China and ASEAN are eager to do their bests to accelerate the construction of the economic architecture.

Besides that, Zhang also conveyed support on the integration of ASEAN members into a single community by 2015. "We will continue our acts in supporting ASEAN to complete its integration process," she added.

Meanwhile, ASEAN Secretary-General Dr. Surin Pitsuwan highly appreciated the supports from China in terms of the ASEAN Integration.

"China has been very very generous, and very proactive in supporting this process," he said.

- Chinese vice premier pledges to enhance ties with U.S. (9th August)

(Xinhua) -- Chinese Vice Premier Wang Qishan Monday pledged to further relations with the United States, stressing the importance of mutual understanding.

During his meeting with U.S. Senator Evan Bayh, Wang said China is a fast-growing developing country that will "unswervingly push forward the reform and opening-up process."

Given their differences in history, culture and development stage, China and the United States should strengthen communication and understanding, Wang told Bayh, a Democrat from Indiana.

"Knowledge is the pre-condition for the understanding that promotes mutual trust," Wang said.

Expressing appreciation for China's efforts to overcome the international financial crisis, Bayh highlighted the importance of U.S.-China ties and proposed the two countries boost cooperation.

- Chinese naval flotilla visits Greece after anti-piracy mission (9th August)

(Xinhua) -- Two Chinese naval escort warships arrived in Greece's Piraeus Port on Monday, kicking off a five-day visit.

The vessels, destroyer Guangzhou and frigate Chaozu, are part of the fifth Chinese naval escort flotilla, which just completed the escort mission in the Gulf of Aden and Somali waters to protect commercial ships from pirate attacks.

Chinese Ambassador to Greece Luo Linqun and some 200 Chinese nationals came to the port to welcome the arrival of the two Chinese warships. Waving Chinese and Greek national flags, the enthusiastic Chinese living in Greece greeted the Chinese sailors with cheers.

They were excited when allowed to tour one of the ships.

"We are so excited to have a chance to board a Chinese naval destroyer," Wu Hailong, a Chinese businessman in Athens, said, adding that he and his friends come to Piraeus early in the morning from central Athens to welcome the Chinese navy soldiers.

Zhang Buren, a Chinese national from Taiwan who has lived in Athens for more than three decades, said he was very impressed by the elegant demeanor of Chinese navy soldiers. "I feel very much proud as a Chinese and so happy to see China is developing fast."

At a welcoming ceremony held at the port, the Chinese ambassador said the Chinese navy has made its effort in fighting piracy. "The Chinese naval escort flotilla has successfully escorted some 20 Greek commercial vessels in the waters near Somalia in the past few years," he said. Greece is one of the countries with biggest commercial fleets. The Chinese envoy added that the Greek government and Greek Navy attach great importance to the visit by the Chinese naval fleet. "The Greek shipowners will come to visit the Chinese naval fleet and express their gratitude to the help from the Chinese navy," he said.

During the five-day visit, the Chinese naval officers and soldiers will visit a Greek navy base as well as the Acropolis and other archeological sites in Athens.

China's fifth naval escort flotilla with more than 800 officers and soldiers has successfully escorted 588 Chinese and foreign vessels in 41 batches since it arrived in the pirate-infested waters in early March this year.

- South Asia-China Study Center to be set up in Nepali capital (9th August)

(Xinhua) -- The two-day workshop for the South Asia- China Culture Forum concluded on Monday with a decision to set up South Asia-China Study Center in Nepali capital Kathmandu.

According to an official attending the workshop, South Asia- China Study Center is going to be set up by the Confucius Institute at Kathmandu University to provide a platform fostering intellectual collaboration, knowledge sharing and people to people communication.

Talking to Xinhua in an exclusive interview during the workshop, Anoop Ranjan Bhattarai, President of Nepal China Executive Council, who is one of the organizations

of the workshop, said that the study center proposed at the workshop will be set up very soon at Kathmandu University.

"The center will act as the common scholarly ground for the South Asia and China to share experiences among the scholars and to make communication among people easier," Bhattarai said.

He said that the two-day workshop of the South Asia-China Culture Forum was a successful one and it will be organized on the yearly basis from now onwards.

The study center will focus on the joint research projects, enhancing the study on Buddhism, disaster management and economy trade and many other common issues.

"We are also making efforts to translate some great works of literature such as myths, famous stories of each nation," he added.

Highlighting the importance of the study center, Bhattarai said that the center will prove to be a common field for research, networking and increase in people to people's communication.

He also said that in further days to come the study center will carry out programs as research, studies, workshops, lectures and so on.

Also the center will act to build the capacities of Nepalese business communities, researchers, academicians, educationists to explore opportunities on economic cooperation and development.

In the workshop held various scholars presented their respective papers advocating the culture, education, trade and also different facts about their country.

The workshop was attended by various officials from South Asian Countries including scholars from South Asian Association for Regional Cooperation member states Bhutan, Bangladesh, India, Sri Lanka, Nepal, Pakistan and Afghanistan.

Sponsored by Confucius Institute at Kathmandu University, Nepal Confucius Institute Headquarters, China Hebei University of Economics and Business, China, Nepal-China Executive Council, Nepal, the two-day workshop has been concluded here Monday afternoon.

- Ministry rejects report on China convicts sent abroad to labor (10th August)
(Xinhua) -- China's Ministry of Commerce Tuesday rejected foreign media reports that Chinese companies had been sending convicted criminals to work on projects abroad in order to prevent overcrowding in prisons.

This type of reporting was "nonsense with no facts or evidence," said the ministry said in an official statement on the its website.

Under China's codes on overseas contracted projects and labor cooperation, enterprises could only send staff who were eligible and had no criminal records, the statement said.

Convicted criminals and people sent to reeducation through labor camps were prohibited from traveling abroad under the Chinese law, the ministry said.

The rules had been strictly followed in practice, it said.

"Some media should respect facts and correct their errors," it said.

The statement did not name any news organizations, but sources in the ministry told Xinhua the reports were featured in the Japan Times, The Guardian, the Washington Times and Canada's Globe and Mail newspapers.

According to the Project Syndicate website, the syndicated article was written by Brahma Chellaney, a professor of Strategic Studies at the Center for Policy Research in New Delhi and author of "Asian Juggernaut: The Rise of China, India and Japan."

- Countries, UN offer condolences to China over deadly mudslides (11th August) (Xinhua) -- The United Nations and countries including Japan, the United States, Canada, Germany and Mexico have offered condolences to those affected by deadly floods and mudslides in China.

"The secretary-general is saddened by the loss of life and devastation caused by the severe flooding that has affected considerable portions of China. He extends his deepest condolences to the families of those who have died or been injured or lost their homes and possessions," said a statement issued by UN Secretary-General Ban Ki-moon's spokesman on Tuesday.

"The secretary-general is aware of the tremendous efforts being undertaken by the government of China to evacuate people out of harm's way, to carry out search and rescue operations, and to respond to needs arising from this situation," the statement said. "He reaffirms the commitment of the United Nations to assist in any way in this effort should it be required."

Landslides hit the Zhouqu County in China's northwestern province of Gansu early Sunday morning following torrential rain overnight, burying houses and crushing buildings in their way.

The death toll from the mudslides has risen to 702, with 1,042 others still missing, the Ministry of Civil Affairs said Tuesday.

Heavy floods have also caused deaths and devastation in northeastern province of Jilin and the southern parts of the country over the past two months. China has been swiftly mobilizing relief efforts. The People's Liberation Army has dispatched 5,300 soldiers to Zhouqu.

U.S. State Secretary Hillary Clinton on Tuesday also offered condolences over the flooding and mudslides in China.

"I join the American people in expressing our deep regret over the loss of life and devastation wrought by recent flooding in south and central China and by the mudslides in Gansu Province this past weekend," Clinton said in a statement.

"The United States is providing support for the ongoing relief efforts through assistance to the Red Cross Society of China," she said.

"To those affected by this tragedy and to all the people of China, we send our heartfelt condolences," Clinton said.

Canadian Foreign Minister Lawrence Cannon has also offered condolences over the deadly mudslides in Zhouqu.

"On behalf of the Government of Canada and all Canadians, I wish to express my heartfelt sympathy to those who have been affected by this terrible disaster. We send our condolences to the grieving families -- our thoughts are with you," he said.

Canada stands ready to provide support to the people of China, he said, adding that Canadian officials in Beijing are contacting Chinese authorities to determine whether Canadian assistance may be requested.

Mexico's Foreign Ministry also issued a statement to express its condolences to the people and government of China.

"The foreign ministry expresses its most sincere regrets to the victims' families, offers its solidarity to the government of the People's Republic of China and wishes for a swift recovery in the region," it said.

German Chancellor Angela Merkel and Japanese Prime Minister Naoto Kan have also offered their condolences on separate occasions to the victims of the mudslides in Zhouqu and those affected.

- Chinese vice president calls for stronger agricultural cooperation with Africa (11th August)

(Xinhua) -- Chinese Vice President Xi Jinping on Wednesday said agricultural cooperation was an important part of Sino-African cooperation, urging closer agricultural links to boost the China-Africa new strategic partnership.

Xi made the remarks when meeting with a group of African delegates participating in an agriculture forum held in Beijing on Wednesday and Thursday.

Extending a warm welcome to the participants, Xi said the Chinese government and the Communist Party of China have always attached great importance to their friendly cooperation with African countries, vowing joint efforts with Africa to boost substantial cooperation.

He said China hoped the current forum would serve as a platform to deepen agricultural cooperation with Africa, facilitating party-to-party exchanges and expanding cooperation channels.

Zimbabwean Vice President Joyce Mujuru extended condolences to those affected by the recent string of rain-triggered natural disasters in China on behalf of all the African participants.

She said agriculture was an important industry for most African countries, and she hoped to help push forward Africa-China agricultural cooperation at the forum.

Kenyan Vice President Stephen Kalonzo Musyoka said his country expected to improve its agricultural production through closer exchanges and cooperation with China.

About 400 representatives from political parties, government departments and enterprises from China and Africa are attending the forum which focuses on new opportunities and challenges for China-Africa agricultural cooperation.

- China pledges to strengthen strategic communication with ROK (11th August)

(Xinhua) -- Top Chinese political advisor Jia Qinglin met with the deputy speaker of the Republic of Korea's (ROK) National Assembly, Chung Eui-hwa, here Wednesday, and the two sides pledged to strengthen bilateral strategic communication.

Hailing the increased communication and coordination between the two countries in major regional and international issues, Jia, Chairman of the National Committee of the Chinese People's Political Consultative Conference, said China hopes to strengthen strategic communication with the ROK.

Chung said the political, economic and cultural relationships between the ROK and China have witnessed comprehensive development since the two countries established diplomatic ties 18 years ago.

People from the ROK have benefited a lot from bilateral exchanges, Chung added.

"The ROK hopes China will maintain rapid and stable development and continue to contribute to world peace and prosperity," he said.

Jia, also a member of China's top leadership group, the Standing Committee of the Political Bureau of the Communist Party of China Central Committee, urged the two countries to enhance exchange and cooperation between their respective political parties.

"The CPC will make joint efforts with all ROK parties to enrich exchange and cooperation, so as to promote China-ROK relations and contribute to peace, stability and prosperity in the region and the world as a whole," Jia said.

Chung is leading a delegation of assembly members from different ROK political parties.

