

Business and Politics in Muslim World

China

Fareeha Sarwar

14th to 20th March 2010

Presentation Date: 24th March 2010

REPORT No. 111:

Outline

National report

Political front

- People's Daily hails amendment to Electoral Law (14th March)
- Listening to China's worries good for the world (15th March)
- Full Text: Report on the Work of the Government (15th March)
- People's Daily hails amendment to Electoral Law (15th March)
- China's anti-graft chief calls for cadres to win public trust (15th March)
- China's cabinet urges thorough implementation of gov't work report (17th March)
- Chinese mainland, Taiwan to exchange frequent visits: spokesman (17th March)
- Top political advisor calls for joint efforts to develop cross-Strait ties (18th March)
- China's general public reap more benefits through study campaign: Party officials (19th March)
- Senior Chinese Commerce Ministry official on trial for corruption (19th March)
-

Foreign relations

- India is 10-15 years Behind China in Missile Technology: China (14th March)
- Google may Close Operations in China (15th March)
- China, Britain to lift level of strategic dialogue mechanism (15th March)
- China, Poland to promote supervisory co-op (15th March)
- British foreign secretary calls for greater UK-China cooperation in peacekeeping (15th March)
- Chinese vice premier urges U.S. to respect China's core interests (15th March)
- China reiterates diplomacy on Iran nuclear issue (18th March)
- China always advocates interfaith dialogue: Chinese representative (18th March)
- China's development beneficial to developing countries: Hun Sen (18th March)
- Mugabe's Zanu-PF rebuffs Western criticism of China's involvement in Africa (18th March)

- FM spokesman: China has indisputable sovereign rights over Diaoyu Islands (18th March)
- China refutes British report on human rights (19th March)
- N. Korean Leader's China Visit Uncertain (19th March)
- Speculation grows on Google's future in China (19th March)
- China vows to further practical cooperation with ASEAN (19th March)
- China, Bangladesh plan closer co-op with deals on gas, agriculture (19th March)
- China vice commerce minister to visit U.S. on trade relations (19th March)
- It is close-minded to brand China "arrogant" (19th March)
- Top Chinese, ROK diplomats exchange views on Korean Peninsula nuclear issue (19th March)
- China calls for more world aid to Afghanistan (19th March)
- U.S. ambassador: Sino-U.S. ties stable enough to weather differences (19th March)
- China, Russia hail prospects for bilateral ties (19th March)
- China, Australia sign MOU on reciprocal years of culture (19th March)
- China media hits out at Google (20th March)
- Chinese vice president arrives in Russia to start four European nation tours (20th March)
- Laos vows to advance bilateral ties with China (20th March)
- China to boost exchanges with foreign countries in tourism, culture: official (20th March)
- Backgrounder: Major events in Sino-Russian relations (20th March)

Economic front

- China's fiscal revenue up 33 pct in first two months (14th March)
- Premier Wen says China must be "very cautious, flexible" in stimulus exit (14th March)
- Premier Wen promises to grant foreign enterprises "national treatment" (14th March)
- Chinese Premier reiterates worries over China's assets in U.S. (14th March)
- Chinese premier defends yuan's value and role in global financial recovery (15th March)
- China takes over from West as Iran's main economic partner (15th March)
- China's switching economic growth pattern makes global economy more stable: PWC chief economist (15th March)
- Investor worries on China's monetary tightening pulls down Seoul shares (15th March)
- Mainland, Taiwan weigh up benefits of economic pact (15th March)
- Chinese shares retreat on tightening concerns (15th March)
- China welcomes more U.S. hi-tech exports: spokesman (16th March)
- Most Chinese feel prices "unacceptably high": central bank poll (16th March)
- Half of China's bankers think monetary policy will not change in next quarter (16th March)
- China's trade surplus with U.S. misread (16th March)

- Chinese shares open higher on overnight peripheral market rises (17th March)
- China's economy to grow 9.5% in 2010: World Bank forecast (17th March)
- China urges no politicalization of Rio Tinto case (18th March)
- China won't budge on closed court for Hu Sen: DFAT (19th March)
- Cross-Strait agreements on fishing, farm produce, product quality to take effect (19th March)
- China opposes trade protectionism in all its forms: envoy (19th March)
- Ridiculous logic of politicizing Chinese yuan exchange rate (19th March)
- China refuses Australia's request for access to Stern Hu trial (20th March)
- Inflation less worrisome than asset bubble in China: economists (20th March)
- China to keep inflation under control despite difficulties (20th March)
- Removing export restrictions better choice for U.S. than pressing China to revalue RMB: experts (20th March)
- Clean energy, technology innovation key to sustainable development (20th March)

Social front

- Chinese vice premier calls for prudence with social security funds (15th March)
- China's food safety watchdog claims almost total destruction of tainted milk powder (16th March)
- Chinese official defense website still under intense attack: chief editor (16th March)
- China launches law inspection to protect women's rights (17th March)
- Drought could lead to flood of inflation (19th March)
- Scholar warns of radical urbanization in China (20th March)
- Top Chinese tourist cities form alliance for marketing (20th March)

Ethnic issues

Environmental front

Regional report

North

Politics

- Local official arrested for allegedly fabricating identity to obtain promotion (15th March)

Social front

Economic front

- China "Summer Davos" 2010 to again focus on sustainable growth: WEF chief (17th March)

Northwest

Politics

- China Communist Youth League official in corruption trial (16th March)

Social front

Economic front

Northeast

Politics

Social front

Economic front

- China's northeast province strives to realize major shifts in trade with Russia (17th March)

Southwest

Politics

Social front

- Southwest China region digging wells amid prolonged drought (18th March)

Economic front

- Canadian enterprises seek cooperation with SW China city (14th March)
- Prolonged drought drives up flower prices in SW China (20th March)

South central

Politics

Social front

Economic front

- Vice Premier urges support for spring farming (15th March)
- Hainan not to compete with Macao in developing gambling tourism: official (19th March)
- Tourism industry to mull recovery from global financial crisis in S. China (19th March)
- Central China province denies GM rice accusation (20th March)

East

Politics

Social front

- China promotes judiciary reform with more public hearings (15th March)

Economic front

- Shanghai sends in lawyers to protect consumer rights at World Expo (15th March)

- S Korean FM voices support for Shanghai World Expo (15th March)
- Maritime anti-terror exercise launched ahead of Shanghai World Expo (20th March)

HONGKONG AND MACAU

Politics

- HK to see gradual progress in promoting democracy along with economic boom: Premier (14th March)
- Macao Chief presents his 1st policy address to legislative assembly (16th March)
- Macao to promote exchanges, cooperation with Taiwan: Chui (17th March)

Social front

Economic front

- Hong Kong stocks close 0.62% lower (15th March)
- Survey: HK labor market perked up in Q4 2009 (16th March)
- HK goods exports up 18.5% in January (18th March)
- HK's outward processing exports to mainland down 10% (18th March)
- HK's jobless rate falls to 4.6% (18th March)
- HK, Brunei sign pact to avoid double taxation: official (20th March)

National report

Political front

- People's Daily hails amendment to Electoral Law (14th March)

(Xinhua) -- The amendment to the Electoral Law adopted by the National People's Congress (NPC), China's parliament, marked an important step to improve the people's congress system and advance socialist democracy, the People's Daily said in an editorial to be published Monday.

The NPC concluded its annual session here Sunday after adopting an amendment to the Electoral Law, which grants equal representation in legislative bodies to rural and urban people.

The amendment could better demonstrate equality among people, regions and ethnic groups, and promote social harmony, the editorial said.

The editorial also spoke highly of the NPC session as an important meeting in the crucial era for China to deal with the global financial crisis, maintain steady and relatively fast economic development, and accelerate transformation of the economic growth mode.

The NPC endorsed the government work report delivered by Premier Wen Jiabao, which highlights scientific development, transformation of the economic growth mode, innovation and improvement of people's livelihood, the editorial said.

The editorial hailed the achievements of the NPC Standing Committee in 2009 and called for the NPC to make intensified efforts in legislation and supervision work and keep in closer contact with the people in 2010, the last year for the implementation of the country's 11th five-year plan (2006-2010).

- Listening to China's worries good for the world (15th March)

The world is used to hearing about the West's concerns over China-related issues, so it may come as a surprise how frequently China's worries came up during Premier Wen Jiabao's press conference Sunday.

The term "worries" was used as many as 13 times during the concluding press conference of this year's NPC session, while it was used only about four times when Wen met the press upon the conclusion of the "two sessions" in 2009, and it was not used at all in Wen's 2007 and 2008 press conferences.

The signal conveyed here is strong and clear: China is deeply concerned with the mounting domestic and external pressures, both of which pose severe tests for its savvy and vision.

Justice is the top item in China's long list of worries. It outweighs other anxieties, as it spells out the root cause for many other thorny domestic problems, including corruption, income distribution, the hukou (residency permit) system, housing price bubbles and inflation.

As Wen stated, "Equity and justice are the basis of social stability, and they shine brighter than the sun." While this year's NPC session has been hailed for having passed an amendment to the electoral law, which grants equal representation to urban and rural citizens in the legislature, China has far to go toward both economic and political justice.

No less pressing are China's worries over the outside world.

The nation is concerned over the safety of its huge US Treasury bond holdings, over the uncertain global economic outlook, and above all, over the West's growing but needless worries about China, which loom large and show up almost everywhere from calls for the yuan to appreciate to comments on China's "assertive" tone.

Undoubtedly, speaking out about worries is not Chinese tradition. In a conventionally conservative society, Chinese are accustomed to talking about giving assurance to minimize worries, instead of about having worries themselves.

Even during the worst time of the global financial crisis, when China's economy suffered a huge blow in the aftermath of Lehman's collapse, it was still Western nations, not China, that expressed anxieties.

But now it is time for the world to keep an open ear to China's worries. Chinese' own sentiment toward their developing nation should have many complicated layers. Whether it be pride over China's rising clout or worries over its prickly problems, all these contribute to the depiction of a true China.

A nation with confidence is by no means one free of worries. Despite the tremendous progress it has made, China must remain clear-headed about the various tough challenges it faces in 2010, "the most complicated year."

Everyone is in the same boat, as the post-financial crisis world is intertwined more closely than ever before.

Listening to China's worries will help China mitigate those concerns, and will be good for the world at large.

(Source: Global Times)

- Full Text: Report on the Work of the Government (15th March)

(Xinhua) -- The following is the full text of the Report on the Work of the Government delivered by Premier Wen Jiabao at the Third Session of the Eleventh National People's Congress on March 5, 2010 and adopted on March 14, 2010:

REPORT ON THE WORK OF THE GOVERNMENT

Delivered at the Third Session

of the Eleventh National People's Congress on March 5, 2010

Wen Jiabao

Premier of the State Council

Fellow Deputies,

On behalf of the State Council, I now present to you my report on the work of the government for your deliberation and approval. I also invite the members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) to provide comments and suggestions.

I. Review of Work in 2009

The year 2009 was the most difficult year for our country's economic development since the beginning of the new century. This time last year the global financial crisis was still spreading, and the world economy was in a deep recession. Our economy was severely affected; our exports decreased significantly; a large number of enterprises had operating difficulties, and some even suspended production or closed down; the number of unemployed people increased significantly; many migrant workers had to return to their home villages; and the pace of our economic growth suddenly slowed down. In these unusually difficult circumstances, the people of all our ethnic groups fortified their

confidence, tackled difficulties head on, worked tenaciously, and responded calmly to the impact of the global financial crisis under the firm leadership of the Communist Party of China (CPC). Our economy was the first in the world to have made a turnaround, and we made major new achievements in reform and opening up as well as socialist modernization. GDP reached 33.5 trillion yuan, an increase of 8.7% over the previous year (here and below). Fiscal revenue was 6.85 trillion yuan, up 11.7%. Grain production was 530.82 million tons, a new record and an increase for the sixth consecutive year. A total of 11.02 million urban jobs were created. The per capita disposable income of urban residents was 17,175 yuan, and the net per capita income of rural residents was 5,153 yuan, up 9.8% and 8.5% respectively in real terms. We took another steady step along the path of building a moderately prosperous society in all respects. Events again proved that no difficulties or obstacles can impede the course of the great rejuvenation of the Chinese nation.

The past year was truly extraordinary and inspiring. We held a grand celebration of the 60th anniversary of the founding of New China. The outstanding achievements we made in that time have greatly boosted the confidence and pride of the people, strengthened the cohesiveness of the Chinese nation, and raised China's international standing and influence. All this definitely encourages us to continue to forge ahead on the path of socialism with Chinese characteristics.

- People's Daily hails amendment to Electoral Law (15th March)

(Xinhua) -- The amendment to the Electoral Law adopted by the National People's Congress (NPC), China's parliament, marked an important step to improve the people's congress system and advance socialist democracy, the People's Daily said in an editorial to be published Monday.

The NPC concluded its annual session here Sunday after adopting an amendment to the Electoral Law, which grants equal representation in legislative bodies to rural and urban people.

The amendment could better demonstrate equality among people, regions and ethnic groups, and promote social harmony, the editorial said.

The editorial also spoke highly of the NPC session as an important meeting in the crucial era for China to deal with the global financial crisis, maintain steady and relatively fast economic development, and accelerate transformation of the economic growth mode.

The NPC endorsed the government work report delivered by Premier Wen Jiabao, which highlights scientific development, transformation of the economic growth mode, innovation and improvement of people's livelihood, the editorial said.

The editorial hailed the achievements of the NPC Standing Committee in 2009 and called for the NPC to make intensified efforts in legislation and supervision work and keep in closer contact with the people in 2010, the last year for the implementation of the country's 11th five-year plan (2006-2010).

- China's anti-graft chief calls for cadres to win public trust (15th March)

(Xinhua) -- China's anti-corruption chief He Guoqiang has urged cadres of the Communist Party of China (CPC) to refrain from abusing their authority for illicit gain and to win public trust through clean governance.

He, head of the CPC Central Commission for Discipline Inspection, made the remarks in an article to be published Tuesday in Qiushi, or "Seeking Truth," the official magazine of the CPC Central Committee.

Party leaders should strictly abide by the code of ethics for CPC cadres issued in January, another important regulation to ensure clean practice in Party cadres' work and prevent corruption, said He, a member of the Standing Committee of the CPC Central Committee Political Bureau.

Efforts should be intensified to tackle corruption-related problems, such as cadres using their power for illicit gains, privately engaging in profit-making activities, meddling in economic activities and using their influence to seek benefits for relatives, He said

The CPC Central Committee issued the guideline specifying 52 unacceptable practices with respect to CPC leaders and cadres, including accepting cash or financial instruments as gifts, and using their influence to benefit their spouses, children or "special concerned persons" with regards to their employment, stock trading or business.

- China's cabinet urges thorough implementation of gov't work report (17th March) (Xinhua) -- China's State Council, the Cabinet, Wednesday called for thorough implementation of this year's government work report, which was adopted on March 14 at the annual national legislature session.