- Sri Lanka new gov't seeks closer ties with China amid FM's visit (12th August)
(Xinhua) -- Sri Lankan Foreign Minister G.L. Peiris said here Thursday that the Sri Lankan government was ready to enhance cooperation with China, as the country was entering a new era of development and opportunities.

Peiris made the remarks when meeting in Beijing with his Chinese counterpart Yang Jiechi.

Peiris, who is on his first official visit to China since taking office, is accompanied by a delegation including entrepreneurs engaged in information technology and trade.

He said the Sri Lanka-China relationship had great potential to develop given the current situation, and that his country was willing to work together with China to strengthen the traditional bilateral friendship.

Sri Lanka's new cabinet was sworn in on April 23.

Peiris arrived in southwest Sichuan Province on Aug. 8 for the China tour. The five-day visit also took him to Shanghai, where he visited a research center of Chinese telecom equipment giant Huawei Technologies and the Shanghai World Expo site.

Peiris also expressed appreciation of China's support for Sri Lanka's efforts to safeguard independence, sovereignty and territorial integrity.

Yang said China has always attached great importance to developing ties with Sri Lanka, and was ready to expand bilateral cooperation of mutual benefit.

"China and Sri Lanka are friends and trust each other equally, and can also work together as partners to withstand difficulties," Yang said.

- Chinese, Zimbabwean presidents meet, vow to strengthen political, economic ties (13th August)

(Xinhua) -- Chinese President Hu Jintao met his Zimbabwean counterpart, Robert Mugabe, here Friday, the two pledging to bolster political, economic and cultural cooperation between the two nations.

During their one-hour talk at the Great Hall of the People, Hu and Mugabe hailed the development of bilateral relations since the two states established diplomatic ties in 1980.

President Hu urged the two sides to boost high-level exchange while also promoting cooperation between government departments, legislative bodies and ruling parties.

He also said the two countries should keep in close communication on issues that concern each other's core interests.

"China supports the Zimbabwean government's efforts to promote economic recovery and development and will further cooperation in the mineral industry, agriculture and infrastructure construction," Hu said.

China will also expand cultural exchanges with Zimbabwe, especially in areas like the arts, education and human resources training, Hu said.

Mugabe attended the Zimbabwe national theme day at the World Expo in Shanghai Wednesday.

He said he expects the two states to boost cooperation in trade, education, healthcare and infrastructure construction.

Mugabe said his country welcomes Chinese investors and he thanked China for its long-term support of Zimbabwe.

- Chinese vice president vows closer ties with Ecuador (13th August)

(Xinhua) -- Chinese Vice President Xi Jinping met with Ecuadorian Foreign Minister Ricardo Patino here Friday, the two vowing to increase bilateral cooperation and party-to-party exchange.

Xi hailed the smooth development of China-Ecuador ties over recent years, citing frequent high-level exchanges and enhanced political trust.

The Chinese government highly values its relations with Ecuador, he said, adding that strengthening bilateral ties is in the common interest of both nations and peoples.

"We hope to take the opportunity of the 30th anniversary of diplomatic ties this year to expand cooperation with Ecuador to push bilateral relations to a new stage," Xi said.

He also urged more exchanges between the Communist Party of China (CPC) and the ruling party of Ecuador.

Patino extended his condolences to the family members of the victims of the mudslides in northwest China's Gansu Province.

He also said Ecuador hopes to cement cooperation with China in political, trade and cultural areas.

Patino is visiting China from Aug. 10 to Aug. 16 at the invitation of his Chinese counterpart, Yang Jiechi.

In talks with Patino earlier Friday, Yang said China and Ecuador maintained good coordination in international affairs. He expressed the hope to boost all-round relations between the two countries.

Patino pledged his country would continue adhering to the one-China policy.

Patino will attend the National Pavilion Day of Ecuador celebrations at the Shanghai World Expo on Saturday.

- Sino-Swiss trade increase a delightful surprise: Swiss President (13th August)

(Xinhua) - Swiss President Doris Leuthard Thursday said the rise in bilateral trade between Switzerland and China is a delightful surprise, as she seeks to expand economic cooperation with China through a free trade agreement.

The trade increase was a surprise as it came during the economic crisis last year, Leuthard said.

In the first six months of 2010, Swiss exports to China increased more than 30 percent and Chinese exports to Switzerland increased more than 16 percent.

Total trade volume between the two countries during the period hit 6.2 billion Swiss Francs (5.86 billion U.S. dollars), she added.

Leuthard said she is optimistic about the future of Sino-Swiss bilateral trade, as the two countries are working on a free trade agreement.

"We are ending feasibility study (for the agreement) so both sides know the market, the opportunities and the risks very well. It is very promising," she said.

After the joint feasibility study, the two sides will enter the final stage ahead of the signing of the deal, she added.

Talks on the free trade agreement began in 2007 when Leuthard, as head of the Federal Department of Economic Affairs, signed an agreement with then-Minister of Commerce Bo Xilai. The agreement recognized the full market status of China.

Switzerland hopes to be the first European country to have a free trade agreement with China, Leuthard told Xinhua in an interview last year.

China is Switzerland's second largest trade partner in Asia after Japan.

- Chinese Vice President meets Zimbabwe's President on stronger ties (14th August) (Xinhua) -- Chinese Vice President Xi Jinping on Friday met with Zimbabwe's President Robert Mugabe to cement bilateral ties.

Xi extended a warm welcome to Mugabe, who attended the events marking Zimbabwe Day at ongoing World Expo in Shanghai Thursday before coming to Beijing.

Mugabe said the Shanghai Expo "enabled African countries good opportunities to exhibit various products."

Zimbabwe is among 42 African countries that are participating at the expo which began on May and runs until October.

Zimbabwe's stand is in the joint African pavilion which houses African countries from where it is using videos, stone sculpture and artefacts to showcase its cultural, business and socio-economic potential to the world.

Xi hailed Mugabe as a household African liberation movement leader and an old friend of the Chinese people as the 86-year-old leader recalled his first visit to China in 1970 and marvelled at great changes in the country.

Xi paid homage to Mugabe's commitment to boosting Zimbabwe-China cooperation and solidarity.

Earlier Friday, Chinese President Hu Jintao held hour-long talks with Mugabe, which Xi said "produced extensive consensus on bilateral friendship and will add momentum to bilateral ties."

Xi said China always cherished its friendship with Zimbabwe and would like to work together to expand cooperation and exchanges under the Forum on China-Africa Cooperation.

Mugabe thanked China for providing support and assistance to Zimbabwe and other African countries. He called on the two countries to work more closely in agriculture, finance and other fields.

The hour-long meeting, followed by a welcome banquet, took place in Diaoyutai Guesthouse in western Beijing.

Mugabe left Beijing for Hongkong Friday night.

Economic front

- Don't overestimate China's economy (9th August)

(Xinhuanet) --The Governor of the People's Bank of China (PBC) Yi Gang recently mentioned that China had overtaken Japan to become the world's second largest economy. Some UK researchers believe that at current GDP growth rates, China will overtake the U.S. to be the world's top economy within nine years. The forecasts sparked heated debate worldwide. Some people think the figures are faked and do not take the forecasts seriously; others agree that, sooner or later, China will become the world's biggest economic power.

The accuracy of China's GDP figures need not concern us much. Given the rate of economic growth over the past 30 years and the current exchange rate of yuan, the national figures for GDP are quite believable. Some provinces may exaggerate the figures, but on the other hand in some developed areas the figures may be understated. This makes the final figure released by the National Bureau of Statistics (NBS) more or less accurate.

What concerns me most is that, although China's overall GDP is high, its per-capita GDP lags far behind the west. China's per-capita GDP is around US\$3,800, less than one tenth that of Japan or the U.S., and less than one sixth that of France and the UK. Even among developing countries, China occupies only a mid-to-low-ranking position.

Besides, the quality of China's economy bears no comparison to that of the west. Since 2003, China's economic growth has relied on two pillars: exports and real estate. While the former brought China some benefits in terms of modernization, the latter has caused many serious problems. The growth in the real estate market is based on the mismanagement of land resources and property speculation, leading to skyrocketing house prices and a real estate bubble that must eventually be deflated. If China's growth continues to depend on these sectors, the country's economic development will be severely distorted. Fortunately, the government is well aware of the situation, and has introduced a series of measures to mitigate financial risks.

China's economy suffers from a number of unbalances. The first is the imbalance between urban and rural economic development. The reforms of the past three decades achieved great success, but cities and villages are steadily growing apart. The weight of the rural economy in overall economic activity becomes ever smaller.

The second imbalance is between regions. The economies of coastal regions are approaching the level of developed countries, but inland provinces lag behind by at least 10 or 20 years. The more inland a province is, the more backward its economy. The huge regional gap means that even if all provinces have the same GDP growth rate, the quality of their economy differs greatly.

The third imbalance is in income distribution. China is transitioning from a planned economy to market economy. Government intervention can still be seen everywhere in economy. In this situation, the income of an individual is greatly influenced by how close he is to power. The further away a man is from the government power, the less wealth he will get. Rapid economic growth has resulted in a small number of people grabbing the lion's share of the wealth.

If these problems are not solved, the quality of China's economic development will be badly affected and China will face serious difficulties in the future. China's rapid GDP growth will be meaningless if these unbalances remain unsolved.

When we talk about China's economic power, we should be careful not to overestimate our strength. We are still an underdeveloped country and many problems need to be addressed. Only by constantly reviewing our progress and identifying successes and shortcomings, can we move forward. Otherwise, if the country encounters a real financial crisis it may regress to what it was like years ago.

The author is the director of the Finance Institute at the Chinese Academy of Social Sciences (CASS).

(Source: China.org.cn)

- China's July consumer confidence rebounds amid easing inflationary pressures (9th August)

(Xinhua) -- The Chinese spent more in July as inflationary pressures have eased with a fall in the food prices, according to the latest reading of an index that gauges the consumer confidence published Monday.

The Bankcard Consumer Confidence Index (BCCI), compiled by Xinhua News Agency, and China UnionPay, the national bankcard association, rose to 86.41 in July, up by 0.11 points from June, after falling for three months in a row.

Compared with the same period last year, the July BCCI figure was 0.49 points higher. The index hit a record high of 86.89 in March.

The rebound in the index was largely due to easing of inflationary expectations and a relatively robust economic performance, the report said.

China's consumer price index (CPI), a main gauge of inflation, rose to a 19-month high in May. It, however, dropped by 0.2 percentage points to 2.9 percent in June. Analysts said CPI would drop further in the second half of the current fiscal year amid the economic slowdown, which helped soothe consumers' worries over rising commodity prices.

The report said the government's curbs on soaring property prices and construction of affordable housing projects also contributed to the consumers' growing readiness to spend. Xinhua News Agency and China UnionPay jointly started compiling the BCCI index in April 2009 based on bankcard transaction data and an analysis of the structural changes in urban consumption.

- China Enterprises Index up 0.53% (9th August)

(Xinhua) -- The Hang Seng China Enterprises Index on the Hong Kong Stock Exchange gained 64.09 points, or 0.53 percent, to close Monday's trading at 12,225.84.

The H-shares index, initiated in August 1994 and readjusted on Sept. 7, 2009, tracks the overall performance of 44 major Chinese mainland State-owned enterprises listed on the Hong Kong Stock Exchange.