The State Council specified the responsibility of each of its subordinate bodies in implementing major tasks set in the report, according to a statement released after an executive meeting chaired by Premier Wen Jiabao.

Wen delivered the report on March 5 at the Third Session of the 11th National People's Congress (NPC).

Government organs should perform their duties, draw up and execute their implementation plans and coordinate with each other, the statement said.

It called for enhanced inspection and improvements in an accountability mechanism and ordered "severe punishment" for those who were found in dereliction of duty or inefficiently conducting their work.

Government organs should implement the plans by conducting research at the grassroots to avoid bureaucracy, it said.

Participants also discussed at the meeting measures to promote development of the energy-saving service industry, according to the statement.

The government would encourage professional energy-saving service providers to sign contracts with energy-using companies or public institutions to help the latter to improve energy efficiency, it said.

The government would also work out favorable policies to promote new energy-saving technologies and products, it said.

- Chinese mainland, Taiwan to exchange frequent visits: spokesman (17th March) (Xinhua) -- The two sides of the Taiwan Strait will exchange frequent visits in the coming months, according to a mainland spokesman Wednesday.

The mainland's Association for Relations Across the Taiwan Straits (ARATS), authorized to handle cross-strait issues, will send six to seven delegations to Taiwan this year while its Taiwan counterpart, the Straits Exchange Foundation (SEF), will send five to six

delegations to the mainland, said Yang Yi, a spokesman for the State Council's Taiwan Affairs Office, at a regular press conference here.

The mainland delegations will aim to promote mainland investment in the island, religious exchanges, prevention and relief of natural disasters, cooperation between small and medium businesses as well as between the medical, agricultural and judicial sectors, he said.

Wang Fuqing, ARATS vice president, will lead a religious delegation to Taiwan from March 18 to 26, Yang said.

A delegation led by Chiang Pin-kung, SEF chairman, will visit Taiwan businesses in the mainland from March 24 to 30, he said.

- Top political advisor calls for joint efforts to develop cross-Strait ties (18th March) (Xinhua) -- China's top political advisor Jia Qinglin Thursday called for joint efforts to push forward the development of relations between the Chinese mainland and Taiwan.

Jia, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), made the remarks when he met with a Taiwan delegation led by Yao Eng-chi.

The world economy was gradually breaking away from the serious negative impact of the global financial crisis, and economic cooperation across the Taiwan Strait was embarking on a new stage, he said.

"We should seize the opportunity to enhance economic and financial exchanges, and negotiate and sign the cross-Strait Economic Cooperation Framework Agreement (ECFA) based on mutual benefit," he said.

Yao, whose delegation consists of former Taiwan local legislators, said the mainstream public opinion in Taiwan hoped for peaceful development of cross-Strait ties, and cooperation across the Strait needed to win more understanding and support from the public in the island

Yao said he hoped the two sides could expand cooperation through enhanced exchanges and make joint efforts for the peaceful development of cross-Strait relations.

Jia said the CPPCC had maintained contact with various circles on the island. It was "pioneering" for the delegation to come to the mainland and exchange views with political advisors as it created a new form of cross-Strait exchange.

Jia, also a member of the Standing Committee of the Communist Party of China (CPC) Central Committee Political Bureau, said significant progress in cross-Strait ties in the past year had brought concrete benefits to compatriots on both sides.

He urged both sides to enhance cultural and educational exchanges and cooperation and encouraged more compatriots to take part in promoting peaceful development of cross-Strait relations.

The two sides should stick to the principle that the mainland and Taiwan belonged to one China, strengthen political mutual trust, overcome disturbances, and strive to expand consensus, Jia said.

The Taiwan delegation made the visit at the invitation of the CPPCC's Committee for Liaison with Hong Kong, Macao, Taiwan and Overseas Chinese.

- China's general public reap more benefits through study campaign: Party officials (19th March)

(Xinhua) -- Senior Chinese leaders said Friday the general public had reaped practical benefits and the organization of grassroots Party committees was improved through an 18-month study campaign.

In a meeting attended by members of the Communist Party of China (CPC) Central Committee Political Bureau, CPC leaders agreed the Scientific Outlook on Development study campaign was of far-reaching significance for boosting the cause of China's modernization drive and Party building.

During the meeting, senior Party leaders urged CPC committees at all levels to fulfill their commitments to the people and win public trust by bringing practical benefits to them.

They also urged CPC committees to make the transformation of the economic growth mode an important target for the study campaign and to contribute to improving the quality and efficiency of economic development.

Senior leaders also called on Party members to embrace innovation in Party building and contribute to the promotion of social harmony.

The meeting was presided over by President Hu Jintao.

The Scientific Outlook on Development study campaign was launched by the CPC in September 2008 and ended in February this year. It emphasizes the well-being of people and a comprehensive, coordinated and sustainable approach to development.

More than 75 million CPC members took part in the campaign.

- Senior Chinese Commerce Ministry official on trial for corruption (19th March)

(Xinhua) -- The highest-ranking former official of China's Ministry of Commerce ever to stand trial stood in the dock Thursday to be charged with accepting bribes.

Former senior inspector Guo Jingyi, 44, is alleged to have accepted bribes valued at 7.65 million yuan (1.12 million U.S. dollars) -- 6 million yuan in cash and 1.65 million yuan in properties, a court official told Xinhua on condition of anonymity.

Guo entered the Ministry of Foreign Trade and Economic Cooperation, predecessor of the Ministry of Commerce, in 1986 when he graduated from the law school of the Peking University.

In 2002, Guo was appointed deputy head of the ministry's treaty and law department. The ministry was renamed in 2003.

Guo was detained by police in October 2008, when he was acting as an MOC inspector.

Prosecutors alleged Guo took bribes of more than 6 million yuan and in return helped a Beijing company, named Beijing Capital, get approval to set up a foreign-funded firm.

Guo is also alleged to have bought a villa from a property company under Beijing Capital at a 50-percent discount in return for his help. Prosecutors believed the deal profited Guo by 1.23 million yuan, but they did not detail how Guo get the remaining 420,000-yuan in properties.

The hearing was held at the Beijing No.2 Intermediate People's Court, said the official, who declined to reveal when a decision would be handed down.

Foreign relations

- India is 10-15 years Behind China in Missile Technology: China (14th March)

A Communist Party-backed Chinese newspaper has quickly refuted a top Indian scientist's claims that India's ballistic missile defence technology is superior to that of China. India is 10-15 years behind China in missile technology, Chinese Rear Admiral Zhang Zhaozhong was quoted saying on the Global Times front page on Friday. The report was prominently reproduced across the Chinese media. "India's technology for its measurement and control system, which is used to trace launched missiles, remains at a very low level, and they are unable to constitute a complete and reliable missile defense system," Zhang said. He was reacting to claims of India's superior missile technology by V K Saraswat, who heads the Defence Research and Development Organisation.....[HindustanTimes](#)

http://theasiandefence.blogspot.com/2010/03/india-is-10-15-years-behind-china-in.html?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+blogspot%2FYyaK+%28ASIAN+DEFENCE%29&utm_content=FaceBook

- Google may Close Operations in China (15th March)

Talks between Google and the Chinese government don't seem to be going anywhere even after the search giant threatened that it will exit China. The Wall Street Journal [reported](#) that Google is likely to take action within weeks. In short, Google may shut down its Google.cn (China-based) operations.

In January, Google's chief legal officer David Drummond [stated](#), in blog post, that the company is no longer willing to continue censorship in results of Google.cn website and wished to operate an unfiltered [search engine](#) within the law. The 'Do No Evil'- motto follower Google does want to continue business in one of the largest emerging Internet markets, albeit with some terms and conditions in its favor.

On one hand, the Chinese government strongly wants Google to adhere to Chinese law by censoring obscene content leading results in search engine while on the other hand, Google wants unfiltered search engine. Last week, Li Yizhong, Chinese minister for industry and [information technology](#), said: "If [Google] takes steps that violate Chinese laws, that would be unfriendly, that would be irresponsible, and they would have to bear the consequences."

YouTube and Blogger services are already blocked in China but other services like Gmail continue to run with zero interference. Google News would show only the official and government-approved news.

A Google spokesperson told [Reuters](#) that talks with Chinese authorities had not ended, but added that the company was adamant about not accepting self-censorship.

China's Communist Party isn't bothered about a search giant like Google exiting China but is more concerned about the impact of uncensored results on people. Google has been clear and blatant enough to admit that it won't censor results. We don't know what will

happen but this is a clear example of fight between culture and business policies of a company.

http://www.techtree.com/India/News/Google_may_Close_Operations_in_China/551-109901-643.html

- China, Britain to lift level of strategic dialogue mechanism (15th March)

(Xinhua) -- China and Britain will lift their strategic dialogue mechanism to a higher level during British Foreign Secretary David Miliband's visit to China, said Chinese Foreign Ministry spokesman Qin Gang here Monday.

"To further strengthen communication on the strategic level between China and Britain, the two sides have decided to lift the strategic dialogue mechanism to a higher level," said Qin in response to a question. Qin said Chinese State Councilor Dai Bingguo and Miliband will hold the strategic dialogue on Tuesday.

China and Britain held their first and second vice foreign minister-level strategic dialogue meetings in 2005 and 2007 respectively.

Miliband pays a visit to China from March 14 to 17 as a guest of his Chinese counterpart Yang Jiechi. Miliband is also expected to meet with Chinese Premier Wen Jiabao and hold talks with Yang.

- China, Poland to promote supervisory co-op (15th March)

(Xinhua) -- A leader of the Communist Party of China (CPC) Monday voiced his hope to boost exchanges between supervisory departments of China and Poland during a meeting with a delegation from the Supreme Chamber of Control of Poland.

"The Chinese government attaches importance to international cooperation on fighting corruption, and is willing to make joint efforts with other countries in the field," said He Guoqiang, a member of the Standing Committee of the CPC Central Committee Political Bureau.

He, also secretary of the CPC Central Commission for Discipline Inspection (CCDI), said China would uproot corruption and take measures to prevent its occurrence to maintain healthy social development.

He told the Polish delegation, led by Jacek Jezierski, president of the Supreme Chamber of Control, that the Chinese government had set the economic growth target as 8 percent this year during the just-concluded session of the National People's Congress.

China would speed up the transformation of the economic development model and optimize the economic structure to achieve quality of growth, he said.

He said the two countries had frequent high-level contacts, expanding trade, and fruitful exchanges, and pledged to further ties and cooperation.

Jacek Jezierski also expressed the hope to strengthen cooperation with Chinese supervisory departments.

- British foreign secretary calls for greater UK-China cooperation in peacekeeping (15th March)

(Xinhua) -- British Foreign Secretary David Miliband called for the UK and China to cooperate more on UN peacekeeping missions on Monday during his visit to a Chinese peacekeeper training center.

"Our two countries, as two permanent members of the UN security council have profound responsibilities around the world. There are fewer greater responsibilities than peacekeeping," Miliband said when addressing to Chinese peacekeepers.

Miliband made the remarks at the Langfang-based China Police Peacekeeping Training Center, 50 km from Beijing, during which he hailed China's contribution to the peacekeeping missions.

Chinese peacekeepers were working in some of the most difficult places and were known for their professionalism, bravery and cooperative spirit, said Miliband.

China had more "peacekeepers as measured by the number in active operations than any other member of the UN security council."

He said he was delighted the contribution of the British government helped the Chinese peacekeepers make a difference in their missions. "For example, multi-national missions depend on effective communication, so I believe the investment in English training in the center will pay rich dividends," said Miliband.

The UK has been supporting China in sending personnel to UN missions since 2007 through the Peacekeeping English Project (PEP), the overall aim of which is "to reduce, resolve and prevent conflict worldwide through improved English language communication."

Miliband highlighted the fact that Chinese, UK and African peacekeepers were learning together in Ghana, which he described as "the kind of practical cooperation" that defied skeptics who would say those countries could not work together.

Stressing there would be no good governance, development and protection of human rights without security, Miliband said UK was committed to working with China in peacekeeping, not only out of duty, but because the two sides believed it was "the right thing."

China has sent almost 600 peacekeepers to UN missions, including Afghanistan, Bosnia, East Timor and Sudan. Britain has donated course materials, communication equipment and built a Self-Access Center for English Language Learning to the training center.

- Chinese vice premier urges U.S. to respect China's core interests (15th March) (Xinhua) -- Chinese Vice Premier Li Keqiang Monday urged the United States to respect China's core interests and major concerns.

Li told visiting former U.S. secretary of state Henry Kissinger that he hoped the United States would safeguard the stable growth of China-U.S. ties.

"The severe disturbance that recently occurred in bilateral relations is not in accordance with the interests of both countries," Li said, referring to Washington's announcement of weapon sales to Taiwan, President Barack Obama's meeting with the Dalai Lama, and trade disputes between the two countries.

A sound China-U.S. relationship was in the fundamental interests of both nations and peoples, and was also conducive to peace, stability and development of the Asia-Pacific region and the world at large, Li said.

He hoped that the United States would work with China to treat bilateral ties from a strategic height and long-term perspective, and to promote ties towards active, comprehensive and cooperative orientation.

Li praised the contribution made by the 86-year-old former U.S. diplomat to advancing the China-U.S. cooperation, hoping he would continue his efforts for the growth of bilateral relations.

Kissinger said China's major concerns should gain respect.

During a speech earlier Monday, Kissinger expressed his optimism for the development of China-U.S. ties despite difficulties.

Past frictions between the two countries had always been properly handled, Kissinger said.

Also on Monday, Chinese State Councilor Dai Bingguo met with Kissinger.

Kissinger served as the top U.S. diplomat during the presidencies of Richard Nixon and Gerald Ford in 1970s. He paid the visit to China at the invitation of the Chinese People's Institute of Foreign Affairs.

- China reiterates diplomacy on Iran nuclear issue (18th March)

(Xinhua) -- China on Thursday reiterated its call for diplomatic efforts to resolve the Iranian nuclear issue, urging all parties to move toward a negotiated solution to the long-standing issue. "A peaceful solution through diplomatic means is the best way and complies with the interests of all parties," said Chinese Foreign Ministry spokesman Qin Gang at a regular news briefing.

"China is in close contact with the relevant parties and strives to promote peaceful negotiations," said Qin.

He Yafei, China's ambassador to the United Nations Office in Geneva, said Wednesday that China had been talking to Iran constantly and urging the country to agree to a proposal by the International Atomic Energy Agency (IAEA) as a first step to resolve the nuclear issue.

Under the IAEA proposal, most of Iran's existing low-grade enriched uranium should be shipped to Russia and France, where it would be processed into fuel rods with a purity of 20 percent. The higher-grade nuclear fuel would then be transported back to Iran for the use at a research reactor.

"I think the door of compromise through negotiations, the door of diplomacy, is not closed," He said.

The United States and Western allies have long been accusing Iran of secretly developing nuclear weapons under the guise of a civilian program, and are discussing a United Nations resolution to impose sanctions.

Iran has denied the accusation and stressed its nuclear program is solely for peaceful purposes.

- China always advocates interfaith dialogue: Chinese representative (18th March)

(Xinhua) -- The Chinese people will always be a staunch force advocating interfaith dialogue, promoting cooperation among all countries, and maintaining world peace and development, said Chinese representative Liu Jianchao at the Special Non-Aligned Movement (NAM) Ministerial Meeting which closed here Thursday.

"NAM always stands out as an important platform where the developing countries are uniting for strength and working for common interests, and NAM has made significant contributions to advancing world peace and development," said Liu, who is also Chinese ambassador to the Philippines.

He said that inter-civilization dialogue has been facilitated by globalization, IT expansion and personnel exchanges among the countries. However, prejudice, misunderstanding and intolerance among different ethnicities and religions are still existing, and even running rampant in some parts of the world. Racism and religious extremism of various manifestations are far from elimination, he added.

Therefore, to enhance dialogue among civilizations and promote harmonious co-existence among religions are of great practical significance to maintaining world peace and development, Liu said.

China is a unified country, home to various ethnic groups, whose diversified ethnic cultures and religious beliefs constitute an integral part of the profound and flourishing Chinese civilization, he said.

Explaining the reason for the long co-existence and harmony among various ethnic groups and religions in China, Liu said China pursues the policy of equality among all ethnic groups and religious freedom. In addition, the Chinese culture features the spirit of accommodation.

"The Chinese nation loves peace, values friendship and honors its word. China is ready to work together with NAM countries to get our work done, creating a world of enduring harmony and common prosperity," he concluded.

The three-day special Non-Aligned Movement ministerial meeting on inter-faith dialogue and cooperation closed in Manila on Thursday, with adoption of the Manila Declaration and Program of Action. Ministers and representatives from 118 NAM states and some observers attended the meeting.

The NAM, founded in September 1961, is the largest group of countries outside of the United Nations, making it an important lobby organization for global affairs. The movement now groups 118 member states, 17 observer countries and 10 observer organizations, comprising nearly two-thirds of UN member states and 55 percent of the world population.

- China's development beneficial to developing countries: Hun Sen (18th March)

Cambodia's Prime Minister Hun Sen reiterated on Thursday that China's development will benefit the region and the developing countries.

Hun Sen made the remarks when he held talks Thursday afternoon with Chinese Vice Premier Hui Liangyu, who is paying a visit to the country.

Expressing his congratulation to the great achievements made by China in recent years in social and economic fields, Hun Sen said that "China's development is not only conducive to China itself, but also beneficial to the ASEAN countries including Cambodia as well as vast numbers of developing countries."

Moreover, the premier expressed gratitude towards China for continue supports in both economic and political issues as well as financial assistance provided to Cambodia.

Hun Sen stressed that Cambodian government attaches great important to develop the friendly relations with China, adding that Cambodia will continue to firmly support Chinese government concerning its core interests and on major issues.

Hui spoke highly of Sino-Cambodian comprehensive cooperation partnership, and thanked Cambodia for its commitment to strengthen the friendly cooperation of the two countries and its support to China's core and major issues. He also praised Cambodia for their deepening coordination and communication with China on the international affairs.

Hui said China is willing to work with Cambodia to strengthen the cooperation and exchanges in various fields in an effort to promote bilateral relations to a higher level.

According to Eang Sophaleth, the spokesman of Prime Minister, Hui highly valued the country's rapid development in all fields under the leadership of Hun Sen.

Hui also assured to continue supports to Cambodia and pledged to promote more in economic, trade, investment, culture, tourism and agricultural sectors.

Hui Liangyu, arrived in Cambodia on Wednesday, has also met with Sok An, deputy prime minister and minister of the Office of the Council of Ministers, and Yim Chhaly, another deputy prime minister.

Cambodia is the first leg of Hui's five-nation visit which will also take him to the Laos, Palestine, Israel and India.

- Mugabe's Zanu-PF rebuffs Western criticism of China's involvement in Africa (18th March)

(Xinhua) -- Zimbabwean President Robert Mugabe' s Zanu-PF party has rebuffed Western media's assertions that China is not a true friend of Africa but one that is bent on exploiting its vast natural resources.

Party national chairman Simon Khaya-Moyo told Xinhua on Wednesday that China's relations with Africa were founded on mutual trust, equality and a win-win situation.

"Those Western countries criticizing the relations know that China is a powerful nation which is about to overtake the United States as the world's economic power," he said.

"The West is going to China more often than other countries so China is a giant and that's why they want to castigate it."

As Zimbabwe and Africa develop their relations with China, there has been Western criticism of China's sincerity -- that its growing economic interest in Africa is based on a search for raw materials to power its economy.

But Khaya-Moyo said Sino-Africa ties started many years ago and had continued to develop and blossom over the years. "We are obviously working together as free nations," he said.

China had not imposed sanctions on Zimbabwe and Zimbabwe was reaping more rewards from its "Look East" policy adopted in 2003, he said.

The Zanu-PF party chairman expressed confidence in the future of China-Africa and China-Zimbabwe relations, saying these will continue to be excellent, cordial and friendly.

"We shall do more and more together. We want more investment to pour in from China and for Zimbabweans to do more business with China," he said.

Describing the relations as cordial, Khaya-Moyo said Zimbabwe was happy and proud of its growing relations with China.

Zanu-PF legislator and Agriculture and Irrigation Development Minister Joseph Made said Zimbabwe was a sovereign nation which was free to choose its friends.

He said it was not proper for Zimbabwe and Africa's erstwhile colonizers to dictate to them who to associate with.

"I think the choice for friendship is free. You want us to forget those who assisted us to have the right to self determination? Can the Western colonizers choose our friends? No," said Made.

He said the Western media claims were false accusations against the Asian country which was now helping African economies to grow.

"If this is true they should leave that to our own devices. We are adults and we will make our own choices."

Made said Zimbabwe was in need of sincere friends and not those who "punish us for nothing to the extent of punishing 13 million people" through sanctions.

He said the Western sanctions had resulted in Zimbabwe's researchers and planners operating in isolation to the detriment of agricultural development in the country.

Zimbabwe had therefore chosen to collaborate with China and other Asian countries to enhance the expertise of its agricultural experts, he said.

The West imposed sanctions on Zimbabwe at the turn of the century following the expropriation of white owned land by government to resettle indigenous people.

- FM spokesman: China has indisputable sovereign rights over Diaoyu Islands (18th March)

(Xinhua) -- China has indisputable sovereign rights over the Diaoyu Islands and adjacent islets, Chinese Foreign Ministry Spokesman Qin Gang said here Thursday.

Qin said the Diaoyu Islands and adjacent islets have been an inalienable part of China's territory since ancient times.

Qin made the remarks in response to a question about Japan's latest claim over the islands.

Japanese Foreign Minister Okada Katsuya said on Tuesday that Japan had sovereignty over the Diaoyu Islands. Okada made the comment when asked about China's move to implement the Law on Island Protection that lists the Diaoyu Islands among the subjects of protection.

- China refutes British report on human rights (19th March)

(Xinhua) -- China on Thursday refuted Britain's latest annual report on human rights, calling the report "an ideological political show."

"China's human rights cause is progressing continuously and it is obvious to any person without prejudice," Foreign Ministry spokesman Qin Gang told a regular press conference.

British Foreign Secretary David Miliband launched the 2009 Annual Report on Human Rights Wednesday afternoon in the wake of his visit to China this week. The 192-page report named China as one of 22 "countries of concern."

Qin said most of the countries listed in the report were developing countries.

"Why doesn't the report talk about some Western countries that have also violated human rights? This is simply an ideological political show," he said.

"China has been committed to promoting and protecting its people's human rights and fundamental freedoms," Qin said.

He said Chinese people of various ethnic groups enjoyed fundamental rights conferred by the Constitution according to law and the level of their enjoyment of human rights had increased significantly.

In its rapid economic development, China had also stressed the rule of law and social progress, and the government was committed to building a fair, just and harmonious society, he said.

He acknowledged that differences still existed among nations on human rights issues due to different levels of cultural and economic development.

"China stands for narrowing the differences through dialogue on the basis of mutual respect and equality," he said.

China opposed pressure and confrontation, double standards on human rights issues and interference in other nation's internal affairs, he added.

The other 21 "countries of concern" were Afghanistan, Belarus, Colombia, Cuba, the Democratic People's Republic of Korea, the Democratic Republic of Congo, Iran, Iraq, Israel, Myanmar, Pakistan, Russia, Saudi Arabia, Somalia, Sri Lanka, Sudan, Syria, Turkmenistan, Uzbekistan, Vietnam and Zimbabwe.

- N. Korean Leader's China Visit Uncertain (19th March)

BEIJING — A phone call was made to the North Korean embassy in Beijing on Tuesday night and the following conversation was logged.

A: Hello. I am a journalist from the South.

B: Yes?

A: Lately many newspapers have been reporting about a possible visit by Chairman Kim to China. I thought I should confirm it with the North Korean embassy here.

B: We also don't know about it.

A: There is no such visit planned soon?

B: I don't know. Who would know about a thing like that? Which newspapers wrote that?

A: (Naming some newspapers.)

B: People may be curious, but such reports have been coming out since four years ago.

The North Korean official, who declined to give his name, was right. The last time Kim Jong-il visited China was in 2006. Since then, there has been an endless stream of reports about an "imminent" visit by Kim to China, which to this day has yet to materialize.

Anticipation, however, has not let up lately. Rather, it has intensified as observers say Kim has enough agenda items that he would want to discuss with the Chinese President Hu Jintao, such as seeking economic aid, gaining China's support for Kim's heir designate and consultations on the six-party nuclear talks.

In addition, after Chinese Premier Wen Jiabao visited Pyongyang last October, Hu publicly invited Kim to visit at a time "convenient" for him.

"So, it's very normal for the North Korean leader to visit China," said Cui Zhiying, director of the Korean Peninsula Research Centre at Shanghai's Tongji University. "But I don't know when."

"It will definitely be sometime during the first half of this year," said a South Korean government official who deals with North Korean affairs. He spoke anonymously due to protocol.

Yet Wang Jisi, dean of the School of International Studies at Peking University, gave a more reserved perspective of Kim's visit: "I am not aware of it," he said over the phone. Wang declined to speculate whether there was a high chance that Kim's visit would happen during the first half of the year.

The unfulfilled expectation of Kim's visit has been drawn out since December when the

prediction was spearheaded by Japanese and South Korean media outlets.

Most were speculative, but some were bold. For example, Radio Free Asia said Kim would arrive in Beijing on Jan. 10. When the date passed by without Kim's appearance in China's capital, a series of other speculative reports ensued, each, after passing the deadline, incrementally postponing the time.

Lately, Japan's Mainichi newspaper and South Korea's Yonhap news agency have said Kim is likely to visit China in the latter half of this month — that is — now, while the JoongAng Ilbo predicted it to be in early April.

Those who weigh in on this latest revised timetable argue that chances are higher this time.

Firstly, Wang Jiarui, the head of the international department of the Communist Party of China, doesn't have any foreign travel scheduled for the remaining days of the month. Within the Chinese government, the department manages Kim's visit.

Secondly, Grand National Party Chairman Chung Mong-jun's plan to visit China later this month was postponed at the request of the Chinese side, citing a schedule conflict with another state guest. Some speculate this guest is Kim.

Thirdly, some view that the U.S. Barack Obama administration wants to make progress with the stalled North Korean nuclear talks before it hosts the global nuclear summit on April 12. Many observers link the timing of Kim's visit to China to that of the North's declaration of returning to the talks.

According to this view, the U.S. will make concessions to North Korea to encourage it to return to the talks. After obtaining Washington's concession, the North Korean leader will visit China to make a grand declaration of returning to the six-party talks. The diplomatic gesture will be appreciated by China, the host of the talks, which wants to boost its international image as an international dispute balancer.

Unfortunately, all these speculations will not hold ground if Kim doesn't visit China this time.

Han Suk-hee, an expert on Chinese-North Korean relations at the Graduate School of International Studies at Yonsei University, is one of those leaning towards this view.

"The situation remains fluid. But I don't think it's good timing for him to make the trip," Han said, citing Kim's health condition as one reason. Kim reportedly suffered a stroke in 2008. He has since recovered, yet remains fragile, observers say.

"Many people also think that Kim will make a visit to China as a diplomatic courtesy returning Wen Jiabao's visit to North Korea last year. But given that North Korea appears not to be interested in returning to the six-party talks, there is now a lack of agenda that

enables Kim's visit," Han said.

Han also cited the current signs of instability in North Korea, following its botched currency reform that has aggravated the people's economic hardship amid exorbitant price hikes.

The situation was so severe that Pyongyang executed a top financial official in a desperate attempt to quell public anger.

At the ruling-class level, the North's leadership lately has also displayed signs of disorderliness and inconsistency in its dealings with the South, leading some analysts to doubt the ailing leader's grip on power.

With North Korea facing domestic instability, Han doubts North Korea can afford to stage Kim Jong-il's visit to China.

"For North Korea, Kim's overseas travel is a major diplomatic event. I don't think the domestic situation is favorable for Kim to make the move now."

http://www.koreatimes.co.kr/www/news/nation/2010/03/113_62692.html

- Speculation grows on Google's future in China (19th March)

[Google](#)'s legal structure in China will allow the company to continue operations in the country even if it closes its local search engine, local employees and industry and legal experts say.

The comments come amid frenzied speculation that Google is on the verge of carrying out its January threat to [retreat partly or fully from China](#).

The company operates google.cn, its China-registered website, under a joint venture with a domestic partner because Chinese law bars foreign investors from holding controlling stakes in the internet content business. But most of Google's workforce in the country is employed by a separate company wholly owned by the US parent.

"Research and development staff all work with us," said an employee at Google Information Technology (China), a wholly foreign-owned company according to the Beijing Administration for Industry and Commerce.

Another employee in sales said most of Google's sales force in China were also employed by the same company and not by Beijing Guxiang Information Technology, the joint venture.

"They have their R&D perfectly firewalled off, so they can continue to keep those people at work even if google.cn closes down," said Duncan Clark, chairman of BDA, a Beijing-based telecoms and media consultancy.

Speculation about an imminent announcement from Google intensified on Friday. A state-owned newspaper, quoting an unnamed employee, reported that the company could make an announcement as early as Monday on closing google.cn.

Eric Schmidt, Google chief executive, said earlier that the company would seek to keep some of its operations in the country.

Last week, a person familiar with the situation said Google had drawn up detailed plans for the closure of the Chinese search engine and hoped to manage an orderly exit. But negotiations with the Chinese government had not brought any breakthrough.

Google said it had more than 600 employees in China, half in research and development and the other half in sales.

Closing a joint venture in China can take months or even years because the law requires a range of audits including tax and customs issues, according to corporate lawyers.