The Hang Seng China H-Financials Index rose 115.15 points, or 0.67 percent, to close at 17,376.80.

The H-Financials Index, initiated on Nov. 27, 2006, readjusted on Sept. 10, 2007, tracks the performance of nine major banks and insurers of the Chinese mainland.

The Hang Seng China-Affiliated Corporations Index rose 10.43 points, or 0.25 percent, to close at 4,113.55.

The index tracks the performance of 34 locally listed companies with a significant equity interest held by entities in the Chinese mainland.

- Chinese official calls for reduction of China's intellectual property trade deficit (9th August)

(Xinhua) -- A Chinese commerce official on Monday called for creating indigenous brands to reduce China's alarming trade deficit in intellectual property.

At the Intellectual Property Rights (IPR) Summit in Beijing, Ministry of Commerce official Wu Guohua noted China spends a large amount of funds on foreign intellectual property every year, adding that it is an imperative China create indigenous brands.

Wu said despite China's surplus in commodity trade, the nation suffers a huge deficit in services trade, with royalties and license fees being the second largest cause of the services trade deficit in 2009.

In 2009, China's services trade deficit stood at 29.6 billion U.S. dollars -- 1.6 times the 2008 level -- of which 10.6 billion U.S. dollars was royalties and licensing fees payments to foreign companies.

The China Consumer Protection Foundation's Liu Feng said many Chinese manufacturers are engaged in low-end processing with thin profit margins.

"For instance, the majority of vuvuzelas at the South Africa World Cup were made by Chinese producers. But they only made 0.015 US dollar from each one.

"Innovation cannot thrive unless there is a protective environment," said Zhang Yuncai, secretary general of the China Intellectual Property Society.

Zhang called for a greater government role in IPR protection.

"In other countries, it is companies that promote IPR protection. But in China, due to low IPR literacy, a number of companies still have only a vague understanding of IPR protection. Therefore the government still have to play a major role."

The IPR summit was a part of the ongoing fourth China Brand Festival being run by the Brand China Industry Union (BCIU).

- Chinese stocks drop on economic slowdown fears after trade, property prices data (10th August)

(Xinhua) -- Chinese shares fell their most in six weeks Tuesday as foreign trade and property price data releases showed the economy cooling.

The benchmark Shanghai Composite Index closed at 2,595.27 points, down 77.26 points, or 2.89 percent.

The Shenzhen Component Index ended at 10,715.39 points, down 302.02 points, or 2.74 percent.

Turnover expanded to 246.83 billion yuan (36.84 billion U.S. dollars) from 240.15 billion yuan the previous trading day. (Losers outnumbered gainers 839 to 42 in Shanghai and 953 to 71 in Shenzhen.

Property stocks fell particularly hard after the government said growth in property prices in major Chinese cities slowed to 10.3 percent year on year in July from 11.4 percent in June.

Poly Real Estate Group, the country's second largest property developer, fell 2.69 percent to 12.27 yuan per share. Gemdale Corp., the fourth largest property developer, dropped 2.87 percent to 6.76 yuan per share.

The General Administration of Customs said Tuesday China's exports rose 38.1 percent year on year to 145.52 billion U.S. dollars in July, down from the 43.9-percent growth in June.

Imports rose 22.7 percent from a year earlier to 116.79 billion U.S. dollars, a growth rate slower than June's 34.1-percent increase.

Financial shares fell on concern the economy will slow further.

Industrial and Commercial Bank of China, the country's biggest lender by market value, slid 1.65 percent to 4.17 yuan while Citic Securities Co., the biggest Chinese brokerage, fell 4.15 percent to 12.47 yuan per share.

- Top Chinese products featured at China Brand Show 2010 (10th August)

(Xinhua) -- Top-quality light manufactured products and consumer goods have been on display at the China Brand Show 2010 held in Las Vegas since Sunday, as part of China's bid to further enhance the profiles of Chinese-made products and promote closer Sino-U.S. trade and economic relations.

Co-hosted by the Chinese Ministry of Commerce (MOFCOM), and the Zhejiang and Fujian Provincial Governments, the exhibition is being held from Aug. 8 through Aug. 11. It has been staged in the United States for seven years in a row.

A ribbon-cutting ceremony was held at the Las Vegas Convention Center on Monday morning. Ranking officials from MOFCOM, Zhejiang and Fujian provinces and Nevada and Las Vegas participated in the event. Around 200 people witnessed the occasion.

"The China Brand Show has become an important window for U.S. enterprises and consumers to understand 'Made in China,' Chinese brands and Chinese enterprises," said Wen Zhongliang, Deputy Chief of the Department of Foreign Trade under the Chinese Ministry of Commerce. "Also, the show is more and more attractive to Chinese enterprises."

The show occupies a total exhibition area of 4,500 sq m and hosts 229 carefully selected top-brand Chinese firms from 18 provinces and cities in China, including Zhejiang, Fujian, Jiangsu, and Guangdong.

The exhibits, including light manufactured products, consumer and household electronic goods, feature high-technology and ingenious design and represent a new dimension of China's latest economic achievements. This year's show has set records in scale, exhibitors and exhibit varieties.

The show has served as a platform where corporate image can be built, products showcased and positive conditions for cultivating well-known Chinese brands created, the organizers said.

For the past four years in a row, the show has been hosted in Las Vegas, one of the ideal venues for exhibitors around the world. China and Nevada have "a great future together as trade partners and friends," Lorraine Hunt-Bono, Commissioner and former Lt. Governor of Nevada, said.

The appearance of participating enterprises and products in the show will not only facilitate American consumers to buy Chinese goods, but also provide cooperation opportunities for firms of the two countries.

"The increasingly close Sino-U.S. economic and trade cooperation not only benefits the peoples of both countries, but also provides new impetus for the development of bilateral relations, and contributes to the recovery of the global economy to a steady growth," Wen, the MOFCOM official, added.

- China's financial sector steps up self-examinations to ensure professional ethics (10th August)

(Xinhua) -- China's banking, securities and insurance regulatory commissions have launched self-examinations to push forward the financial sector's anti-corruption campaign.

In a bid to improve the country's financial supervision system, standardize the behaviors of financial practitioners and guard against financial risks, the China Banking Regulatory Commission, the China Securities Regulatory Commission and the China Insurance Regulatory Commission developed their own codes of conducts last year.

Required by the the Central Commission for Discipline Inspection (CCDI) of the Communist Party of China (CPC), the three Commissions launched in March self-examinations on the implementation of their respective codes of conduct.

About 3,857 banking organizations and 193,000 business outlets have been covered by the examinations.

Through the examination, risk control in banking organizations has been improved and their management mechanisms have been standardized, according to a CCDI statement issued Tuesday.

Meanwhile, China Insurance Regulatory Commission punished 1,392 insurance organizations and ordered the dismissal and replacement of 156 managerial staff between 2009 and June 2010 to strengthen the supervision of insurance organizations and the management on managerial staff.

"The lessons drawn from the global financial crisis warn us that China's banking industry should deepen education in ethics among practitioners so as to ensure stable, coordinated and sustainable development of the industry and to safeguard the legitimate rights of depositors and customers," said Wang Huaqing, secretary of the discipline inspection committee under the China Banking Regulatory Commission.

The code of conduct for the banking industry includes items requiring practitioners to guard against fraud, illegal fund raising, bribery and insider trading.

- China's July CPI rises to 21-month high, PPI growth falls (11th August)

(Xinhua) -- China's consumer price index (CPI), one of the main gauges of inflation, rose in July to its highest level since October 2008, boosted by rising food prices after widespread floods.

The CPI was up 3.3 percent in July from a year earlier, 0.4 percentage points higher than the rise in June, Sheng Laiyun, spokesman of the National Bureau of Statistics (NBS) said Wednesday.

It has exceeded the 3-percent full-year target ceiling the government set in March. The index rose 0.4 percent in July from June.

Food prices, which account for about a third of the weighting in calculating the CPI, climbed 6.8 percent in July, compared with June's increase of 5.7 percent.

Because of severe floods, vegetable prices surged 22.3 percent in July from a year earlier, grain prices were up 11.8 percent while poultry product prices rose 4.1 percent, Sheng said.

However, economists said the acceleration in CPI growth was a temporary result of the floods, which would gradually abate.

CPI growth would remain around 3.3 percent in August or September, but could fall back below 3 percent at the year end, Lu Ting, China economist of the Bank of America-Merrill Lynch, said in an e-mailed note.

"The global surge in wheat and barley prices should have limited impact on China as only 1 percent of China's wheat consumption is imported and China has a big reserve for 6-month of consumption," Lu said in the note.

The high growth of CPI in July was also a result of a lower comparison base last year, said Liu Yuanchun, deputy dean of the school of economics under the People's University of China. The CPI fell 1.8 percent year on year in July of last year.

The country's CPI gained 2.7 percent year on year in the first seven months of this year, 0.1 percentage points higher than the January-June figure, the NBS said.

Consumer prices for the full year would maintain a stable level based on a moderation in economic growth, government efforts to avoid possible inflation and growth slowdown of the producer price index (PPI), Sheng said.

The PPI, a major measure of inflation at the wholesale level, grew 4.8 percent year on year in July, 1.6 percentage points lower than in June and 2.3 percentage points lower than May, it said.

The PPI climbed 5.8 percent in the first seven months, compared with an increase of 6 percent in the January-June period.

- China's industrial value-added output up 13.4% in July (11th August)

(Xinhua) -- The growth of China's industrial value-added output was up 13.4 percent in July year on year, 0.3 percentage points down from June, the National Bureau of Statistics (NBS) said on Wednesday.

Industrial value-added output, the key measure of manufacturing production, posted a 17-percent year-on-year growth in the first seven months, down 0.6 percentage points from the first-half figure, said Sheng Laiyun, a spokesman with the NBS.

Industrial value-added output for heavy industries from January to July climbed 13.3 percent from one year earlier, and that for light industries was up 13.5 percent, said Sheng.

All 39 industries saw year-on-year growth in July, with textiles up 11.1 percent; chemical materials and products up 13.7 percent; general equipment manufacturing up 21 percent, and transportation equipment manufacturing up 15.9 percent, said Sheng.

The output of 413 industrial products increased year on year in July, with crude oil production up 6.4 percent; power output up 11.5 percent; and crude steel production up 2.2 percent, said Sheng.

The growth rate of China's industrial value-added production has declined for five consecutive months since it hit 20.7 percent in the first two months.

Boosted by the government's economic stimulus measures, industrial value-added output seen double-digit monthly growth since June 2009.

- China's July retail sales up 17.9 pct: NBS (11th August)

(Xinhua) -- China's retail sales, the main gauge of consumer spending, rose 17.9 percent year on year in July to 1.22 trillion yuan (180.8 billion U.S. dollars), the National Bureau of Statistics (NBS) announced Wednesday.

The retail sales growth rate in July was down by 0.4 percentage points from that of June, figures from the NBS show.

The July figure brought total retail sales in the first seven months to 8.49 trillion yuan, up 18.2 percent over the same period last year.

Urban consumption hit 1.06 trillion yuan in July, up 18.2 percent, while rural residents spent 159.8 billion yuan, up 16.1 percent.

The catering sector reported 141.4 billion yuan of revenues in July, up 18.2 percent year on year. While the retail goods trade was valued at 1.08 trillion yuan, up 17.9 percent.

- China fixed asset investment up 24.9% in first seven months (11th August) (Xinhua) -- China's fixed asset investment in the first seven months rose 24.9 percent year on year to 11.98 trillion yuan (1.77 trillion U.S. dollars), the National Bureau of Statistics (NBS) announced Wednesday.

The growth rate was 0.6 percentage points lower than that for the first half.

State-owned and state-controlled investment rose by 20.1 percent to 4.95 trillion yuan.

Property market investment grew 37.2 percent to 2.38 trillion yuan in the first seven months.

Investment in central government projects rose 10.4 percent to 924.2 billion yuan, and investment in local government projects was up 26.3 percent to 11.06 trillion yuan in the first seven months year on year.

Foreign investment climbed 0.9 percent to 418.3 billion yuan in the first seven months year on year. Investment from Hong Kong, Macao and Taiwan was up 15.8 percent to 381.3 billion yuan. Domestic enterprise investment rose 26.6 percent to 11.14 trillion yuan.

Total investment in the primary sector (including farming, fishing and forestry) rose 18.9 percent from a year earlier.

The industrial sector saw investment up 22.1 percent, and investment in the tertiary sector, which covers commerce, finance and services, rose 27.4 percent.

Investment in railways was up by 21.5 percent to 290.5 billion yuan; in oil and natural gas by 7.9 percent to 128.7 billion yuan; in electricity and thermal power production and supply by 6.9 percent to 577.1 billion yuan.

- China's new lending drops to 532.8 bln yuan in July (11th August) (Xinhua) -- New yuan-denominated lending in July fell to 532.8 billion (78.6 billion U.S. dollars) from 603.4 billion yuan in June, the People's Bank of China (PBOC), the central bank, said in a statement Wednesday.

The July figure brought new loans for the first seven months to more than 5.16 trillion yuan, compared with 7.73 trillion yuan during the same period last year.

The decline followed the central bank's controls over lending to local financial vehicles, the property sector and industries with overcapacity.

Total outstanding yuan-denominated loans stood at 45.14 trillion yuan at the end of July, up 18.4 percent year on year, said the statement on the PBOC website.

China's broad money supply (M2), which covers cash in circulation and all deposits, increased 17.6 percent year on year to 67.41 trillion yuan by the end of July. It marked a slowdown from the 18.5 percent increase at the end of June, according to the statement.

Narrow money supply (M1), cash in circulation plus current corporate deposits, climbed 22.9 percent from a year earlier to 24.07 trillion yuan, representing a decrease of 1.7 percentage points from the end of June.

Chinese government fixed this year's target for new loans at 7.5 trillion yuan, after the record 9.59 trillion yuan of new loans in 2009 fueled fears of asset bubbles.

Loans data for July was still within normal territory despite a drop from June, said Chen Xingdong, chief economist with BNP Paribas Asia Ltd.

Combined new loans in the first half accounted for 61 percent of the year's target, leaving 39 percent for the second half, which meant a looser environment for lending compared with the same period last year, he said.

Chinese banks extended about 2.22 trillion yuan of new loans in the second half of last year, compared with about 2.87 trillion yuan of new loans accessible in the second half of this year.

The central bank said Aug. 5 that it would maintain its moderately loose monetary policy and enhance financial supports to boost the economy's sustainable development, while, at the same time, making the policy more specific and flexible.

"The policy stance in the coming months could be best summarized: 'loose fiscal, tight monetary'," Lu Ting, China economist for Bank of America Merrill Lynch, in a client e-mail note.

China would ramp up government spending on public housing and other public works, but it would stick to its loan target, its structural reforms and its property tightening measures this year, Lu added.

- China's fiscal revenue rises 25.7% in first seven months (11th August)

(Xinhua) -- China's fiscal revenue jumped 25.7 percent from a year earlier to 5.11 trillion yuan (about 750 billion U.S. dollars) in the first seven months, the Ministry of Finance announced Wednesday.

In July alone, the fiscal revenue reached 778.32 billion yuan (114.85 billion U.S. dollars), up 16.2 percent year on year, the ministry said in a statement on its website.

The monthly growth rate in July rebounded from 14.7 percent in June, but was still slower than May's 20.5 percent.

Of the total, the January-July central fiscal revenue stood at 2.7 trillion yuan, while local governments collected about 2.42 trillion yuan, both up 25.7 percent year on year, according to the statement.

The ministry attributed July's slower growth to a relatively high comparison base over the same period last year, when China's economy began recovering from the global economic downturn.

The MOF estimates that the country's fiscal revenue growth will continue to slow in the coming months due to a higher comparison base last year and a slowing economy.

Meanwhile, national fiscal spending rose 16.6 percent year on year to about 581.1 billion yuan (85.75 billion U.S. dollars) in July, up 16.6 percent year on year.

The July spending took nationwide expenditure in the first seven months to 3.96 trillion yuan (584.64 billion U.S. dollars), up 16.9 percent from a year ago.

Expenditure on education continued to top China's fiscal spending with a total of 561.64 billion yuan (82.88 billion U.S. dollars) being allocated in the January-July period, or a year-on-year increase of 17.5 percent.

Central government revenue exceeded expenditure in the first seven months, resulting in a fiscal surplus of 1.51 trillion yuan (169.85 billion U.S. dollars) in this period.

China budgeted 1.05 trillion yuan (154.4 billion U.S. dollars) of fiscal deficit this year to support economic growth. The Chinese central government has pledged that it would continue to implement a "proactive" fiscal policy this year.

China's fiscal deficit hit 950 billion yuan last year, a record high in six years, but still less than 3 percent of gross domestic product.

- China exempts operating taxes on offshore service outsourcing business in 21 cities (11th August)

(Xinhua) -- The Chinese government announced here Wednesday that it will exempt operating taxes on offshore service outsourcing business in 21 cities to promote the development of the industry.

The 5-percent operating tax exemption will run from July 1 this year until Dec. 31, 2013, according to a joint statement released by the Ministry of Finance, the State Administration of Taxation and the Ministry of Commerce Wednesday,

The 21 cities it applies are Beijing, Tianjin, Dalian, Harbin, Daqing, Shanghai, Nanjing, Suzhou, Wuxi, Hangzhou, Hefei, Nanchang, Xiamen, Ji'nan, Wuhan, Changsha, Guangzhou, Shenzhen, Chongqing, Chengdu and Xi'an.

According to the statement, offshore service outsourcing income refers to service revenue arising from contracts signed with offshore entities for providing information technology outsourcing (ITO), business processing outsourcing (BPO) and knowledge process outsourcing (KPO) services.

Those already taxed on offshore service outsourcing income since July 1 would be refunded within this year, the statement said.

China's service outsourcing industry posted a 21 percent year-on-year increase to 23.6 billion U.S. dollars in 2009, according to a report by Deloitte last month.

- China to closely monitor rising global food prices: official (11th August)

(Xinhua) -- A senior official from China's Ministry of Agriculture said here Wednesday the country will continue to monitor the rise of food prices worldwide.

Niu Dun, vice minister at the ministry, said at the China-Africa Agriculture Cooperation Forum that food prices may rise on a worldwide basis.

Russia, one of the biggest wheat exporters, said last week it would ban grain exports from August 15 until December 31 because of devastating wildfires and drought in the country. Niu said the move might drive up food prices across the globe.

Niu said the Chinese government will make every effort to ensure domestic food price stability.

This year's domestic agricultural production has been affected by natural disasters, such as low temperature, drought and floods, he said.

"Compared with last year, the production of early season rice fell but wheat production increased," he noted, adding that "agricultural production is balanced overall."

Niu said a good harvest of crops mainly depends on the autumn grain harvest, including second season rice and corn.

He said the ministry will take various measures to counteract the threat of dry and hot winds, drought, frost and pests.

If China can successfully guarantee its food production, it also guarantees global food security, he said.

He also said he is confident about corn production this year.

China's corn imports account for only four percent of total grain production, which is a very small part, he said.

- China reiterates it remains world's second largest energy user (11th August)

(Xinhua) -- China reiterated Wednesday it remains the world's second largest energy consumer, as its energy consumption last year was still more than 200 million tonnes of standard oil equivalent below that of the United States.

The joint statement by the National Energy Administration and the National Bureau of Statistics of China came three weeks after the International Energy Agency (IEA) said China replaced the United States last year to become the world's largest energy consumer. China's energy consumption was 2.146 billion tonnes of oil equivalent last year, compared with the 2.382 billion tonnes the U.S. Energy Information Administration says the U.S. consumed last year, the statement said.

"The energy consumption per capita in China last year was just one fifth of that of the United States," the statement stressed, adding that China's energy consumption keeps growing amid the nation's rapid industrialization and urbanization.

To reduce its dependence on energy to fuel economic growth, the Chinese government has taken a series of energy conservation and emission reduction measures, including shutting obsolete factories.

"China's total energy consumption growth has slowed year by year," the statement said.

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 the United States consumed.

- Chinese anti-corruption chief urges strict vigilance against corruption in financial sector (11th August)

(Xinhua) -- China's anti-corruption chief, He Guoqiang, Wednesday stressed vigilance against corruption in the financial sector.

He Guoqiang, a Standing Committee member of the Political Bureau of the CPC Central Committee, made the remarks while visiting an exhibition about fighting corruption in the financial system.

He, also chief of the CPC Central Commission for Discipline Inspection, said corruption in the financial sector must be strictly dealt with.

He ordered capacity building in the discipline inspection agencies within the financial sector.

Additionally, He recognized the achievements of the financial sector in fighting the global financial crisis.

The exhibition showcases the fight against corruption in the financial system and various cases of financial crime.

The exhibition will be shown throughout China after its debut in Beijing.

- Inflationary pressure 'could ease' (12th August)

(Xinhuanet) -- China's inflationary pressure might ease for the rest of the year, as grain price hikes on the international market are unlikely to spill into the country because of ample grain reserves, economists have said.

The country's consumer price index (CPI), a major gauge of inflation, climbed 3.3 percent in July - a 21-month high - from 2.9 percent in June, as recent floods pushed up food costs, the National Bureau of Statistics (NBS) said on Wednesday.

Food prices, which account for one-third of the weighting in the CPI calculation, surged 6.8 percent in July, with costs for vegetables and grain leading the hike, up 22.3 percent and 11.8 percent respectively, the NBS said.

Policymakers have vowed to keep high food prices under control.

In a State Council executive meeting presided by Premier Wen Jiabao on Wednesday, top policymakers pledged to fight unfavorable weather conditions to reap a bumper harvest this autumn.

Growth of crops in autumn grain areas has "so far been sound", which will lay the foundation for a good harvest despite natural disasters, according to the meeting.

The high CPI figure in July, in addition to surging prices on the international commodity market, has raised concerns that the country's CPI could further strengthen in the coming months and prompt the authorities to tighten monetary policies and even raise interest rates.

But NBS spokesman Sheng Laiyun insisted that China is able to keep prices "basically stable" for the year and meet the government's annual inflation target of 3 percent.

"The CPI hike in July was largely due to the low base of last year and recent dramatic weather conditions across the country ... generally speaking, there are more factors that will curb price rises than those that will fuel price rises," he said.

A number of economists shared Sheng's view. The country's inflation has reached its peak in July and inflationary pressure will ease in the coming months, they said.