“You have to deal with an incredible amount of bureaucracy,” said Sabine Stricker-Kellerer, senior China counsel at Freshfields Bruckhaus Deringer in Munich. “And as one party to the joint venture, you don’t have a legal right to demand dissolution, so the government has some discretion. There is really no precedent how that can play out in a politically sensitive case like this.”

But the separation of the search engine from the research and sales force made this less of a risk, observers said.

“Google is likely to move features it now offers on the local search engine on to google.com and continue developing its offering for the Chinese market,” said Cao Junbo, chief analyst at iResearch in Beijing.

He added that if Google managed to close the local search engine without further angering Beijing and avoided frequent blocking of google.com in China, the company would have a chance of holding on to a part of its 35 per cent share in the Chinese search ad market.

Google did not respond to a request for comment on its wholly owned business and the distribution of its workforce.

[Copyright](#) The Financial Times Limited 2010. You may share using our article tools. Please don't cut articles from FT.com and redistribute by email or post to the web.

<http://www.ft.com/cms/s/0/fa374b78-3350-11df-bc32-00144feabdc0.html>

- China vows to further practical cooperation with ASEAN (19th March) (Xinhua) -- China is ready to enhance practical cooperation with the Association of Southeast Asian Nations (ASEAN), Foreign Minister Yang Jiechi said Friday. In a meeting with visiting ASEAN Secretary General Surin Pitsuwan, Yang said China would act on principles set forth in the framework of the free trade zone between the two sides.

China unswervingly followed a policy of advancing cooperation of mutual benefit with ASEAN, he said.

"China will maintain its support for the building of the ASEAN community," Yang said. China would back ASEAN playing a dominant role in regional cooperation in East Asia. China was ready to carry out cultural exchanges with ASEAN, and intensify regional and sub-regional cooperation, Yang said.

He said China was willing to work with ASEAN to promote infrastructure interconnection.

"The ASEAN-China strategic partnership is of great significance to the ASEAN countries," Surin said.

Surin, on his first visit to China since taking office, said the two sides should advance bilateral contacts and communication, enhance cooperation in fields such as investment, small and medium-sized enterprises, tourism and culture.

They also exchanged views on global and regional issues of common concern.

- China, Bangladesh plan closer co-op with deals on gas, agriculture (19th March) (Xinhua) -- China and Bangladesh signed a series of agreements on oil, gas, mineral and agricultural cooperation during a four-day official visit to China by Bangladesh Prime Minister Sheikh Hasina.

The two countries issued a joint statement in Beijing on Friday, in which both sides agreed to build a "closer comprehensive partnership of cooperation" to better contribute to regional and world peace and counter global challenges.

This year marks the 35th anniversary of China-Bangladesh diplomatic ties. The two countries would hold commemorative activities in Beijing and Dhaka to further enhance bilateral friendship, the statement said.

While maintaining high-level contacts and political ties, the two countries planned to take active measures to expand bilateral trade, ease the trade imbalance and enhance cooperation in trade, investment, agriculture, transportation and infrastructure.

China is to provide preferential tariff treatment to more Bangladeshi products, while Bangladesh would encourage more enterprises to participate in the Shanghai World Expo and other commodity fairs in China to boost exports, the statement said.

The two countries also signed agreements on a concessional loan offered by China to Bangladesh and the construction of the seventh Bangladesh-China Friendship Bridge at Kajirtek.

The two countries would carry out cooperation in hybrid rice cultivation technology, farm products processing and technical personnel training, according to the statement.

Moreover, both sides decided to strengthen cooperation on flood control, disaster alleviation, water resources management and hydrological data sharing, it said.

Bangladesh hoped China would launch a communications satellite for Bangladesh in the near future and China expressed interest in cooperating, said the statement.

A team of Chinese medical experts would visit Bangladesh to offer free medical treatment to cataract patients. China agreed to increase the number of scholarships to Bangladeshi students.

The Bangladeshi side reiterated the government of the People's Republic of China is the sole legal government representing China, and Taiwan and Tibet are inalienable parts of Chinese territory, said the statement.

During her stay in Beijing, Hasina met with President Hu Jintao, top legislator Wu Bangguo, and held official talks with Premier Wen Jiabao. Leaders of both countries discussed ways to boost bilateral cooperation and collective initiatives to counter global challenges such as climate change.

- China vice commerce minister to visit U.S. on trade relations (19th March) (Xinhua) -- Chinese Vice Minister of Commerce Zhong Shan will pay a three-day visit to the United States from March 24 to strengthen economic and trade cooperation, said a statement posted on the official website of the Ministry of Commerce (MOC) Friday.

The visit was aimed at expanding bilateral trade and promoting the healthy and stable development of the Sino-U.S. economic and trade relations, the statement said.

Zhong would also negotiate with the U.S. administration over Sino-U.S. trade issues in an effort to increase mutual understanding, and defuse trade frictions, the statement said.

"Sino-U.S. economic and trade relations are mutually beneficial," said He Ning, director general of the Department of American and Oceanian Affairs of the MOC.

"China believes any economic and trade issues, including the RMB (Chinese currency) exchange rate, can be resolved through dialogue.

"But we should avoid politicizing economic and trade issues," He told journalists Friday in Beijing.

He said commodities trade figures only mirrored flows of the products, but it could not truly reveal the beneficiaries.

Chinese Premier Wen Jiabao said earlier this month that half of China's exports came from the processing trade, in which imported components were assembled at factories in China and 60 percent were made by foreign-funded companies or joint ventures with foreign partners.

MOC spokesman Yao Jian said Tuesday China welcomed more U.S. high-tech exports, and was willing to promote more balanced Sino-U.S. trade. En

- It is close-minded to brand China "arrogant" (19th March)

(Xinhua) -- It is close-minded and amazingly audacious for Western politicians and pundits to brand China with an "arrogance" label.

China, after all, is still a developing country focused on its domestic modernization drive and is simply playing an increasingly constructive and noticeable role in the international arena.

A well-known U.S. scholar on strategic issues recently said China is displaying more defiance toward other countries, particularly the United States.

That's because, the scholar said, China holds the illusion that the United States is ebbing and global circumstances are turning in its favor. China's perception of foreign affairs may backfire and hurt itself, the scholar said.

Other Western politicians and scholars hold similar views, which, to be frank, distort the rights and wrongs of the situation.

It is true that China has made extraordinary progress since the People's Republic of China was founded in 1949, especially after the reform and opening-up policy was adopted over 30 years ago.

However, China is still in the early stages of its modernization and far from being a land filled with milk and honey. China's per capita gross domestic product in 2009, for instance, was about 3,700 U.S. dollars, not even among the top 100 in the world.

Even if China completely accomplishes its modernization and becomes stronger, it is reasonable to believe the country will continue to follow the peaceful road it travels and respect the sovereignty, culture, customs and development modes of other countries.

China, as a traditional peace-loving country, suffered much at the hands of the world's big powers after 1840 when the Opium War was launched by British imperialists. China, as a result of that experience, is sensitive enough to avoid intervening in other countries' domestic affairs or harming their interests.

What China does now is simply to play a more constructive and noticeable role on the world stage in order to secure its national interests and help boost global development, peace and stability.

An article published by Singapore's Lianhe Zaobao on Thursday said maintaining friendly ties with other countries agrees with the Chinese people's nature.

China, the article said, would more efficiently wield its "soft power," characterized by the use of cultural, educational and diplomatic tools, and push forward its ties with other countries.

Alexander Lukin, a research fellow at the Moscow State Institute of International Relations, told Xinhua that the independent, mild and active foreign policies abided by China play a positive role in world affairs.

China never seeks any global objectives and never imposes its development mode on other countries. China, however, does spare no effort in developing good relations with all countries including the United States and the European Union, Lukin said.

Therefore, it is reasonable to think that some Western politicians and scholars have unleashed the "arrogance" charge in order to gain political capital and divert the eyes of complaining citizens in their countries from domestic to overseas issues.

- Top Chinese, ROK diplomats exchange views on Korean Peninsula nuclear issue (19th March)

(Xinhua) -- Chinese Foreign Minister Yang Jiechi Thursday discussed with Yu Myung Hwan, his counterpart from the Republic of Korea (ROK), the Korean Peninsula nuclear issue and the six-party process, according to a press release issued after the talks.

The statement from the Chinese Foreign Ministry said they touched on regional and international issues of common concern during the talks, but it gave no further details on those issues.

The two senior officials also voiced their willingness to work together to promote exchanges and cooperation, so as to push forward bilateral ties, according to the release.

Yu, who arrived in China late Wednesday, visited the Expo garden in Shanghai before heading to Beijing.

Yu met with Chinese Premier Wen Jiabao in the afternoon, during which they discussed China-ROK relations and issues of common concern.

Launched in 2003, the six-party talks on the Korean Peninsula involve China, the Democratic People's Republic of Korea (DPRK), the United States, the ROK, Russia and Japan.

- China calls for more world aid to Afghanistan (19th March)

(Xinhua) -- China on Thursday called upon the international community to render more support and provide more assistance to Afghanistan, and voiced its support for a leading coordination role by the United Nations in the reconstruction of the south Asian country.

The appeal came as Li Baodong, the permanent Chinese representative to the United Nations, was speaking to a UN Security Council meeting on the current situation of Afghanistan.

The international community must keep focused on Afghanistan, which is currently at a key transitional period, and increase support and assistance to enhance Afghan sovereignty and capacity for development, Li said.

The international community should also step up the efforts to assist the country in strengthening its military and police forces, promoting the process of national reconciliation in the nation, he said.

He said that China supports the leading coordination role played by the United Nations in helping Afghanistan in its reconstruction process.

China had actively supported and participated in Afghanistan's peaceful reconstruction, he said, adding that China will continue to provide assistance to Afghanistan within its capacity.

China had invited Afghan President Hamid Karzai to visit China on March 21-25, Li said, adding that he is confident that visit will achieve positive results.

- U.S. ambassador: Sino-U.S. ties stable enough to weather differences (19th March) (Xinhua) -- U.S. Ambassador to China Jon Huntsman Thursday said the U.S.- China relationship is mature and stable enough to weather differences between the two countries.

Huntsman made the remarks in his speech, "2010: The Year of Decision," at the prestigious Tsinghua University in Beijing.

The ambassador thought 2010 would be "the most important year in the history of the Sino-U.S. relations," as the two sides had to take action and make real progress on pressing global challenges like economic recovery and climate change.

The China-U.S relationship had a good start after President Obama took office last year.

However, U.S arms sales to Taiwan and U.S leaders' meetings with the Dalai Lama posed problems.

"I've seen enough ups and downs to know that the recent turbulence we've experienced is part of a natural cycle. Our relationship is mature and stable enough to weather our differences," said Huntsman in his half-hour speech.

Huntsman said he was confident the two countries would work through their differences through dialogue, and they would be able to get on with the global challenges.

"Together we can lay the foundation for another 30 years of economic growth and stability in our countries, and in the world," he said.

"I am convinced that blue skies are already on the horizon," he said.

He expected the bilateral relationship would regain the "high cruising altitude" of last year by the opening of the Shanghai World Expo in May.

He was also confident the two sides would make real progress on the global challenges when they met for the second round of the U.S.-China Strategic and Economic Dialogue (SED) and when Chinese President Hu Jintao visited the United States this year.

- China, Russia hail prospects for bilateral ties (19th March) (Xinhua) -- Chinese and Russian officials and experts have expressed optimism on further expansion of Sino-Russian ties on the eve of a visit here by Chinese Vice-President Xi Jinping.

A Chinese Foreign Ministry spokesman said Thursday that Xi's visit to Russia would further promote bilateral cooperation.

Xi was invited by Russian Prime Minister Vladimir Putin to attend the inauguration of the Year of Chinese Language, and the opening ceremony of the second round of dialogue between the Chinese and Russian ruling parties, Qin Gang said.

"The Year of Chinese Language will promote mutual understanding and friendship between the Chinese and Russian people, which would also enhance the two countries' cultural cooperation," he said.

At a press conference for the upcoming Year of Chinese Language held here on Wednesday, Li Hui, Chinese ambassador to Russia, said the language year would be conducive to nurturing language talents and deepening the bilateral relationship.

"I hope that, through the Year of Chinese Language, Russian people, particularly the young people, will understand Chinese society and traditional culture," he said.

China held the Year of Russian Language in 2009 and, with this year's reciprocation in Russia, is an effort to further consolidate the bilateral strategic partnership of cooperation.

Li said previously the Year of Chinese Language, with its many events, would write a new page in China-Russia ties and elevate bilateral relations to a new high.

In a recent interview with Xinhua, Alexander Lukin, director of the Center for East Asia and Shanghai Cooperation Organization Studies at Moscow State University for International Relations, said Russia-China ties, which have been developing smoothly, are at their best in history.

The current ties between Russia and China are entirely equal and are based on practical interests, Lukin said.

"The two countries have almost no contradictions. Both support a multi-polar world and oppose a global structure dominated by a certain country," he said.

Several leading Russian Sinologists, who attended a recent reception for the traditional Chinese lantern festival, all hailed the achievements made in Russia-China relations in recent years.

Russian First Deputy Foreign Minister Andrey Denisov and Mikhail Titarenko, chairman of the Russia-China Friendship Association, said the frequent high-level exchanges in 2009, joint celebration of the 60th anniversary of the Russia-China diplomatic relations and the success of the Year of Russian Language had played a key role in deepening bilateral relations.

They said Russia-China relations would maintain sound development in 2010 and a series of grand events, including the Year of Chinese Language, would further boost bilateral ties.

- China, Australia sign MOU on reciprocal years of culture (19th March)
(Xinhua) -- China's Vice Minister of Culture Zhao Shaohua and Australian Ambassador to China Geoff Raby Friday signed a memorandum of understanding (MOU) on reciprocal years of culture (2010-2012) between China and Australia.

The Year of Australian Culture in China, the opening ceremony of which is scheduled for June 8 in the National Center for the Performing Arts, lasts from June 2010 to June 2011.

It will be a showcase of cooperation between China and Australia in the fields of art, music, performance, literature, film and other media.

It will include an Australian aboriginal art exhibition held in the National Art Museum of China and art performances jointly produced by Chinese and Australian artists.

As the first step, the National Museum of Australia and the National Art Museum of China Monday signed a memorandum of understanding to put arrangements in place for reciprocal touring exhibitions in China and Australia from 2010 to 2012 and facilitate future cultural exchanges.

According to a joint statement released during the visit of China's Vice Premier Li Keqiang to Australia last year, the Year of Australian Culture in China is scheduled from 2010 to 2011, and the Year of Chinese Culture in Australia from 2011 to 2012.

China's Ministry of Culture is actively preparing for the Year of Chinese Culture in Australia.

- China media hits out at Google (20th March)

CHINESE media unleashed a torrent of criticism against Google on Saturday after reports it would leave the country, with state news agency Xinhua alleging the company was linked to US intelligence.

The comments were the latest in a series of angry exchanges sparked by the row over the Internet giant's complaints of cyber hacking and censorship in the country.