China's ample grain reserves will also help stabilize food prices, said Zhang Liquan, senior research fellow at the National Development Research Center of the State Council.

"Grain price is not a major concern this year, as the country has ample staple reserves after reaping bumper harvests for six consecutive years," he told China Daily.

The natural disasters this year will not impact China's harvest seriously, he said.

"The drought at the beginning of the year has only limited impact on the country's overall staple food output, as grain output this summer is China's third largest on record, despite the fact that it dropped a little year-on-year," he said.

Earlier reports said China has imported 600,000 tons of rice from Vietnam since the beginning of this year, causing worries that the world's most populous nation has started to stockpile grain against any shortage.

But Zhang said the move might be aimed only at adjusting the reserve portfolio, as 600,000 tons of rice imports are quite limited compared with China's annual grain output of about 500 million tons.

Zhang Xiaojing, an economist at the Chinese Academy of Social Sciences, said the ongoing economic slowdown will also reduce demand for money supply, which could help ease inflationary pressure.

China's industrial output grew 13.4 percent year-on-year in July, down from 13.7 percent in June. Fixed assets investment rose 24.9 percent in the first seven months of this year, down from 25.5 percent in the first half of the year.

The changes provided fresh signs that the economy is slowing due to the government's tightening measures on the property sector and curbs on lending.

"The ongoing economic deceleration is conducive to economic structural adjustments," Ma Jun, chief China economist at Deutsche Bank, said in a research note.

(Source: China Daily)

- Yuan Has Biggest Weekly Drop in 20 Months as Chinese Economic Growth Slows (13th August) Bloomberg

China's yuan had for its biggest weekly decline in 20 months on speculation the central bank is tempering gains to protect exports amid signs growth in the world's third-largest economy is slowing.

The People's Bank of China set the daily reference rate for currency trading at 6.8035 per dollar, 0.27 percent lower than yesterday's close of 6.7851. The Dollar Index, which tracks the yuan against the nation's six major trading partners, has rallied this week as investors sought the perceived safety of the greenback after data around the world signaled the economic recovery is faltering.

"It's clear Beijing doesn't want to see appreciation bring more troubles to the economy," said [Ken Peng](#), a Beijing-based economist for Citigroup Inc. "The fixing is somewhat related to the move in the dollar index."

The yuan declined 0.4 percent this week, the biggest five-day drop since December 2008, to 6.7957 per dollar as of 5:30 p.m. in Shanghai, according to the China Foreign Exchange Trade System. The currency weakened 0.16 percent today.

Traders also pared bets for appreciation after government data showed this week China's [export](#) growth slowed in July, [industrial output](#) increased at the slowest pace in 11 months and bank lending increased by the least since March.

Dollar Index

China should continue to carry out its pledge on currency reform and increase the yuan's flexibility to accelerate economic restructuring, Xia Bin, a government economist and an adviser to the central bank, said in an interview with the People's Daily Overseas Edition. More flexibility will also help reduce appreciation expectations, he said.

The Dollar [Index](#) rose 2.6 percent this week, the biggest gain since the period ended May 7, according to data compiled by Bloomberg.

China loosened controls on the yuan on June 19 after keeping the exchange rate at about 6.83 per dollar for almost two years. The currency has since strengthened 0.5 percent.

Twelve-month non-deliverable forwards declined 0.09 percent this week, reflecting bets the currency will strengthen 1.6 percent in a year from the spot rate. Citigroup's Peng said the yuan may climb 1.4 percent to 6.7 by year-end.

Bonds Advance

Government bonds rose this week as investors sought the safest assets on concern the economy is slowing. Banks extended 532.8 billion yuan (\$78.4 billion) of new local-currency loans last month, compared with 603.4 billion yuan in June. [M2](#), the broadest measure of money supply, grew 17.6 percent from a year earlier in July, compared with an increase of 18.5 percent in the prior month.

“There’s no doubt slower growth will continue in the second half,” said [Qu Qing](#), a Shanghai-based bond analyst at Shenyin Wanguo Securities Co. “New debt offerings will sell well on rising demand, and secondary-market yields will continue to slide.”

The finance ministry sold 28 billion yuan of 30-year bonds today at an average yield of 3.96 percent. The sale drew bids of 2.13 times the amount on offer, compared with 1.91 times at the last similar-dated auction on July 28 and 1.41 times on June 18.

The yield on the 2.76 percent security due in July 2017 dropped three basis points this week to 2.88 percent, according to the National Interbank Funding Center.

Qu predicted the yield on 10-year bonds will drop to 3 percent this year from 3.22 percent.

<http://www.bloomberg.com/news/2010-08-13/yuan-is-poised-for-worst-week-in-20-months-as-dollar-rallies-growth-slows.html>

- China calls for more investment between China, ASEAN (13th August) (Xinhua) -- Bilateral investment between China and Association of Southeast Asian Nations (ASEAN) is low compared with bilateral trade volume, a senior official of China's Ministry of Commerce (MOC) said Friday.

Yi Xiaozhun, vice minister of the MOC, made the statement at the ongoing fifth Pan-Beibu Gulf (PBG) Economic Cooperation Forum in Nanning, capital of southwestern China's Guangxi Zhuang Autonomous Region.

In 2009, bilateral investment between China and ASEAN nations totaled 10 billion U.S. dollars, a sharp contrast with the 213 billion U.S. dollars of bilateral trade, said Yi, attributing the low investment to the fragmented infrastructure system within the China-ASEAN region.

"Take the Bangkok-Kunming railway as an example. Because the railway has different standards for load capacity in the Chinese and Thai parts, goods need to be unloaded and reloaded when they reach the border, adding to cost and lowering efficiency."

Yi also called for more efforts to produce a sound legal system for investment.

He also called for policy transparency and stability.

In the first half of the year, China-ASEAN trade totaled 136.5 billion dollars, up nearly 55 percent from the same period last year.

Exports to ASEAN countries hit 64.6 billion U.S. dollars, up more than 45 percent year on year.

Imports from ASEAN countries totaled nearly 72 billion U.S. dollars, up 64 percent year on year, according to the MOC.

- China, Switzerland agree to start FTA talks (13th August)

(Xinhua) -- China and Switzerland on Friday agreed to start free trade agreement (FTA) talks, as the two states celebrate their 60th anniversary of diplomatic ties.

Chinese President Hu Jintao and his Swiss counterpart, Doris Leuthard, witnessed the signing of the memorandum of understanding on finishing the FTA feasibility study that was started in 2009.

The two states will begin FTA talks as soon as possible, the Chinese Ministry of Commerce said in a statement.

As one of the first Western countries to forge diplomatic relations with the People's Republic of China, Switzerland has become China's major trade partner in Europe.

"Facing new opportunities, China-Switzerland relations are at a new starting point," Hu told Leuthard during their 30-minute meeting at the Great Hall of the People in Beijing.

President Hu hailed the development of bilateral relations and pledged to further expand political trust and trade and economic cooperation.

Leuthard conveyed her nation's condolences to China over the series of natural disasters the country has suffered recently.

Leuthard also said Switzerland will stick to the one-China policy.

In China for a working visit, Leuthard also said the two states should boost cooperation in finance, education, culture, environmental protection, tourism and on international affairs

- ASEAN benefits from China's fast and "inclusive" economic growth: experts (14th August)

(Xinhua) -- China's high economic growth, which is also becoming increasingly "inclusive", is producing positive spillovers to members of the Association of Southeast Asian Nations (ASEAN), experts said on Friday.

"China now tends to import more from its neighboring economies than exporting to them," said John Wong, professor and former director of East Asian Institute of Singapore, at the fifth Pan-Beibu Gulf (PBG) Economic Cooperation Forum in the southern Chinese city of Nanning, Guangxi Zhuang Autonomous Region.

In the first half of this year, exports to ASEAN countries reached 64.6 billion U.S. dollars, up by more than 45 percent, and imports from ASEAN countries were nearly 72 billion U.S. dollars, up by 64 percent, according to China's Ministry of Commerce.

This is a sign that China's economic growth is becoming more "inclusive" in the regional and the global contexts, Zhang Yansheng, researcher of international trade at the National Development and Reform Commission, said at the Forum.

The increasing "inclusiveness" is largely driven by China's efforts to shift its economy from excessive dependence on exports towards a more balanced growth pattern, which is more domestic demand-oriented, Zhang said.

In the long run, as China is putting economic restructuring high on its agenda, China's manufacturers will gradually and inevitably pass some of their comparative advantages to the ASEAN region as workers' wages are rising and industries are upgrading, said Zhang. Experts said even prior to the ongoing government campaign to upgrade its economy, China and ASEAN were highly complementary and mutually beneficial.

China's economic growth is in need of primary commodities and natural resource products from the ASEAN region, while China, as a large industrial economy, can also supply individual ASEAN countries with a wide variety of manufactured products, Wong said during the two-day Forum meeting, which ended on Friday.

"However, frankly speaking, some ASEAN countries in the 1990s were apprehensive of China's economic rise," recalled Wong

In the early 1990s, China's economic relations with the Southeast Asian nations were quite weak, with their two-way trade amounting to no more than 2 percent of each other's total trade, with most trade activities concentrated in Singapore and Malaysia, said Wong, citing official figures from ASEAN.

As China's economy continued to expand, its spillovers into Southeast Asia also increased. In 1995, trade between China and ASEAN was only 20 billion U.S. dollars, but it increased more than tenfold by 2008, amounting to 223 billion dollars.

"China is not just the world's foremost manufacturing base, but also the world's largest processing base, as a little over half of its trade comes from its processing activities," he said.

China imports parts and components from different countries in the region for processing into finished products and then exports them (as "made-in-China") to the United States and European markets, Wong said.

In this way, China's export-oriented economic growth actually serves to integrate all the economies in the region with benefits for all, he said.

Apart from its rapid economic growth, China's expanding economic relations with ASEAN were also assisted by the China-ASEAN Free Trade Agreement (CAFTA) and the framework agreement signed in November 2002, said Zhang.

The CAFTA, which was first proposed by China's former Premier Zhu Rongji in November 2000, came into operation in January 2010, freezing tariffs for 7,881 products, or about 90 percent of the trading commodity categories.

Echoing Zhang, Wong said that ASEAN's economic relations with China are set to strengthen in the years ahead as CAFTA becomes the major platform for both sides to intensify their economic interaction.

- China's grain prices to remain stable despite rising int'l wheat prices: NDRC (14th August)

(Xinhua) -- Increased international grain prices are not high enough to raise China's domestic prices, and the ample domestic supplies will be able to meet the demand this year, China's economic regulator said on Friday.

"Currently, the global grain prices are still much lower than domestic prices. Even if international prices rise steeply, it will not pose a significant impact on domestic prices," a statement posted on the ministry's website said, quoting an unnamed officer with the National Development and Reform Commission (NDRC).

The official pointed out that the international grain market is balanced in terms of supply and demand at present, and said there is, therefore, no possibility of sharp price increases. He attributed the recent rise in global wheat prices to short-term market speculation. The prices would return to normal levels after speculative moves are phased out, the official said.

In July, international wheat prices rose significantly after Russia, a major wheat producing country, reported a sharp decline in wheat output following its worst drought in more than a century.

China could meet its demand for wheat, as most of its farms grow grains. A series of policy tools could also keep grain prices at balanced and reasonable levels this year, the official said.

However, he also pointed out that the authority should pay special attention to the extreme weather conditions, which could cause a negative impact on agricultural production.

Social front

- China's chief justice stresses innovative management, supervision of trial processes (10th August)

(Xinhua) -- China's Chief Justice Tuesday called for innovation in the management of the country's trial process and enhanced supervision to ensure justice and a clean judicial system.

Wang Shengjun, president of the Supreme People's Court (SPC), made the remarks during a seminar for judges in Jinggangshan in east China's Jiangxi Province.

The SPC will promote the establishment of an appraisal system for the quality of trials to be applicable across the nation, Wang said.

"The system shall make for comprehensive, objective and fair judgement in trials and law enforcement and improve the quality of judgements," he said.

Wang also urged the use of a scientific case assignment mechanism through the random assignment of cases to prevent personal relations and bribery in the handling of cases.

Wang also asked courts to enhance scrutiny of delayed trials.

"Delaying trial cases randomly not only violates the rules of the trial process, but also harms the credibility of the judicial system," Wang said.

"We should set up a dynamic monitoring system on the time limits of trials and use information technology to provide early warning in cases that are approaching their time limit," he said.

- More Chinese urban residents expect house prices to fall in cities: survey (12th August)

(Xinhua) -- Urban residents who expect home prices to fall in first-tier Chinese cities in the second quarter outnumber those who anticipate further price hikes, according to a report by the China Economic Monitoring and Analysis Center released here Thursday.

About 41 percent of those surveyed in the second quarter expected house prices to fall in popular first-tier cities like Beijing, Shanghai, Guangzhou and Shenzhen -- 18 percentage points higher than the proportion in the first quarter, according to the center which is under the National Bureau of Statistics.

Meanwhile, only 36 percent of those surveyed in the second quarter anticipated house prices to continue to rise in those first-tier cities -- 24 basis points lower than the first quarter.

In the second quarter, more people are expecting house prices to decline in cities at various levels, even as the proportions vary in different cities, according to the report.

About 30 percent of consumers in provincial capital cities anticipated home prices to weaken in the second quarter, compared with 15 percent in the first quarter.

In other small- and medium-sized cities, 28 percent of consumers surveyed foresaw house price falling in the future, up more than 11 basis points from the first quarter.

"The result show government measures to tighten the housing market since mid April have begun to have an effect on urban consumers' expectations," said Pan Jiancheng, deputy director of the China Economic Monitoring and Analysis Center.

In spite of the rising proportions, the number of those who anticipated house price declines, however, still fell short of those who expected further price hikes in cities, except for consumers in the first-tier cities, according to the report.

Housing prices in major Chinese cities rose 10.3 percent year on year in July, compared with 11.4 percent growth in June, according to NBS data released Tuesday.

Property prices in 70 large and medium-sized cities grew 12.4 percent in May and 12.8 percent in April, the highest growth rate since July 2005 when the government started publishing the data.

- Survey: Over 23 million Christians in China (12th August)

(Xinhuanet) -- The number of Christians in the country has hit a record 23.05 million in 2010, according to a survey released on Wednesday by the institute of world religions at the Chinese Academy of Social Sciences.

"Nearly 69 percent of believers said they converted to Christianity after either they or members of their family fell ill," Li Lin, who organized the survey, said in the Blue Book on China Religions, a book that lists facts on religion in China.

"About 15 percent of believers said they are Christian because of the influence of family traditions."

Li pointed out that the number of female Christians is much higher than male Christians, taking up a whopping 70 percent of the total number.

The book also revealed a increase in other faiths, including Buddhism, Islam, Catholicism and Taoism.

The number of Catholics in China has reached 5.7 million, according to the survey.

The Christian boom is a result of China's economic growth, the survey found, noting that 73 percent of Chinese Christians joined the church after 1993, and nearly 18 percent of them between 1982 and 1992.

The poll found that most of the Chinese Christians are located in the eastern costal and the Yangtze River areas, which are China's most densely populated and economically prosperous regions.

The demographics of Christians have changed tremendously, with a continuing influx of young people, intellectuals, and professionals from various fields.

To accommodate the increase in the number of churchgoers, there has been a corresponding increase in the number of churches in the country, which currently stand at more than 55,000.

"These statistics clearly indicate that the 30-year period of reform and opening-up has been a period of rapid development for both Chinese society and the Chinese church," Fu Xianwei, chairman of China's Three-Self Patriotic Movement National Committee, said at the annual meeting of the Shanghai Religious Society.

Fu said more than 70 percent of the religious facilities have only recently been built.

Some of these churches are limited in their capacity to accommodate worshippers, while others have extensive buildings that are capable of seating 8,000.

By the end of 2009, more than 50 million copies of the Bible had been printed in China, Fu said.

(Source: China Daily)

- Chinese netizens' comments key to judicial work: senior official (13th August) (Xinhua) -- Senior Chinese official Zhou Yongkang Friday called for improving publicity work in the judicial sector.

Zhou, secretary of the Political and Legal Affairs Commission of the Communist Party of China (CPC) Central Committee, made the remarks during his visit to the Beijing-based Legal Daily, the official newspaper of the commission, where he chatted online with netizens and answered questions.

Zhou highly praised Chinese netizens for their complaints and suggestions, which are key to the nation's judicial work.

Founded on Aug. 1, 1980, Legal Daily is known for its outstanding judicial news reporting in China and abroad.

Zhou, also a member of the Standing Committee of the Political Bureau of the CPC Central Committee, hosted a seminar on the improvement of publicity work in the judicial sector, which was joined by representatives from mainstream media such as the People's Daily newspaper, Xinhuanet.com, website of Xinhua News Agency, and China Central Television.

"The mainstream media has contributed a lot to the legal career development of the country. Many dedicated reporters have been working with the police in fighting against crimes and protecting peoples' lives," Zhou said.

As democracy and legal systems develop further in China, the expectation of Chinese citizens on the fulfillment of their rights to know, to participate, to express and supervise will become much higher, Zhou said.

Therefore, the nation's judicial agencies at all level, together with the media, should work with more concern on the people's basic rights, the stability of society, and the dignity of law, Zhou said.

In particular, the media should report news stories that are close to people's lives, and judicial agencies should focus on those problems exposed by the media and set up regular news release systems for the timely dissemination of news to the public.

Ethnic issues

Environmental front

- China's industrial polluters given two months to close (9th August) (Xinhua) -- China's industry chiefs have warned more than 2,000 companies to close obsolete production facilities within two months or face cuts in credit and a suspension of government approvals.

The Ministry of Industry (MIIT) and Information Technology has set the deadline at the end of September for firms to shut down outdated facilities in a move to cut overcapacity and raise the level of economic growth.

The government order involves 2,087 companies, according to a document released Sunday by the ministry.

The order covers 18 industries: iron, steel, coke, iron alloys, calcium carbide, electrolytic aluminium, copper smelting, lead smelting, zinc smelting, cement, paper-making, glass, ethanol, monosodium glutamate, citric acid, leather-making, printing and dyeing, and chemical fibers.

The cement, paper-making and iron sectors had the most numbers of companies ordered to close outdated energy-consuming and polluting capacities.

Liuzhou Iron and Steel Co., Ltd., according to the government decree, would need to slash 2 million tonnes of outdated iron-making capacity while 762 cement companies were also targeted.

Companies that failed to do so before the deadline would have their waste discharge licenses revoked, said Li Yizhong, Minister of Industry and Information Technology.

Bank loans and new project approvals from the government would not be provided to those companies who failed to clean up, said Li.

The failing companies would not get approval from land management authorities to apply for more new land for their projects while production licenses would also be recalled by relative authorities, said Li.

Companies could face possible power cuts from suppliers if they failed the mission, said Li Yizhong.

"Outdated capacities consume energies heavily, pollute the environment, and are safety risks. They reflect the very crude and quantitative mode of economic growth," said Li.

"They are also the causes of the low quality, inefficiency, and weak competitiveness of our national economic development," he said.

He said only by speeding up elimination of outdated capacity would China be able to upgrade its industrial structure and improve international competitiveness.

The government has set a target to improve energy efficiency by 20 percent by the end of 2010, compared to the level five years ago.

Energy use per unit of economic output had fallen by 15.69 percent by the end of last year and the government faces heavy pressure to hit the goal.

Cyber/Technology Front

- Competition intensifies in China's booming online team-buying market (9th August)

(Xinhua) -- With huge discounts, sometimes even below 10 percent of original prices, China's online team-buying websites, familiar as Groupon.com in the U.S., are drawing an increasingly large army of buyers.

The potentially lucrative business model of online team-buying websites are also taking in more revenues, as shown by the number of such websites which more than doubled to about 900 in July, according to figures from a Beijing-based Internet analysis firm, Analysys International.

Despite the large number of existing competitors, most of them small- and medium-sized firms in the market, three of China's four major portal websites launched their own online team-buying services in July.

However, the three major portal websites, Sina.com, Sohu.com, and qq.com, are running their team-buying services by outsourcing the operation to smaller Internet companies, unlike the 900 professional websites whose only business is team-buying.

Industry insiders and observers interviewed by Xinhua said that this might cause a shake-up in the online team-buying market.

Chen Shousong, an IT analyst with the Analysys International, said the major portal websites' entrance into team-buying had significant implications for online team buying in China.

Zeng Fuhu, deputy manager of the website operating Sohu's team-buying service, said that portal websites enjoyed a strong competitive edge in the team-buying market.

"We already have a huge pool of users and hits. That would save us big costs in marketing and provide more affordable services to customers," he said.

But the "strong competitive edge" has not posed immediate threats to smaller professional team-buying websites like Nuomi.com, whose head, Shen Boyang, said their revenues had been growing after the entrance of portal websites.

Wen Zhenhua, a manager with another professional team-buying website, Meituan.com, described the competitive edge of professional team-buying websites as "devotion".

"We are devoted solely to online team buying, pooling all our resources into it so that we could provide excellent service," he said.

Most of the 900 professional team-buying websites like Wen's are operating using a business model called "Team buying 2.0", in contrast to the former 1.0 mode.

Under the former mode, friends or strangers would connect online and agree to approach vendors as a group in order to negotiate discounts.

However, the increasing popularity of team buying has opened a new market for professional service websites which save buyers from the haggling. They serve as intermediaries between customers and businesses, with all goods and services offered at discounts.

"Having the same business model is a problem, because it would make it difficult for small firms to receive investments, especially after the three portal websites entered the market," said IT analyst Chen.

Although July recorded more new team-buying websites starting up, compared to those closing down, the number of closed websites was huge, Chen said, though he did not give an exact number.

As to how the team-buying market would continue to develop, Chen said he was optimistic.

"Customers and businesses have recognized team-buying websites. As long as they specialize in team-buying and make full use of their distinct advantages, the market would not be dominated by a few heavy weights," he said.

Wen, with Meituan.com, seemed to be confident in his company's future, "In a marathon match, players are many, but only a few strong ones can finish in a short time."

Shen, the head of Nuomi.com, said the future market would see the coexistence of a few major websites and some smaller websites that specialize in certain cities or business fields.

Their optimism is well-grounded, for China's online shopping market has enjoyed rapid growth over the past several years.

One out of every three Chinese Internet users, or one out of 10 Chinese people, shops online, according to a report by the China Internet Network Information Center (CNNIC) released in June.