Xinhua said in an editorial: 'Some Chinese Internet users who prefer to use Google still don't realise perhaps that due to the links between Google and the American intelligence services, search histories on Google will be kept and used by the American intelligence agencies.' Google's main spokesman in Beijing declined to comment on the claim.

The English-language China Daily declared 'Google in wrong game' as it took issue with the company's stance, saying: 'The Chinese are enjoying unprecedented freedom in the country's more than 5,000 years of history.

'If the vested interests' accusation that the Chinese government censors the Internet to spy on its own people does not originate from ignorance, then (it) is a white lie and a malicious attack. It will not do any good to Google either. And by linking its exit from China with political issues, Google will certainly lose its credibility in a country that has the largest number of netizens,' China Daily said.

On its Internet site, China Radio International accused Google of encroaching on the country's sovereignty. 'There has only been one such case in over 100 years of colonialism and semi-colonialism: that of the British East India Company, which wanted to control India's sovereignty,' the station said. 'Perhaps if Google withdraws from the Chinese market it will have negative consequences for certain Internet users but it will be Google that loses the most.'

- Chinese vice president arrives in Russia to start four European nation tours (20th March)

(Xinhua) -- At the invitation of Russian Prime Minister Vladimir Putin, Chinese Vice President Xi Jinping arrived here Saturday for a five-day official visit to Russia.

In a written statement upon his arrival, Xi said that China and Russia are friendly neighbors and close strategic partners of coordination, adding that the Chinese government and the Communist Party of China highly value the growth of China-Russia ties.

Xi said he believes his visit will "cement the mutual political trust, deepen cooperation with mutual benefit, strengthen cooperation between political parties of both countries, and advance the all-round and rapid growth of the strategic partnership of coordination of the two countries."

Russia is the first leg of Xi's four-nation Europe tour, which will also take him to Belarus, Finland and Sweden.

During his stay in Russia, Xi, who is also a member of the Standing Committee of the Political Bureau of the Communist Party of China Central Committee, will meet Russian President Dmitry Medvedev, and Putin, who is also chairman of the ruling United Russia party, and State Duma Chairman Boris Gryzlov.

They will exchange views on bilateral relations and other regional and international issues of common concern.

Xi is also expected to attend the opening ceremony of the Year of the Chinese Language in Russia as well as the opening of the second round of strategic dialogue between Chinese and Russian ruling parties.

- Laos vows to advance bilateral ties with China (20th March)

(Xinhua) -- Lao Prime Minister Bouasone Bouphavanh said here on Saturday that Laos is ready to work with China to promote the bilateral comprehensive strategic cooperative partnership.

Bouasone made the remarks when meeting with visiting Chinese Vice Premier Hui Liangyu, who arrived in Vientiane on Friday for an official visit to Laos.

At the meeting, Bouasone spoke highly of bilateral relations and thanked China for all the past support and assistance for his country's economic and social development.

For his part, Hui said China and Laos are good neighbors, friends, comrades and partners. The two countries share political mutual trust and similar views on major international and regional issues.

Hui said China and Laos lifted bilateral ties to comprehensive strategic cooperative partnership last year, which is expected to push the two-way cooperation to a new height. During the meeting, the two sides also held that the two countries are faced with tasks to develop economy and improve people's life. The two countries share wide common interest and have solid ground for cooperation.

The two sides vowed to join hands to maintain the frequent high- level bilateral visits and further consolidate strategic mutual trust.

They are also committed to expanding cooperation in economic and trade, investment and agriculture.

Hui held talks with Lao Deputy Prime Minister Somsavat Lengsavad on Saturday and attended signing ceremony for cooperation projects between the two countries on economy, technology and agriculture.

- China to boost exchanges with foreign countries in tourism, culture: official (20th March)

(Xinhua) -- China will boost exchanges and cooperation with foreign countries in the tourism and culture industries, a senior Chinese official said here on Saturday.

Liu Yunshan, a member of the Political Bureau of the Communist Party of China Central Committee, made the remarks when meeting with representatives from international

tourism associations and foreign government officials who were in the Chinese resort city of Sanya to attend the 2010 Boao International Tourism Forum.

Extending warm welcome to the guests, Liu said China will stick to the opening up policy and enhance cooperation with foreign countries.

"We will push forward exchanges and cooperation with foreign countries in the tourism and culture industries and boost development of the industries, which will serve as a bridge for people from different countries to enhance understanding and deepen friendship," he said.

The Boao International Tourism Forum, under the theme of reforms in the tourism and culture industries, is forward-looking as tourism and culture are becoming more and more integrated in economic and social development of modern society, Liu said.

More than 2,000 guests from across the globe attended the forum in Sanya in China's only tropical island province Hainan, including 60 minister-level officials, executives of world's major tourism associations and representatives from top Chinese and international firms.

The central government in January announced a plan to build the island into a top international tourist destination by 2020, which was seen as the biggest opportunity for the island since it became a separate province and the largest special economic zone of China in 1988.

Hainan authorities said the forum was an "intro with drums and gongs" for the massive tourism development plan.

- Backgrounder: Major events in Sino-Russian relations (20th March)

(Xinhua) -- Vice President Xi Jinping arrived in Vladivostok on Saturday for a five-day official visit to Russia, the first leg of his four-nation European tour.

The following is a chronology of major events in China-Russia relations since 1992:

On Dec. 17-19, 1992: Russian President Boris Yeltsin paid his first visit to China.

On May 25-29, 1994, Russian Prime Minister Viktor Chernomyrdin visited China.

On Sept. 2-6, 1994, Chinese President Jiang Zemin paid a state visit to Russia and signed with Russian President Yeltsin a number of important documents, including an agreement on no-first-use of nuclear weapons and detargeting strategic nuclear weapons at each other, and the demarcation of the western section of the border between the two countries.

On May 8-9, 1995, Chinese President Jiang Zemin visited Moscow to attend celebrations marking the 50th anniversary of the victory of the Anti-Fascist War.

On June 25-28, 1995, Chinese Premier Li Peng paid an official visit to Russia.

On April 24-26, 1996, Russian President Yeltsin visited China.

On Dec. 26-28, 1996, Chinese Premier Li Peng visited Russia, which marked the official start of regular meetings between premiers of the two countries.

On April 22-26, 1997, Chinese President Jiang Zemin paid a state visit to Russia.

On June 26-28, 1997, Russian Prime Minister Chernomyrdin visited China and held the second regular meeting between Sino-Russian prime ministers with his Chinese counterpart, Li Peng.

On Nov. 9-11, 1997, Yeltsin visited China as Russian president for the third time.

On Feb. 17-18, 1998, Chinese Premier Li Peng visited Russia for the third regular meeting between the two countries' prime ministers.

On July 14, 1998, Russian Prime Minister Sergei Kiriyenko visited China.

On Nov. 22-25, 1998, Chinese President Jiang Zemin visited Russia.

On Feb. 24-27, 1999, Chinese Premier Zhu Rongji visited Russia to hold the 4th prime ministers' regular meeting with Russian Prime Minister Yevgeny Primakov.

On Dec. 9-10, 1999, Russian President Yeltsin visited China.

On July 17-19, 2000, Russian President Vladimir Putin paid a state visit to China.

On Nov. 3-4, 2000, Russian Prime Minister Mikhail Kasyanov visited China for the 5th regular meeting of the two countries' premiers.

On July 15-18, 2001, Chinese President Jiang Zemin visited Russia. The two heads of state signed a Good-Neighborly Treaty of Friendship and Cooperation.

On Sept. 7-12, 2001, Chinese Premier Zhu Rongji paid an official visit to Russia for the sixth regular meeting of China-Russian prime ministers in St. Petersburg.

On Aug. 21-23, 2002, Russian Prime Minister Kasyanov visited China for the seventh regular meetings of the two prime ministers in Shanghai.

On Dec. 1-3, 2002, Russian President Putin paid a state visit to China.

On May 26-31, 2003, Chinese President Hu Jintao attended the third summit of the Shanghai Cooperation Organization in Moscow.

On Sept. 23-25, 2003, Russian Prime Minister Kasyanov visited China for the eighth regular meeting of the prime ministers with Chinese Premier Wen Jiabao.

On Sept 23-25, 2004, Chinese Premier Wen paid his first official visit to Russia.

On Oct. 14-16, 2004, Russian President Putin paid his third China visit.

On Nov. 20, 2004, Chinese President Hu met Russian President Putin in Chilean capital of Santiago on the sidelines of an informal leaders' meeting of the Asia-Pacific Economic Cooperation (APEC) forum.

On May 8-9, 2005, Chinese President Hu visited Russia to celebrate the 60th anniversary of the end of World War Two.

On June 2, 2005, Chinese Foreign Minister Li Zhaoxing and his Russian counterpart Sergei Lavrov exchanged ratification documents by their parliaments agreeing to share around fifty-fifty the last disputed land, putting an end to 40 years of negotiation.

On June 30-July 3, 2005, Chinese President Hu visited Russia.

On Oct 26, 2005, Chinese Premier Wen attended in Moscow the meeting of Shanghai Cooperation Organization.

On Nov. 2-4, 2005, Russian Prime Minister Mikhail Fradkov visited China.

On March 21-22, 2006, Russian President Putin visited China.

On July 17, 2006, Chinese President Hu met Putin in Russia's Saint Petersburg.

On Nov. 7, 2006, the tenth China-Russia prime ministers' regular meeting was held in Shanghai.

On March 26-28, 2007, Chinese President Hu visited Russia and attended the opening of Chinese Year in Russia.

On Aug. 16, 2007, Chinese President Hu met Russian President Putin in Bishkek.

On Nov. 5-6, 2007, Chinese Premier Wen paid an official visit to Russia.

On May 23-24, 2008, Russian President Dimtry Medvedev paid a state visit to China.

On Oct. 27-29, 2008, Chinese Premier Wen paid an official visit to Russia and attended the 13th regular meeting between the prime ministers of the two countries.

On June 15-18, 2009, Chinese President Hu paid a state visit to Russia and attended the 9th Shanghai Cooperation Organization summit.

On Oct. 13, 2009, Russian Prime Minister Vladimir Putin attended the 14th regular meeting between the prime ministers of the two countries.

On Nov. 14, 2009, Chinese President Hu met his Russian counterpart Medvedev in Singapore on the sidelines of an informal leaders' meeting of the Asia-Pacific Economic Cooperation (APEC) forum.

Economic front

- China's fiscal revenue up 33 pct in first two months (14th March)

(Xinhua) -- China saw a 32.9 percent growth year-on-year in fiscal revenue in the first two months of the year due to factors including rising tax revenue following continued economic recovery, the Ministry of Finance (MOF) announced Sunday.

Fiscal revenue for January and February combined reached more than 1.36 trillion yuan (about 200.05 billion U.S. dollars), the MOF said in a statement posted on its website.

Of the total, the central fiscal revenue topped 702.7 billion yuan, up 36 percent from the same period in 2009, while local governments raked in 657.61 billion yuan, up 29.7 percent.

Fiscal revenue in January was 865.9 billion yuan, up 41.2 year on year and exceeding February's 494.5 billion yuan.

The statement said the big difference in fiscal revenue between the past two months was resultant because a nationwide seven-day Spring Festival occurred in February, leading to fewer working days in the month.

The MOF attributed the fast fiscal revenue growth to the continuing economic recovery in China which boosted tax revenue, and a low comparison base in the first two months last year, when revenue was down 11.4 percent due to the financial crisis.

China's National Bureau of Statistics released figures last Thursday which showed in January and February, the country's industrial output grew 20.7 percent, and retail sales of consumer goods rose 17.9 percent, while the urban fixed assets investment leapt 26.6 percent, and import and export in general trade soared by 52.1 percent.

- Premier Wen says China must be "very cautious, flexible" in stimulus exit (14th March)

(Xinhua) -- Chinese Premier Wen Jiabao said on Sunday the country's exit strategy on economic stimulus should be "very cautious and flexible" in order to shore up the hard-earned economic recovery.

"We must maintain the continuity and stability of macro economic policy, which means we will continue implementing proactive fiscal policy and moderately loose monetary policy to consolidate the trend of economic recovery," Wen told reporters after the annual parliamentary session closed.

Wen said the government will make more efforts to keep its policies flexible while keeping close watch on domestic and international economic changes.

He noted it is a very difficult job to properly handle the relations between maintaining economic growth, adjusting economic model and managing inflation expectation this year.

"Although it is a tough job, it should be addressed," he said.

Wen said agriculture is the life-line of the national economy, and it plays a decisive role in ensuring economic growth and managing inflation expectation, he said.

- Premier Wen promises to grant foreign enterprises "national treatment" (14th March)

(Xinhua) -- China will make institutional arrangements to turn the country into a "fair playing ground" for foreign investors and grant foreign enterprises "national treatment," said Premier Wen Jiabao on Sunday.

He made this remarks at a press conference in response to a question on Chinese investment environment after Google's claim to pull out from the Chinese market and the arrest of Rio Tinto's four employees on charges of stealing state secrets.

Wen said that China welcomed foreign investors to do their business in line with the Chinese laws. He also encouraged them to bring more research and development centers into the country so as to improve the efficiency in the use of foreign capitals.

He said that China would stick to the policies of opening up and economic reform.

- Chinese Premier reiterates worries over China's assets in U.S. (14th March)

(Xinhua) -- Chinese Premier Wen Jiabao said here Sunday that he is still worried about the safety of China's assets in the United States, urging the U.S. government to take actions to assure foreign investors of its treasury bonds.

"The instability of the U.S. dollar is a great concern for China's foreign assets," he said at a press conference after the National People's Congress concluded its annual session.

Wen said he was "a little bit worried" about the China's assets safety in the United States at the same occasion last year.

Wen reiterated that China needs to guarantee the "safety, liquidity and good value" of its foreign exchange reserves.

"Safety is China's top concern for the country's foreign reserve investment," Wen said, noting that China cannot afford any mistake in the management of the country's financial assets.

Wen expressed hopes that the United States could take concrete actions to ensure the security of the assets and assure its foreign investors, as the safety of U.S. treasury bonds are guaranteed by its national credibility.

According to the U.S. Treasury Department, China held 894.8 billion U.S. dollars in U.S. treasury bonds at the end of last year. This figure, revised up from the previous 755.4 billion U.S. dollars, means China remains the largest overseas holder of U.S. treasury bonds.

- Chinese premier defends yuan's value and role in global financial recovery (15th March)

Premier Wen Jiabao wound up China's most important political event of the year with a clear declaration against appreciation of the yuan.

"I don't think the yuan is undervalued," the premier said at his annual news conference. He told reporters the growing clamour to unpeg the Chinese currency, which has been tied to the U.S. dollar since 2008, is a form of protectionism that China opposes.

"Some countries' moves to shore up their exports are understandable," he said. "But what I cannot understand is them depreciating their own currencies while telling other countries to appreciate theirs for the sole purpose of increasing their own exports.

"I think it is protectionism," the premier said.

Wen added: "Our efforts to keep a stable yuan made an important contribution to global recovery."

China, which holds about \$895 billion in U.S. debt, is still "a bit concerned" about how safe its investment in Treasury Bonds and other securities is, according to Wen.

He urged the U.S. to take "credible steps to reassure investors."

Wen's news conference closing the 10-day meeting of the National People's Congress is one of the very few times each year the Chinese leadership deigns to answer questions about its policies and plans.

Wen was asked to comment on the increasing worries foreign companies have about the business climate in China, given the problems the Internet search giant Google Inc. is encountering.

Despite reports Google Inc. is "99.9 per cent" certain it will close the Google.cn search engine and pull out of China, Wen ignored the hot issues and said: "Foreign businesses are welcome to come to China to establish business, according to the law."

In January, Google announced hackers, likely from China, stole proprietary information from the company and unless the Chinese government allowed the company to stop censoring searches it would pull out of the largest-growing Internet market in the world.

Like China's refusal to budge on the yuan, the censorship issues arising from the Google spat are souring relations between the U.S. and China, but Wen claims Washington is solely to blame for the tensions.

He cited the recent U.S. arms sale to Taiwan and Barack Obama's meeting with the exiled Tibetan spiritual leader Dalai Lama as violations of China's sovereignty that caused "seriously disturbances" in the vital relationship between Beijing and Washington.

<http://www.vancouversun.com/business/Chinese+premier+defends+yuan+value+role+global+financial+recovery/2683361/story.html>

- China takes over from West as Iran's main economic partner (15th March)

China has emerged as Iran's top economic partner, investing heavily in the energy sector and filling the gaps left by Western firms forced out by international sanctions.

In 2009, China became Iran's premier trade partner, with bilateral trade worth 21.2 billion dollars against 14.4 billion dollars three years earlier.

The figures confirm the exponential growth in commercial ties between the two countries, which were almost non-existent 15 years ago, when trade volumes amounted to just 400 million dollars.

According to official data, Western sanctions have opened the way for Chinese companies, which last year directly supplied Iran with 13 percent (7.9 billion dollars) of its imports.

Iranian estimates also suggest that an equivalent amount was imported indirectly through the United Arab Emirates in 2009.

The West is pressuring China, one of the five permanent members of the United Nations Security Council, to back further sanctions against Iran over its controversial nuclear programme.

But new sanctions could harm the Asian powerhouse's burgeoning economic ties with the Islamic republic and Beijing insists diplomacy is the best way to end the standoff.

British Foreign Secretary David Miliband is in China this week for talks in which Iran's nuclear programme and sanctions are certain to be raised.

Prior to China's ascendancy, Germany was Iran's largest importer for more than 20 years. Now the growth in Sino-Iranian trade ties is expected to continue in 2010 with the recovery of the global economy, according to a European analyst.

Chinese companies are also making investments in a number of major projects in Iran, like the construction of a motorway linking Tehran and the Caspian Sea, via the Alborz mountains.

China is investing significantly in Iran's energy sector, although its oil purchases from the Islamic republic are a meagre 11.4 percent, far behind Angola and Saudi Arabia, which supply more than half of Beijing's crude imports.

With some 15 to 20 billion dollars worth of oil and gas contracts signed and an equivalent amount of new investments being negotiated, according to oil experts in Tehran, energy-hungry China has emerged as Iran's largest foreign investor.

"There is only Beijing which is still investing massively in Iran," said one expert, speaking on condition of anonymity.

"The political pressures, financial problems caused by the banking restrictions and the uncertain economic returns have discouraged companies like Total, Shell, ENI and Statoil from renewing their investments in Iran," he added.

"China, which does not have these constraints and is concerned with securing its long-term energy needs, has taken the lead since 2005."

Iranian Oil Minister Masoud Mirkazemi backs this arguments, saying Chinese leaders will not "allow others to intervene" when it comes to Beijing's ties with Tehran.

"We have good cooperation with China. I congratulate the Chinese leadership which is seeking its nation's interest and wants to have a secure source of energy," Mirkazemi told reporters on Monday.

China National Petroleum Corp, the country's largest oil firm, and its subsidiary Petrochina agreed last year to invest some eight to nine billion dollars in one gas and two oil projects in Iran.

The oil projects are in Khuzestan, in southwestern Iran, while the gas project is at the giant South Pars field in the Gulf, where the Chinese firms replaced France's Total.

Sinopec, China's largest oil refining company, has also been involved since 2007 in exploiting Khuzestan's Yadavaran oil field, which envisages an investment of nearly three billion dollars.

Britain's Financial Times said in a report this month that Chinese companies are now supplying one-third of Iranian imports of petroleum products following the withdrawal of major Western suppliers.

However, analysts say the development of Sino-Iranian relations could run up against serious obstacles.

"Tehran wants China to invest, but at the same time it is very protective of its own businesses," said Hatef Haeri, who runs Bedigest.com, an Iranian economic information service.

"So Chinese companies face real mistrust in Iran, and must also overcome big cultural and linguistics barriers."

For its part, Beijing could be reluctant to sacrifice other more important interests if Western pressure intensifies.

Zhu Weilie, head of the Middle East Studies Institute at Shanghai International Studies University, said Iran's trade influence with China was far outweighed by China's commercial ties to the West.

"The US certainly matters most to China in terms of interests," he said. "China has extremely big trade volumes with the US, Europe and Japan, while trading volumes between China and Iran are just 20 billion dollars a year."

Two-way trade between China and the United States totalled 409 billion dollars in 2009, according to the US Congressional Research Service.

<http://www.africasia.com/services/news/newsitem.php?area=mideast&item=100315113420.iuy2b495.php>

- China's switching economic growth pattern makes global economy more stable:
PWC chief economist (15th March)

(Xinhua) -- China's efforts of switching economic growth pattern would help to make an overall more stable world economy, said John Hawksworth, head of macroeconomics of PriceWaterhouseCoopers (PWC), one of the world's four largest accounting firms.

He told Xinhua in a recent interview that this would also ultimately be good for China in the long term. There will be a reduction in the global trade imbalances in the long run with China's efforts of shifting economic growth pattern.

China's adjustment important for world economy

Hawksworth said that China plays its part in making these adjustments, which is important for the long-term stability of the world economy. That is because China is a very important player, the world's biggest economy after the United State.

Meanwhile, he emphasized that other economies should also make adjustments and play their parts for the world economy.

He said that the United States need to control its high level of government borrowing. The same applies to European countries with high levels of borrowing.

"So all the main economies need to adjust and China is an very important element in the overall adjustment process," said Hawksworth.

He was optimistic about the prospects for China in the efforts of shifting its economic growth pattern.

"It will remain a very strong growing economy and I'm optimistic that it will meet challenges and will continue to increase its relative importance in the world economy over the next 10 or 20 years," he said.

Long-term process for China to shift economic growth pattern

With regards to the main reasons for China to shift its economic growth pattern, Hawksworth said that in the long run China wants to promote consumer spending as a big driver of growth.

China has been quite reliant on exports and investment in the past, he said. "Ultimately as China becomes a bigger part of the world economy, it can't continue to grow exports as fast as before. Also opportunities for more and more investment will be increasing. "

"In the long run, you'll be better if more of China's growth would be dependent on consumer spending," he said.

However, he said that China can not suddenly switch to consumer spending. "It has to be a long-term process and would also depend on other types of policies."

For example, he said providing better healthcare provision at the moment is quite important because Chinese households are concerned about their future health care and therefore don't like to spend money.

He also said that it might be encouraged by gradual move towards an increase in the Chinese exchange rate which would tend to reduce the price of imports and therefore boost consumption and boost the household spending power.

"It is a combination of policies which can't be done overnight, there has to be a long-term process over 10 years or more to gradually take effect," said Hawksworth.

Short- and long-term challenges for China

At the same time, Hawksworth said China is facing some short- and long-term challenges in the process of shifting its economic growth pattern.

As for the short-term challenges, he said that China has obviously put a lot of emphasis on government spending and investment to stimulate the economy during the global financial crisis.

"Although that has been quite successful, it may also have led to some dangers of an overheating with increases in property prices and asset prices," he warned.

He said that is a short-term problem which really requires a gradual tightening of monetary policy. Some restrictions on bank lending are also needed to avoid this asset price bubble getting out of control.

In his view, the long-term challenge is about moving towards an economy that is more driven by household spending.

"This is partly about encouraging households to feel more confident about the future, about providing better healthcare from the state or better pensions to the households," he said.

- Investor worries on China's monetary tightening pulls down Seoul shares (15th March)

(Xinhua) -- Seoul shares saw a decline Monday on market speculation of monetary tightening in China and the U.S., local analysts said.

The benchmark Korea Composite Stock Price Index (KOSPI) dropped 13.24 points, or 0.80 percent, to close at 1649.50, the bourse operator Korea Exchange (KRX) said.

After several ups and downs in the morning, the index was driven down by reports that China and the U.S. may introduce monetary tightening policies in the near future.

Due to unfavorable reports from overseas markets, foreigners were back to their net seller position, while institutions and individuals ended their trading as net buyers by a narrow margin.

Financial shares suffered the greatest loss, with securities and banking sector dropping 1.51 percent and 1.36 percent respectively.

While most of the shares listed on the main bourse saw a decline, paper and lumber-related shares inched up 0.38 percent.

Most market giants joined the decline trend, with Samsung Electronics, POSCO and KEPCO shedding 1.29 percent, 1.25 percent and 1.43 percent respectively.

Hynix and Samsung Fire & Marine Insurance, on the other hand, moved up 1.08 percent and 0.25 percent respectively.

The junior bourse KOSDAQ also dropped 1.69 points, or 0.33 percent, to end at 517.75, said the KRX.

The derivatives markets went in line with spot trading moves, with the KOSPI 200 Futures market shrinking 2.10 points, or 0.96 percent, to close at 216.25, according to the bourse operator.

In the meantime, the local currency continued to lose ground against the U.S. dollar, with the forex rate hitting 1,134.70 won against one U.S. dollar, down 6.40 won from the previous session.

The appreciation of the U.S. dollar, or the depreciation of the South Korean won vice versa, came as market sentiment was relieved over Chinese Premier Wen Jiabao's remarks on Sunday that the yuan will not likely be appreciated, clearly stating it is not undervalued.

Bond yields stood flat as the yield on the benchmark three-year Treasury note fixed at 3.93 percent.

- Mainland, Taiwan weigh up benefits of economic pact (15th March)

(Xinhua) -- After almost two decades on the Chinese mainland, Taiwan businessman Lee Rie-ho owns a well-known tea group that runs more than 1,000 outlets across the country. However, his Ten Fu Group still only holds around 3 percent of the total mainland market. "The market here is amazingly large," says Lee, 75.

"Five cups of tea for each of the 1.3 billion population (on the mainland) could consume a whole year's production in Taiwan."

Before the Chinese New Year on Feb. 14, 2010, Lee was among a group of Taiwan business people who met with President Hu Jintao on his inspection tour of Fujian Province, a major destination of Taiwan investments.

Besides conveying festival greetings, President Hu called the Economic Cooperation Framework Agreement (ECFA), an economic pact under negotiation between the mainland and Taiwan, a "good deal" to promote cross-Strait economic cooperation and achieve mutual benefits.

- Chinese shares retreat on tightening concerns (15th March)

(Xinhua) -- Chinese equities retreated on Monday, driving the benchmark Shanghai stock index down below the psychologically-important 3,000-point level, on concerns over government moves to cool economic growth and squash inflation.

The Shanghai Composite Index on the Shanghai Stock Exchange closed at 2,976.94 points, down 36.47 points, or 1.21 percent.

The Shenzhen Component Index closed at 11,903.33 points, down 265.78 points, or 2.18 percent.

Combined turnover shrank to 130.39 billion yuan (19.09 billion U.S. dollars) from 155.41 billion yuan the previous trading day.

- China welcomes more U.S. hi-tech exports: spokesman (16th March)

(Xinhua) -- The Chinese market has more potential for U.S. exports, especially high-tech products, as only 6.7 percent of overall U.S. exports went to China, said Ministry of Commerce (MOC) spokesman Yao Jian Tuesday.

The two countries were each other's second biggest trade partners, and China was willing to strengthen economic and trade cooperation with the United States to promote more balanced Sino-U.S. trade, Yao said at a press conference in Beijing.

This aim could be reached if the United States reduced restrictions on exports of high-tech commodities to China, said Yao.

Just 7 percent of China's high-tech imports come from the U.S., down from 18 percent in 2003.

China's imports grew faster than exports in the first two months this year. Imports grew 63.6 percent compared to a 31.4-percent growth in exports, figures from the General Administration of Customs show.

Yao said the ministry would make efforts to increase imports this year by relaxing import controls, hosting trade exhibitions, and providing free exhibition space for the least-developed nations.

Zero tariffs would be offered to some under-developed countries or regions to boost bilateral trade.

The MOC would also continue sending Chinese procurement teams to foreign countries this year to raise imports, Yao said.

- Most Chinese feel prices "unacceptably high": central bank poll (16th March)

(Xinhua) -- A record 51 percent of Chinese depositors regard prices of consumer goods as "unacceptably high," a central bank survey revealed Tuesday.

It was the highest such result since the start of the survey in 1999, said People's Bank of China (PBOC), the central bank, in a statement on its website.

The quarterly survey of depositors was carried out in 50 cities across the country in the mid to late February, it said.

Last Thursday's economic data showed China's consumer price index (CPI) grew more than expected in February, up 2.7 percent year on year. The figure in January was 1.5 percent.

Public expectations of inflation would continue to rise next quarter, and probably restrain consumption, said the bank.

The poll showed only 15.3 percent of savers were prepared to spend more, while 43.6 percent chose to save more in the banks and 41.2 percent wanted to invest more.

- Half of China's bankers think monetary policy will not change in next quarter (16th March)

(Xinhua) -- People's Bank of China (PBOC) issued a report Tuesday, saying 51.7 percent of the bankers responding to a survey thought the nation's monetary policy would not change in the next three months.

It was a decline of 14.3 percentage points compared with a previous survey for the last quarter.

The recent survey found 60.5 percent of the bankers regarded the current monetary policies as "moderate," or 5.9 percent lower than in the fourth quarter in 2009.

The survey covered governors or person-in-charge of the headquarters of the nation's 2,900 banking institutions by the PBOC.

China's Consumer price index (CPI), a major gauge of inflation, soared to a 16-month high to stand at 2.7 percent in February, and triggered expectations that the government would slash bank lending to cool down the economy.

- China's trade surplus with U.S. misread (16th March)

(Xinhua) -- China's large trade surplus is often used by the United States to argue why China should allow its currency to rise.

Yet most U.S. officials ignore a very important fact: a majority of China's exports to U.S. are produced by U.S.-funded companies and huge profits go back into American pockets.

CHINA'S SURPLUS, FOREIGN COMPANIES BENEFIT

Chinese Premier Wen Jiabao said at Sunday's news conference that half of China's exports came from the processing trade -- where imported components were assembled at factories in China and 60 percent were made by foreign-funded companies or joint ventures with foreign partners.