- The Chinese State Enters Online Search (13th August) Wall Street Journal

Plans to build a search engine by China Mobile Communications and Xinhua News Agency mark at least the second time China's state-run media have tried to enter the online search market.

Xinhua, in a news story about itself, said Thursday it signed a framework agreement with China Mobile, the world's largest mobile carrier by subscribers, to launch a search joint venture. It will "make full use" of Xinhua's position in media content and China Mobile's user base, Xinhua said, suggesting the venture will also promote Xinhua news articles.

The move comes after the People's Daily, the official mouthpiece of the Communist Party, in June launched a beta search engine, dubbed "People's Search" in Chinese. The search engine has a snappier and perhaps more capitalistic English name, Goso, which might sound to a bilingual listener like "go search," since the sound "so" means "search" in Chinese. (The newspaper's online portal [also offers a Chinese microblog service](#), called "People's Microblog.")

China Mobile Ltd., the carrier's Hong Kong-listed branch, confirmed its parent company signed the agreement but declined to give details.

Xinhua, China Mobile and People's Daily may dream of dethroning Baidu and Google as the biggest players in China's search market. But that seems unlikely. Baidu took 70% of the revenue in China's online search market in the second quarter, while Google took 24%, according to research firm Analysys International.

The People's Daily search engine has gone largely unnoticed. Xinhua may not fare any better, though the ability to push services to China Mobile's more than 554 million mobile subscribers will give the joint venture a better chance in mobile search. Xinhua did not say if it would focus on mobile search technology.

Then again, Xinhua's story cast the deal as a national errand as much as a business venture. The cooperation is meant to "better serve the work of the Party and the nation and to practically protect national interests...and to expand the reach and the ability in and outside China of the country's mainstream media to guide public opinion," Xinhua said.

To excite consumers, the new partners will need a better marketing spin.

<http://blogs.wsj.com/chinarealtime/2010/08/13/the-chinese-state-enters-online-search/>

Regional report

North

Politics

Social front

- 10,267 people in N China set new world record for human domino chain: Guinness (12th August)

(Xinhua)-- Some 10,267 people made the world's longest human domino chain in north China's Inner Mongolia Autonomous Region Thursday and will enter the Guinness Book of World Records, Guinness officials said.

The participants were mainly students from 12 high schools in Ordos City. The event took place at the Ordos Naadam Festival that runs from Aug. 11 to Aug. 18.

In sequence, each person fell backwards and lay on the next person's legs. The event took one hour and 20 minutes to complete.

At around 10:30 a.m., the new world record was created, Wu Xiaohong, a notary public for Guinness World Records, declared.

Participants wore white or orange T-shirts, and those in orange formed the shape of five characters that signified "Beautiful Ordos" in a square 200 meters long and 150 meters wide.

"We practiced for four and a half hours each day for the last three days. Under the glaring sun, I hardly felt the guy behind me fiddle," said Li Xiaodong, who was the first human domino to fall.

The event began when Mengke Bateer, a Chinese basketball player formerly in the NBA, passed a basketball to Li Xiaodong at 9 a.m.

The previous record was set by 9,234 students at Siloso Beach, Singapore, on Sept. 30, 2000.

"While lying there, I thought about a lot of things. But what I felt most strongly was the pure excitement that came from knowing I was part of the creation a a world record," said Li.

Economic front

- Beijing foreign trade up 50% (14th August)

(Xinhua) -- China's capital recorded 169.6 billion U.S. dollars in foreign trade in the first seven months of this year, a rise of 52.8 percent over the same period of last year, according to local customs house.

The total included 31.1 billion U.S. dollars in export value, up 17.9 percent year on year, and 138.5 billion dollars in import value, up 63.7 percent.

Northwest

Politics

Social front

- Every student in mudslide-flattened county to have new textbooks: education ministry (8th August)

(Xinhua) -- China's Ministry of Education said Thursday every primary and middle school student in mudslide-hit Zhouqu County will have new textbooks when the new school semester starts.

"We have asked publishing houses to rush to print and prepare textbooks for Zhouqu. All of them promised to have them ready by the start of the new semester," ministry spokeswoman Xu Mei said Thursday.

Schools in Zhouqu in northwest China's Gansu Province are scheduled to begin the autumn semester on Aug. 16.

Some 334,075 volumes of textbooks and support material for Zhouqu's primary and middle school students were kept in a storehouse belonging to the local Xinhua Bookstore that was destroyed by the massive mudslides.

Primary and middle schools in Zhouqu need 180,000 textbooks for the new semester, the Ministry of Education said.

Xu said the publishing houses will send the textbooks to the provincial Xinhua Bookstore in Gansu before Aug. 14.

The ministry also vowed to ensure the supply of textbooks to other areas severely hit by natural disasters, including flood-hit Jilin Province in northeastern China.

In addition, Xu Mei said poor students from disaster-hit areas entering college will receive preferential treatment in enrolment and in application for loans.

The ministry has asked colleges to investigate the financial situation of freshmen from the disaster-hit areas.

The death toll due to the massive mudslides in Zhouqu in the early hours of Sunday had, as of Wednesday, risen to 1,117, with 627 still missing.

Economic front

Northeast

Politics

Social front

Economic front

Southwest

Politics

Social front

- Tibetan gets life in jail (13th August) STRAIT TIMES

BEIJING - CHINESE authorities have sentenced a leading Tibetan businessman to life in prison for funding exile groups, a rights organisation said on Friday.

Dorje Tashi was handed the sentence on June 26, Urgen Tenzin, director of India-based Tibetan Centre for Human Rights and Democracy told AFP, saying several sources had confirmed the sentence despite officials' silence.

'As far as we understand, he was convicted of being in contact with, and funding, Tibetan exile groups,' Mr Tenzin said.

'There has been no official announcement from the Chinese side which is unusual. We are trying to get more information,' he said.

A woman surnamed Zhang at the Lhasa Intermediate People's Court said all officials were on holiday and would not be available until Monday.

Dorje Tashi is chairman of Tibet Shenhu Group, which operates an array of businesses, focused mostly on real estate and tourism, according to a profile by the state-run China Ethnic Press. -- AFP

http://www.straitstimes.com/BreakingNews/Asia/Story/STIStory_565821.html

Economic front

South central

Politics

Social front

Economic front

- Guangxi foreign trade up in 1st 7 months (14th August)

(Xinhua) -- South China's Guangxi Zhuang Autonomous Region generated 9.24 billion U.S. dollars in foreign trade in the first seven months of last year, a rise of 36.7 percent over the same period of last year, according to the regional customs house.

The total included 3.11 billion U.S. dollars in trade with ASEAN members, up 38.6 percent year on year, 890 million dollars in trade with the United States, up 44.4 percent, and 710 million dollars in trade with Australia, up 72.2 percent.

- Guangdong's foreign sales of ships up 90% (14th August)

(Xinhua) -- South China's Guangdong Province sold abroad 1.73 billion U.S. dollars worth of ships in the first seven months of this year, an increase of 90.4 percent over the same period of last year, according to the provincial customs house.

Of the total, 97.7 percent, or 1.69 billion U.S. dollars worth, were exported in processing trade, up 93.8 percent year on year.

In June, Guangdong's ship export volume stood at 350 million U.S. dollars, setting a monthly record, and in July, the figure was 340 million dollars, up 170 percent year on year.

East

Politics

Social front

Economic front

- Fujian real estate investment up 64% (14th August)

(Xinhua) -- East China's Fujian Province invested 85.8 billion yuan (12.6 billion U.S. dollars) in real estate development in the first seven months of this year, a rise of 64.4 percent on the same period of last year, according to the provincial bureau of statistics. The January-July period saw 360.5 billion yuan invested in fixed assets in Fujian, up 28.7 percent year on year. The growth rate was 11.7 percentage points higher than the year-earlier level.

- Jiangxi foreign trade in 1st months up 66.3% (14th August)

(Xinhua) -- East China's Jiangxi Province registered 10.5 billion U.S. dollars in foreign trade in the first seven months of this year, a rise of 66.3 percent over the same period of last year, according to the provincial customs house. The growth rate was 25.4 percentage points higher than the national average. The total trade volume included 6.2 billion U.S.dollars in export value, up 78.9 percent year on year, 4.3 billion dollars in import value, up 50.8 percent.

HONGKONG AND MACAU

Politics

Social front

- HK sets up cultural committee to foster exchange with Taiwan (10th August)

(Xinhua) -- The government of Hong Kong Special Administrative Region announced Tuesday the appointment of 11 members to the newly established HK-Taiwan Cultural Cooperation Committee (HKTCCC) aiming at fostering exchange with Taiwan.

Established under the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council (ECCPC), the HKTCCC will help strengthen cooperation between Hong Kong and Taiwan in sections of arts, culture and creative industries, and encourage exchange of views and information on issues of mutual concern, the government spokesman said.

The HKTCCC will perform as the HK counterpart of the cultural co-operation committee under the Taiwan-Hong Kong Economic and Cultural Co-operation Council in Taiwan.

Fredric Mao Chun-fai, founder and director of Performing Arts Asia, who is well acquainted with the arts and cultural scenes in the mainland, Hong Kong and Taiwan, has been appointed the convener of the HKTCCC, said the spokesman.

All members were appointed for a term of two years.

- Google seeks to resume Street View operation in Macao: report (11th August)

(Xinhua) -- Internet giant Google has sent a letter to the Macao Special Administrative Region (SAR) government, asking to be allowed to recommence the images collecting activities in the SAR for its Street View services, the Macao Post Daily reported on Wednesday.

The daily quoted a spokesman from the SAR's Personal Data Protection Office as saying that Google has asked to resumed the operation "some time this year" for a 46-week period, to which the SAR government is still not willing to give the green light, given an ongoing investigation into the activities' alleged privacy breach.

Being an additional online service to the Google maps, the ambition project allows users to see 360 degree views of a street with just a click on the maps. However, the project was also dogged by doubts of privacy infringement, and Google has issued a public apology in May this year, admitting that the data collecting cars it used to scan the streets in various cities of the world accidentally received private data.

Google's controversial Street View program has prompted governments worldwide to launch investigation into its image collecting operation.

For the time being, the Street View services only cover areas in the city center of Macao and the southern tip of the Macao Peninsula.

The Personal Data Protection Office carried out investigation into Google's activities after similar moves were adopted by neighboring Hong Kong authorities earlier this year. If Google is to be allowed back into Macao, they will have to ensure they follow relevant privacy laws, including legislation that requires anyone wishing to take personal data of any Macao citizens outside Macao's borders to make a formal request to the Personal Data Protection Office, said the spokesman of the Office.

- HK, Holland sign research pact (12th August)

(Xinhua) -- Hong Kong Research Grants Council signed an agreement with the Netherlands Organization for Scientific Research on Thursday to launch a scheme which strengthens co-operation in the fields of science and innovation, and promotes scientific and technological exchanges between Hong Kong and the European nation, according to a government press release.

The joint research scheme will operate in the mode of travel and workshop grants, enabling researchers in both places to visit their counterparts or conduct research.

Both organizations will provide eight travel grants of 30,000 HK dollars for a one-year grant or 60,000 HK dollars for a two-year travel grant for the principal investigator in Hong Kong, and 3,000 euros for a one-year grant or 6,000 euros for a two-year travel grant for the principal investigator in the Netherlands.

There will be two workshop grants, each at a maximum of 150,000 HK dollars for a workshop organized in Hong Kong or 15,000 euros for a workshop organized in the Netherlands under the disciplines of astronomy, chemistry, mathematics and computer science.

Applications for the first exercise will be called on Sept. 15 and close on Nov. 30.

Economic front

- HK's foreign reserve hit \$260.7 bln in July, ranking 7th (9th August)

(Xinhua) -- The Hong Kong Monetary Authority (HKMA) announced on Monday that Hong Kong's official foreign currency reserve assets amounted to 260.7 billion U.S. dollars at the end of July this year, ranking seventh in the world.

The reserves were up 3.9 billion U.S. dollars compared with June, representing over nine times the currency in circulation, said the HKMA.

According to the latest published figures, Hong Kong was the world's seventh largest holder of foreign currency reserves, after Chinese mainland, Japan, Russia, China's Taiwan, South Korea and India.

- HK expands Tea Fair to promote role as global tea trade hub (12th August)
(Xinhua) -- Following its well-received debut in 2009, the Hong Kong International Tea Fair on Thursday returned to reinforce the city's role as a premier tea-trading hub in Asia. The Hong Kong International Tea Fair, organized by the Hong Kong Trade Development Council and the Chinese Tea Culture International Exchange Association, attracts more than 310 exhibitors from 15 countries and regions, up 20 percent from last year. Seven group pavilions are organized from the Chinese mainland, Hong Kong, India, Japan, Korea, Sri Lanka and Taiwan. Highlighted exhibits include Hunan black tea, Anxi's Tie Guan Yin Oolong Tea, Fujian Keemun Black Tea from the Chinese mainland, and Darjeeling tea from India and Ceylon tea from Sri Lanka. Apart from tea trading, the fair features a Tea Industry Conference on market trends and branding, as well as a Chinese Tea Enterprises Forum, a variety of tea forums, tea-tasting sessions and other activities showcasing the art and culture associated with tea. Other highlights include a "Vote for the Most Popular Tea 2010" and the debut of an international competition for Hong Kong Style Milk Tea. Regional winners from Australia, the Chinese mainland, Canada, Hong Kong and Macao will compete in a championship to find the best brewers of this unique tea. As a prime trading hub, Hong Kong has a long history for tea drinking culture, with connections to tea consumption countries and regions, and the tea fair will continue to facilitate global trade, said Fred Lam, Executive Director of the Hong Kong Trade Development Council. Tea demand is on the rise in the city, said the council. Exports of tea from Hong Kong increased significantly in the first half of 2010 to 68 million HK dollars (8.78 million U.S. dollars), up 46 percent from the same period last year. Hong Kong has the highest tea consumption of any city in Asia, with tea imports growing by 25 percent to 200 million HK dollars (25.8 million U.S. dollars) in the first half of 2010. The debut tea fair last year received strong support from major tea producing countries and regions, including the Chinese mainland, India, Kenya, Vietnam and Sri Lanka. According to a survey conducted at the fair, more than 90 percent of the buyers agreed that Hong Kong has the capability to host an international tea competition, which helps enhance tea trade and promote tea brands, a comprehensive system and regulations on beverage quality testing and assuring, as well as the potential to develop into Asia's tea leaf auction center. They also said that, because Hong Kong does not produce much tea of its own, it can develop into a fair and bias-free trading and marketing center. The tea fair is combined with the 21st Food Expo, which is the city's annual food extravaganza and veteran exhibition brand, featuring over 740 exhibitors from over 22 countries and regions, a 21 percent rise over last year.

- HK's exports volume up 23.1% in June (12th August)
(Xinhua) -- Hong Kong's total exports volume of goods went up 23.1 percent in June compared with the same period last year, said the Census and Statistics Department (C&SD) of the Hong Kong government on Thursday. The volume of Hong Kong's re-exports of goods grew by 23 percent from June 2009, while that of domestic exports went up by 28.6 percent, said the C&SD. Meanwhile, the volume of imports increased by 24.1 percent year on year.

In the first half of 2010, the volume of total exports of goods increased by 21.4 percent, with Hong Kong's re-exports up 21.4 percent, when compared with the first six months last year, said the C&SD.

The statistics also showed that the prices of total exports of goods in June increased by 3.8 percent, with the prices of re- exports of goods up 3.7 percent year on year.

Major destinations of Hong Kong's exports, including the United States, Japan, the Chinese mainland and China's Taiwan, recorded over 20 percent increase in June.

- Macao, HK trade authorities jointly promote e-commerce (12th August)

(Xinhua) -- The Macao Trade and Investment Promotion Institute (IPIM) and the Hong Kong Trade Development Council Thursday jointly organized a seminar here, with the aim to encourage local enterprises to utilize e-commerce during daily business operation. The objective of the seminar, held at the Macao Business Support Center, is to facilitate enterprises to promote their products and businesses through online service platform, achieve greater publicity for their products and services, hence create more business opportunities, according to the IPIM.

The seminar worked in line with the "E-Commerce Promotion Incentive Measures" launched by IPIM, and carried the theme " Building quality enterprise and brand image". During the seminar, industry experts shared their insights on exhibition strategies, and the means to attract overseas buyers and gain access to merchandising trends.

A total of 102 participants from local associations and enterprises took part in the seminar, according to the IPIM.

- Macao's visitor arrivals in package tours up 167 pct in June (13th August)

(Xinhua) -- Macao's visitor arrivals in package tours surged by 167 percent year on year to 489,023 in June this year, according to the figures released on Friday by the city's Statistics and Census Bureau (DSEC).

The figure showed that visitor arrivals in package tours in June from the Chinese mainland (337,558), Hong Kong (23,357), Japan (22,591) and Taiwan (22,152) rose substantially by 210.6 percent, 51.5 percent, 142.3 percent and 75.4 percent respectively, and those from the Republic of Korea (11,777) and India (12,231) also registered notable increases.

Officials from the DSEC explained that visitor arrivals in package tours surged dramatically year on year as visitors in package tours for June last year were still under the adverse effect of the A/ H1N1 influenza pandemic.

In the first half year of 2010, visitor arrivals in package tours increased by 34.8 percent year on year to 3,064,939.

Meanwhile, the number of local residents travelling outbound in package tours in June increased by 81.6 percent year on year to 21, 984. The Chinese mainland, Japan and Taiwan were the most popular tourist destinations, according to the Bureau.

- HK's economy expands 6.5% in Q2 (13th August)

(Xinhua) -- The Hong Kong economy grew 6.5 percent in the second quarter of 2010 from a year earlier, a rise for the fifth consecutive quarter, said John Tsang, financial secretary of the government of the Hong Kong Special Administrative Region (SAR), on Friday afternoon.

The broad recovery mainly benefited from robust growth in the mainland and other Asian economies, said Tsang in a press conference, reporting and explaining the statement on Hong Kong's economic situation and latest GDP forecast released by the government.

The second quarter's GDP jumped about 1.4 percent from the previous quarter, up around 1.6 percent from the pre-crisis peak in the first quarter of 2008, according to a statement. In the first quarter, Hong Kong's economy expanded over 8 percent from a year earlier, the fastest pace in four years.

As Hong Kong's GDP in the first half of 2010 increased by 7.2 percent year on year, the government revised the forecast for the whole year to 5 to 6 percent from May's 4 to 5 percent.

The statement said total exports of goods surged 20.1 percent in the second quarter from 2009, as the Asian markets still outperformed others by a wide margin.

Taking the government's one-off measures into consideration, the consumer price inflation on a year-on-year basis rose 2.6 percent in the second quarter from the previous quarter's 1.9 percent, which was believed due to the fading effect of electricity charge subsidy, the statement said.

The forecast of consumer price inflation rate for the year remained unchanged at 2.3 percent.

The statement said the local stock market experienced sharp volatility and sell-off alongside other major overseas markets in April and May on deepening concerns over the European sovereign debt crisis.

The Hang Seng Index closed the month of June at 20,129 points, down 5.2 percent from the end of March, or 8 percent from the end of 2009. The benchmark fell 0.16 percent to close at 21,071.57 points on Friday.

Referring to the economic situation for the next six months, the statement said since the outlook for external environment remains uncertain, it is likely that Hong Kong's year-on-year export may slow down in the second half of 2010.

"We should prepare for the worst when the situation is reasonably well," said Tsang.

- HK to increase land supply (13th August)

HONG Kong's government said on Friday it would further increase land supply to avoid a property bubble, warning that prices of some flats are approaching historic highs.

John Tsang, the city's financial secretary, said prices in June were eight percent up from the end of 2009, despite a series of measures the government introduced in April to cool the overheating market.

'A large amount of hot money has flown into Hong Kong's financial system. Flat prices of some popular housing developments are fast approaching historic highs,' he told a press conference.

'There is an increased risk of a property bubble forming because interest rates are expected to continue to be very low for some time to come,' he said.

Mr Tsang said the government would auction three extra sites on its latest application list in the remainder of the fiscal year ending March 2011, regardless of whether developers table an offer. Two of these three sites would be auctioned in September.

Under Hong Kong's application list system, a land auction is triggered only when a developer offers at least 80 per cent of the government's minimum price for a lot on the

list. The city's home prices have surged nearly 45 per cent from its trough in end-2008, supported by persistently low interest rates. -- AFP

http://www.straitstimes.com/BreakingNews/Asia/Story/STIStory_565846.html

- Macao's hotel occupancy rate at 76.5 pct in June (13th August)

(Xinhua) -- The average occupancy rate of Macao's hotel sector reached 76.5 percent in June 2010, with four-star hotels leading at 77.3 percent, according to the figures released Friday by Macao's Statistics and Census Service (DSEC).

At the end of June, the total number of available guest rooms in the local hotel sector increased by 7.6 percent year-on-year to 19,560 rooms, the DSEC figures indicated.

A total of 603,004 guests checked into hotels and guest-houses in June, a notable increase of 35.3 percent year-on-year, with the majority coming from the Chinese mainland (50.4 percent) and Hong Kong (20.6 percent).

The average length of stay of hotel guests decreased by 0.03 night to 1.5 nights, the figure showed.

- HK sets more rules to regulate property market (13th August)

(Xinhua) -- To control potential risks in property sector, the government of the Hong Kong Special Administrative Region (SAR) announced on Friday new rules to curb speculative activities.

The Lands Department said it would not allow confirmor transactions of first-hand uncompleted flats which were granted pre-sale consent by the department.

The new rules, which took effect from Aug. 13, also forbade purchasers of those flats to re-sell, sub-sell or transfer the benefits of the agreements for sale and purchase before the transactions completion.

Meanwhile, the department also required buyers to forfeit 10 percent, instead of the current 5 percent, of the total purchase price if the transactions were canceled.

"I remind potential home buyers to be cautious when borrowing money to purchase property," said John Tsang, financial secretary of the government, commenting on the new rules.

"We will continue to monitor the situation closely. I will not hesitate to introduce further measures should that prove necessary. "

On the same day, the Hong Kong Monetary Authority asked banks in Hong Kong to implement new prudential measures for residential mortgage loans.

The measures included a maximum loan-to-value (LTV) ratio of 60 percent to properties with a value at or above 12 million HK dollars and lowering the maximum LTV ratio from properties which were not intended to be occupied by the owners to 60 percent. (One US dollar is equivalent to 7.77 HK dollars)