"Therefore, to restrict trade with China is tantamount to causing difficulty for the businesses of your own countries," he said.

According to statistics provided by the Ministry of Commerce, 55.9 percent of China's exports were produced by foreign companies last year. The proportions were 83 percent and 75 percent respectively for high-tech products and electronic products.

And, over 90 percent of high-tech products exported to the U.S. were made by foreign enterprises.

- Chinese shares open higher on overnight peripheral market rises (17th March)

(Xinhua) -- Chinese equities opened higher on Wednesday, with the benchmark Shanghai Composite Index up 0.23 percent to open at 2,999.82 points, driven by an overnight gains in the U.S. market.

The Shenzhen Component Index edged up 0.49 percent to 12,007.8 points at the opening.

The U.S. stocks rallied on Tuesday, with the Standard & Poor's rising 0.78 percent to hit a new 17-month closing high, after the Federal Reserve pledged to keep rates low as well as offered a more upbeat assessment on economy.

The Dow Jones industrial average rose 43.83, or 0.41 percent, to 10,685.98. The tech-heavy Nasdaq gained 15.80, or 0.67 percent, to 2,378.01.

- China's economy to grow 9.5% in 2010: World Bank forecast (17th March)

(Xinhua) -- China's economy would expand 9.5 percent this year, fuelled by a transformed growth model featuring less government-led investment, a recovery in exports and solid domestic consumption, the World Bank (WB) said in a report released Wednesday.

The projection, made in the latest China Quarterly Update, is higher than the WB's previous forecast of 8.7 percent last November and the 8 percent target set in the 2010 government work report delivered by Premier Wen Jiabao on March 5.

"In 2010, government-led investment is bound to decelerate, while exports are likely to continue to recover amid a pickup in the global economy, and consumption should remain solid," said Ardo Hansson, the bank's Lead Economist for China.

Despite the global recession, China's economy grew 8.7 percent in 2009, and the growth momentum continued in the first months of 2010, said the report, which found that the massive investment-led stimulus was the key driving force in propping up the economy last year.

The report also said that real estate investment gained prominence more recently and household consumption growth has held up very well.

China's top statistics authority said on March 11 that, nationwide, real estate investment surged 31.1 percent year on year in the first two months to 314.4 billion yuan, up 30.1 percentage points from the rate in the same period last year.

The Washington-based lender forecasted inflation would increase in 2010 but was unlikely to reach high rates given an excessive global capacity in supply.

It expected the consumer price index (CPI) to rise by 3.5 to 4 percent in 2010, compared with the previous forecast of 2.8 percent and the 3 percent target set by the Chinese government.

China's CPI rose 2.7 percent year on year in February, higher than January's 1.5 percent. The country's CPI ended nine months of decline in November last year, when it rose 0.6 percent.

Premier Wen said in the work report that China would stick to an appropriately easy monetary stance and a proactive fiscal policy as China sought to counter the lingering impact of the international credit crunch.

He also stressed China needs to strike a balance between maintaining a relatively fast and stable development, economic structural adjustment and management of inflation expectation to advert a possible "double dip" this year.

The World Bank predicted the global economy would grow 2.7 percent in 2010, with emerging economies expanding 5.2 percent, after it shrank 2.2 percent last year.

- China urges no politicalization of Rio Tinto case (18th March)
(Xinhua) -- China does not want the Rio Tinto case to be politicalized and negatively affect China-Australia relations, Chinese Foreign Ministry spokesman Qin Gang said Thursday. In response to a question about the pending trial of a Rio Tinto executive in China, Qin said the Rio Tinto court case was strictly commercial.

Qin's remarks came after Australian Prime Minister Kevin Rudd's comment Monday that the "world will be watching" the trial.

The trial of Australian national Stern Hu and three Chinese colleagues will open in Shanghai Monday.

Chinese authorities arrested the four Rio Tinto employees on charges of stealing state secrets last year. The Number One branch of the Shanghai People's Procuratorate charged them with bribery and obtaining commercial secrets in February.

At a regular press briefing, Qin urged all parties to respect the authority of the court, saying they should not start making comments and disturb the legal handling of the case by Chinese authorities before it opens.

Qin said Chinese authorities would handle the case in line with legal procedures and consular agreements with Australia.

In response to a question that Australian diplomats are to be excluded from part of the trial concerning commercial secrets, Qin said China's sovereign rights of justice should not be confused with its consular agreements with Australia.

He said the legal rights of defendants would be safeguarded, adding that China had been in constant contact with Australia on the issue.

- China won't budge on closed court for Hu: DFAT (19th March)

PART of the trial against Rio Tinto executive Stern Hu will be heard in closed court, China has confirmed.

The Department of Foreign Affairs and Trade (DFAT) today said Chinese authorities had officially informed Australia's embassy in Beijing that it would not change its mind and allow access to proceedings when Hu faces court on a charge relating to infringement of commercial secrets.

The Australian businessman is charged with taking bribes and infringing commercial secrets in relation to iron ore price talks last year, and China earlier said part of his trial next week would be closed.

The Australian Government had asked China to reconsider its decision and to allow consular officials to be present for the whole trial.

China has declined.

"As a consequence, Australian officials will not be admitted to that part of the trial," a DFAT spokesperson said in a statement.

"We are disappointed with this final decision.

"The Government's disappointment with the decision has been registered with Chinese officials in Beijing and Canberra.

"The Australian Government does not propose to make further representations on this matter."

Hu and three other employees of mining giant Rio Tinto were detained in China on July 5, 2009, during contentious iron ore price talks with China's steel industry group.

The case has strained relations between Beijing and Australia, a key supplier of the bulk commodity to China's steel mills.

Australian officials earlier this week received official notification that the trial would begin in the Shanghai No.1 Intermediate People's Court on Monday, March 22.

Chinese law provides for a maximum penalty of seven years' jail and a fine for stealing commercial secrets, and more than five years' jail for bribery.

"The trial is taking place in accordance with Chinese legal processes. Chinese law provides for closed hearings in such cases and the court has decided accordingly," DFAT said today.

"Mr Hu's legal counsel will be present throughout the trial."

Australian consular officials would be present during the open sessions, dealing with the bribery charge, DFAT said.

"Australian officials will continue to monitor developments and Mr Hu's welfare closely in accordance with our consular role and responsibilities."

The trial is listed for three days.

<http://www.news.com.au/breaking-news/china-wont-budge-on-closed-court-for-hu-dfat/story-e6frfku0-1225843035547>

- Cross-Strait agreements on fishing, farm produce, product quality to take effect (19th March)

(Xinhua) -- Three agreements signed by Chinese mainland and Taiwan negotiators to cooperate in farm produce quarantine, employment of fishermen, and to deal with different product quality standards are to take effect on Sunday, mainland sources said Friday.

The three agreements were reached on Dec. 22 last year at talks between the mainland's Association for Relations Across the Taiwan Straits (ARATS) and Taiwan's Straits Exchange Foundation (SEF), which handle cross-Strait issues on behalf of their respective authorities, according to the ARATS.

Under the pact on farm produce quarantine, the two sides agreed to address differences in food safety standards and set up a mechanism to cope with farm produce quarantine emergencies.

The mainland and Taiwan will inform each other of epidemic outbreaks related to farm produce and report regularly on safety problems found in farm produce exports and imports, such as toxic substances and harmful infestations.

They will also set up a system to trace farm produce quality across the Strait, which means Taiwan will assist mainland importers in investigating production and processing of farm produce and vice versa.

The agreement on the cooperation in standards measuring, inspection and certification was signed to facilitate economic and trade contacts and improve the safety and quality of trade products.

Under the agreement, both sides will work together on the establishment of common standards in key areas and construction of an information platform to share standards. Cooperation in legal measurements and information exchanges in measuring techniques and control will be strengthened.

They will set up a special working group separately to decide concrete plans and further cooperation, according to the agreement.

With the agreement on employment of fishermen, Taiwan fishing boat owners can hire people from the mainland to engage in offshore and deep-sea fishing and vice versa.

Crew members of the same rank on board the same fishing boats from both the mainland and Taiwan are entitled to the same pay and labor protection measures, according to the pact.

All the three agreements would take effect within 90 days of their signing, the two sides agreed.

- China opposes trade protectionism in all its forms: envoy (19th March)

(Xinhua) -- China on Thursday voiced its support for the liberalization of global trade and opposition to trade protectionism in all its forms in order to pave the way for the economic recovery in the world at large.

The statement came as Li Baodong, the permanent Chinese representative to the United Nations, was taking the floor at the Special High-Level Meeting of the UN Economic and Social Council with the Bretton Woods Institutes, namely the World Bank and the International Monetary Fund, the World Trade Organization (WTO) and the United Nations Conference on Trade and Development.

"China supports the liberalization and facilitation of global trade, and opposes trade protectionism in all its forms," Li said. "We should strive for the conclusion of the Doha round negotiations in 2010 to bring about comprehensive and balanced results. We also need to redouble the efforts of the WTO to promote aid for trade, and help developing countries strengthen capacity building."

"Trade is a key driver for world economic recovery," he said. "Since the outbreak of the financial crisis, world trade has plummeted, and trade protectionism is on a visible increase. Developing countries are the biggest victims of trade protectionism."

"The overall situation of the world economy has now turned for the better, but with the negative impact of the financial crisis still lingering, developing countries are faced with a huge challenge in achieving the MDGs (Millennium Development Goals) on schedule," Li said.

The High-level Plenary Meeting on MDGs to be held in September this year will be a major action taken by the UN system for the achievement of the MDGs in 2015, Li said.

"China supports the convening of this meeting and hopes the meeting will provide a platform for the international community to hear the voice of UN member states, especially that of developing countries, learn about the difficulties they have encountered in achieving the MDGs, and push for developed countries to truly shoulder the responsibility of helping developing countries, fulfill their commitments and reach consensus on future actions," he added.

- Ridiculous logic of politicizing Chinese yuan exchange rate (19th March)

(Xinhua) -- Some politicians in the West are playing the game of politicizing China's RMB exchange rate again.

With mid-term elections looming in the United States, some U.S. senators have proposed legislation at a high-profile press conference at the Capitol Hill on Tuesday to press China to appreciate its currency.

They have threatened Beijing with duties on some of its exports if it fails to revalue its currency and pressured the Obama administration to label China a "currency manipulator."

According to their logic, China's currency, the Chinese yuan or Reminbi, is "undervalued," which avails Chinese exporters of an "unfair competition advantage" and leads to the huge trade deficit on the U.S. side. Accordingly, their conclusion is: raising the value of the yuan against the U.S. dollar is the sole solution.

It has become a customary practice for Western politicians to press for appreciation of the yuan when their domestic economy is in trouble.

"It's always easier to blame someone else for your failings," said British newspaper The Sunday Telegraph on Sunday.

Western politicians did not explore the origin of the global financial crisis, instead, acted as if their countries' economic downturn is China's fault. Obviously, this is illogical.

Is the yuan really undervalued?

Liam Halligan, chief economist at Prosperity Capital Management, argued that the Chinese yuan may not be undervalued as much as Western politicians think.

Although Chinese exports rose by 46 percent in the first two months of 2010, the rise was from a very low base -- with February 2009 being the epicenter of the U.S.-sparked sub-prime storm, he said.

He also pointed out that China's trade surplus dropped by 51 percent in the same period. That means China's gain in exports was outweighed by an import surge.

China began its currency reform to unpeg the yuan against the U.S. dollar in July 2005, the yuan has appreciated 21 percent against the U.S. dollar, or 16 percent in real terms.

Chinese Premier Wen Jiabao said last Friday that China did not depreciate the yuan "from July 2008 to February 2009 when the global economy was in extreme trouble," instead, it appreciated the yuan "in real terms by 14.5 percent."

Secondly, would a sharp appreciation of the yuan cut the trade deficit against China as the West claims?

The answer is a clear "No."

In most cases, the deficit of some Western countries's trade with China originates from their trade policies and structure; therefore, pressing for the appreciation of the yuan will not help resolve the trade imbalance.

The trade between China and the United States is a good example.

The majority of China's exports to the United States are labor-intensive commodities, while U.S. exports to China are, in most cases, technology or capital-intensive high-value added products. This situation conforms to the principle of seeking comparative advantages in a free trade world.

However, Washington has long pursued a biased policy of limiting the sale of high technology and related products to China, leading to the trade imbalance across the Pacific.

Just as Steve Forbes put it, the United States started in the 1970s to put pressure on Japan to change the value of the yen. The result is that "the dollar today has fallen 75 percent against yen, and we still have a trade deficit."

What's more, the deficit of the West against China is not as "huge" as those people have claimed.

The West often ignores a very important fact: a majority of China's exports to the Western developed world are produced by foreign-funded companies or joint ventures with foreign partners, and huge profits go back into the pockets of the West.

Statistics show that, from 1995 to 2005, 62 percent of the increase of China's exports came from foreign-funded companies in China.

It is widely accepted that appreciating the yuan is, by no means, a catholicon to heal the trade imbalance.

"The dollar depreciated sharply against the currencies of Canada and the Eurozone after 2002, yet our bilateral deficit with both those regions continued to grow," said Daniel Griswold, director of the Center for Trade Policy Studies at the Cato Institute.

He predicted that China would remain competitive in a broad range of manufactured products "even if the yuan were 25 percent higher."

As a matter of fact, quite a lot of member companies of the U.S.-China Business Council do not regard the yuan exchange rate as a major element affecting their competitive edge in the Chinese market. On the contrary, these companies are concerned with the politicizing of the currency issue, fearing a possible negative impact on their exports to China.

Making an issue of the yuan rate is not helpful to resolving the trade deficit. Instead, it will bring upsets and twists to the recovery process of the global economy at large.

As foreign-funded companies and joint ventures account for a big percentage of the export-oriented enterprises in China, the sharp appreciation of the yuan would increase the cost of their products and services. Their exports would drop dramatically and the customers in the West would have to spend more, which implies a blow to the global trade and economic recovery.

Pressuring China to revalue the yuan would also raise the expectations on overall appreciation of Asian currencies, which could lead to speculation and gambling of "hot money", thus disturbing the Asian and global financial order as a whole.

The Sunday Telegraph reported that currency derivative traders, having sucked up the White House spin, on Monday were betting on a 3 percent rise against the dollar.

It is well-known the Chinese economy has become a major engine for the world economy. A stable yuan is of vital significance to the global economic development and the stability of the international monetary system.

The United Nations Conference on Trade and Development (UNCTAD) warned on Tuesday that "expecting that China will leave its exchange rate to the mercy of totally unreliable markets and risk a Japan-like appreciation shock ignores the importance of its domestic and external stability for the region and for the globe."

In short, pressing China for a sharp appreciation of the yuan will bring benefit to no-one. The world is skeptical of the motives of those politicians who are eager to politicize the exchange rate. What the West, including the U.S., has to do is to readjust their policy, reform economic structure and take on their due international responsibility.

- China refuses Australia's request for access to Stern Hu trial (20th March)

CHINESE authorities have rejected Australian appeals and ruled a Shanghai court decision not to allow access to a trial for the charge against Rio Tinto executive Stern Hu of stealing commercial secrets will stand.

As a consequence, Australian officials will not be allowed to monitor that part of the trial. Foreign Minister Stephen Smith said Australia was disappointed with China's ruling.

"The government's disappointment with the decision has been registered with Chinese officials in Beijing and Canberra," he said in a statement last night.

Mr Smith said the trial, starting on Monday, was taking place in accordance with Chinese legal processes, and Mr Hu's legal counsel would be present.

Additional charges of bribery laid against Mr Hu, an Australian, and three Rio Tinto colleagues will be heard in open court.

<http://www.theaustralian.com.au/politics/china-refuses-australias-request-for-access-to-stern-hu-trial/story-e6frgczf-1225843035776>

- Inflation less worrisome than asset bubble in China: economists (20th March) (Xinhua) -- The threat of inflation to China's economy is less worrisome compared with asset bubble, economists said Saturday at the China Development Forum 2010. China's economy is facing a new round of growth in the coming two years, but the risks of inflation and asset bubble remain, said Fan Gang, secretary general of the China Reform Foundation.

Compared with inflation, tackling asset bubble is of greater importance because asset bubble, as one of the causes for this round of global financial crisis, is more dangerous, Fan said. He expected the country's economy to grow 8 to 9 percent this year in a "normal growth."

Growth in China's property prices is accelerating and approaching an alarming level, said Nomura Holdings Inc. chairman Junichi Ujiie.

Despite government measures to curb property prices, China's property market grew at its fastest pace in 20 months in February, with housing prices in 70 major cities rising 10.7 percent from a year ago.

The issue of soaring housing prices, if not properly solved, was likely to cause social instability in China, said Zheng Yongnian, director of the East Asia Institute of the National University of Singapore.

During an online chat with Internet users last month, Premier Wen Jibao said he was determined to tame the "wild-horse" housing market and to keep prices at a reasonable level within his term as Premier.

Wen said the government would step up efforts to increase the supply of affordable houses, encourage reasonable house buying while curbing speculative demand, and punish developers who hoard lands and completed houses in anticipation of price increases.

China targets a rise of consumer price of around 3 percent this year, Wen said when delivering a government work report at the opening of the annual session of the National People's Congress on March 5.

The target, although challenging, could be realized, said Yao Jingyuan, chief economist of the National Bureau of Statistics.

The country is facing a range of forces that could push up consumer prices this year, including increasing global commodity prices, high inflation prospects and reform in resource products prices, Yao said.

However, ample grain supplies after harvest for six consecutive years and production capacity excess in many sectors would help ease inflation pressure, he said.

- China to keep inflation under control despite difficulties (20th March)
(Xinhua) -- China would be able to keep its consumer price index (CPI) at round 3 percent this year, despite relatively high inflation expectations, a senior economist said here Saturday.

Yao Jingyuan, chief economist of the National Bureau of Statistics, said, "China's grain output totaled 1.02 trillion kg last year, representing the sixth straight year of good harvest, which serves as an important stabilizer for prices."

Overcapacity would also prevent prices from rising sharply and quickly, Yao said.

But he also warned the possibility of price rise as the country relied heavily on the international market for bulk commodities such as iron ores and oil. Sharp increase in the prices of these imports were likely to push up other prices.

China's experience in the past 30 years showed that the coexistence of an overheated economy, a crop failure and a credit binge would result in serious inflation, Yao said.

"We should do everything possible to prevent the three factors from occurring together," Yao said.

China's CPI, a main gauge of inflation, rose 2.7 percent year on year in February. It ended nine months of decline in November last year, when it rose 0.6 percent.

- Removing export restrictions better choice for U.S. than pressing China to revalue RMB: experts (20th March)

To reduce the trade deficit, it's a better choice for the U.S. to remove restrictions on exports to China than pressing China to increase the value of yuan.

This is a view expressed by experts Saturday at the academic summit prior to the "China Development Forum 2010" to be held Sunday and Monday.

Nobel economics laureate Joseph Stiglitz said the adjustment of dollar-yuan exchange rate is not likely to do much for the U.S. trade deficit, but "the removal of export restrictions might have a bigger effect."

Actually China can import more from the U.S. if the restrictions are lifted and this is what will contribute to bilateral trade, Stiglitz, also a professor of the Columbia University, said.

Li Daokui, an economist and expert, said as China needs more U.S. products, the two countries should find a way to meet the need, which can help diminish the trade gap as well as create jobs in the United States.

Li, Director of the Center for China in the World Economy, Tsinghua University, also urged those U.S. senators who have not realized this point, to do something that really helps, instead of keeping on asking for a stronger yuan. It will harm both sides if the yuan appreciation is carried out in a hurry, he told the summit.

In early March, Chen Deming, Chinese Commerce Minister, called on the United States to loosen its high-tech exports to China for bridging the trade gap.

The U.S. exports to China range from jumbo jet to farm produce. However, high-tech exports are banned as the U.S. government intensified restrictive measures in 2007, Chen said at a press conference.

- Clean energy, technology innovation key to sustainable development (20th March) (Xinhuanet) -- Exploitation of clean energy and innovation of technology are key to sustainable development as global warming has become a major concern for all countries, entrepreneurs stressed at the CEO summit of China Development Forum 2010 Saturday.

“One of the main steps to cope with global warming is to exploit clean energy and keep a steady development in the new area,” said Cao Peixi, General Manager of China Huaneng Group.

The Chinese state-owned power enterprise has been developing clean and renewable energy such as wind, solar power, water to generate electricity.

Christophe Margerie, CEO of Total Group, also said in his speech that use of green energy should be promoted, saying his company is trying to make the energy cleaner and more environmental protective.

Margerie underlined the importance of technology at the same time. He said the development of technology would not only help the extraction of oil and gas, but also make the utilization of new energy more realizable.

Many other participants at the summit expressed the same view, calling enterprises to make more innovations in technology, especially in the field of carbon emission cutting.

The China Development Forum 2010, sponsored by the Development Research Center of the State Council, will last for three days till Monday.

Social front

- Chinese vice premier calls for prudence with social security funds (15th March) (Xinhua) -- China's Vice Premier Zhang Dejiang on Monday called for stronger management of social security funds and more efforts to maintain and increase the value of the funds.

Given the social security funds had a great bearing on people's livelihoods, management should abide by the rules of prudence to ensure the safety of the assets, said Zhang at a meeting held by the National Council for Social Security Funds in Beijing.

Meanwhile, Zhang urged that multiple channels must be explored to enlarge the social security funds.

By the end of 2009, the country's social security funds added up to 692.7 billion yuan (101.6 billion U.S. dollars), and the rate of return on investment hit 16.1 percent, the meeting heard.

- China's food safety watchdog claims almost total destruction of tainted milk powder (16th March)

(Xinhua) -- Almost all of the 25,100 tonnes of defective milk powder seized in the 2008 toxic baby food probe had been incinerated and buried, and none had been found to have re-entered the market, China's National Food Safety Rectification Office said Monday.

Only a small amount of tainted milk powder was kept for specific purposes, such as for evidence in judicial procedures, an official with the office said.

The milk powder destroyed was sealed by local authorities or quality supervision and inspection administrative organs in 2008, who suspected it was contaminated or likely to be tainted with melamine, the office said.

After a nationwide crackdown against the "toxic milk powder" in 2008, some melamine-tainted dairy products had resurfaced in several Chinese provinces in 2009.

The office had urged local authorities to launch another special investigation from Feb. 1 to 10 to ascertain the precise amount of tainted milk powder and to seal it immediately upon discovery.

Three executives of Shanghai Panda Dairy Company were jailed for terms of three to five years earlier this month for their roles in the production and sale of melamine-tainted dairy products last year.

In December last year, police detained the general manager and two workers at Shaanxi Jinqiao Dairy Co. Ltd. in connection with tainted milk powder.

The 2008 milk scandal, in which milk laced with melamine led to the deaths of at least six babies and sickened 300,000 others, and resulted in the collapse of the Sanlu dairy group.

China's dairy industry saw a recovery in 2009, when production increased by 12.9 percent, reaching about 19.35 million tonnes.

- Chinese official defense website still under intense attack: chief editor (16th March)

(Xinhua) -- A chief editor with the official website of China's Ministry of National Defense (MOD), www.mod.gov.cn, said Tuesday the site still receives thousands of overseas-based hacking attacks everyday after more than six months of trial operations.

"Although the number of hacking attacks has declined since the first month of trial operations, we are still attacked by Internet hackers everyday," Ji Guilin, chief editor of the ministry's website, told Xinhua.

However, Mr. Ji refused to release a specific total number of hacking attacks so far or the major sources or origins of those attacks due to the sensitive nature of the issue.

But he said most of the overseas visitors to the website's Chinese pages were tracked to IP addresses registered in the U.S., Australia, Singapore, Japan and Canada. While most of the overseas visits to the English pages were tracked to the U.S., Australia and the United Kingdom.

The MOD website was unveiled in August last year, an effort, in many analysts' views, by the Chinese government and the 2.3-million-strong People's Liberation Army (PLA) to increase military transparency.

Ji said the website experienced more than 2.3 million attacks by hackers within its first month of operation, most of which attempted to penetrate the site's computer systems and change its homepage.

The website's claims of Internet hacking attacks echoed a military official's comment last month on allegations of the Chinese government's involvement into cyber attacks on foreign companies.

Defense Ministry spokesman Huang Xueping said Chinese networks, especially the military information network, had been a major target for Internet hackers.

The uniformed officer's remark came after former U.S. intelligence officials said the Chinese military was recruiting Internet hackers to break into U.S. government and company computer networks.

Prof. Tan Kaijia, of the PLA's National Defense University, told Xinhua that Chinese military facilities had been targeted by hackers who tried all means to tap into their Internet-wired computers.

Although the PLA's internal computer network is physically isolated from other networks, new technical tools have allowed spies to wirelessly sneak into an electronic device or facility.

"Technically speaking, there is always the possibility of hacking a network from thousands of miles away if it is connected to the Internet, whether or not it has a firewall," Senior Colonel Tan said.

"The alleged Chinese military-backed hacking of US sites proves that they did not understand the PLA's functions and missions," said Tan, who specializes in military equipment and logistics.

Tan revealed that so far the PLA has not constituted a cyber warfare unit, saying the allegation was mystifying and merely an excuse for the U.S. to strengthen cyber warfare technologies.

"Scenarios of different versions of Chinese hacking have not been rare, since the US is developing its own cyber warfare powers and overestimated the abilities of Chinese Internet users," he said.

Last year, accusations of Chinese hacking into the U.S. Department of Defense network emerged in the U.S. media just before the Pentagon announced the establishment of the new U.S. Cyber Command, which is subordinated to the U.S. Strategic Command and responsible for coordinating computer-network defense and cyber-attack operation.

"The PLA has academic researchers on information warfare, but is not capable of conducting actual cyber-attack operations. Chinese laws prohibit any forms of cyber-attack.

"Nor is the PLA allowed to hire civilian hackers, and hacking foreign government and company networks has nothing to do with the PLA's missions." Tan said.

Civilian networks in China seemed much more vulnerable to hackers. As a result, the Ministry of Industry and Information Technology Monday issued a nationwide plan to safeguard the security of domain name systems for government websites and vital networks amid surging Internet security threats and risks.

Last week, police in central China's Hubei Province destroyed the country's biggest hacker training organization and arrested three people who were suspected of running the Black Hawk Safety Network.

The network was suspected of offering online hacker tools, a crime that was listed in China's Criminal Law last year.

Statistics from the National Computer Network Emergency Response Technical Team/Coordination Center (CNCERT/CC) reveal about 262,000 Chinese computers were hijacked by Trojan programs tracked to overseas IP addresses in 2009. The top source of the programs, 16.61 percent, were computers based in the United States.

The number of Chinese computers controlled by botnets in 2009 was 837,000. A total of 19,000 overseas-hosted addresses, of which, 22.34 percent were from the U.S., participated in controlling the Chinese computers.

- China launches law inspection to protect women's rights (17th March)

(Xinhua) -- The Chinese government is to conduct a inspection of how law enforcement agencies protect women's rights in six regions.

The Standing Committee of the National People's Congress (NPC) agreed at a meeting Wednesday that teams would be dispatched to Tianjin Municipality, and the provinces of Jilin, Shandong, Anhui, Guangxi and Shaanxi from March to April.

"It is an important task to protect women's legal rights and implement the basic state policy of equality of men and women in order to build a harmonious society," said Wu Bangguo, chairman of the NPC Standing Committee, in a statement.

Wu said the inspection should focus on the interests and requests of women from different social classes and resolve outstanding issues that hinder women's development.

- Drought could lead to flood of inflation (19th March)

China's current severe drought could aggravate inflation, driving commodity prices even higher.

A few days ago, the National Development and Reform Commission published the February CPI.

Last month, CPI rose 2.7 percent, close to the warning level of 3 percent. This reminds us that in China, the threat of inflation is still present.

The CPI index covers many prices related to daily life, and the price of food may be the most important.

According to the report, the decrease of rice production is expected to be 50 percent in Yunnan Province due to the drought. In Guizhou Province, drought has affected 86 of the province's 88 counties. The prices of vegetables in these provinces have started to increase, and could go even higher if the drought continues.

It has happened many times in history that drought incurred inflation. Just in February of last year, the drought in North China pushed wheat futures to the highest point in five months. From 2006 to 2009, a huge amount of food purchases by India were regarded as the main reason for high forward prices in international markets. In 2008, the price of wheat increased by 100 percent after India announced it would import 7 million tons.

In China, inflation is a key risk for the economy. In Premier Wen Jiabao's recent press conference after the two sessions, almost half of the questions he was asked were linked to related issues – the exchange rate, unbalanced international trade and the huge amount of new loans.

Inflation impacts not only the cost of daily life, but also China's position in international trades. The increase in costs for international business may cause export-oriented factories to close.

The risk started with the drought, but it may keep tipping over more dominos.

Attention needs to be paid to China's food stocks. In the past six years, China had good harvests. But the droughts in North and Southwest China in the last two years have threatened stocks in the short term.

To ensure food supplies in China, we also need to look at the international futures market. The recent price trend was not affected by China's drought. The wheat production worldwide is still sufficient. This could be the chance for China to replenish its stocks.

To stabilize the price of food, the impact of the financial system should be considered, too. Any abnormal conditions in the weather or society will cause hot money speculation. China should make all efforts to stop this dangerous behavior, which threatens its security.

In any market, all economic activities are intricately connected. A risk in one area will be spread, and the dominos will continue falling.

(Source: Global Times)

- Scholar warns of radical urbanization in China (20th March)

(Xinhua) -- A Chinese scholar warned radical urbanization might harm farmers' welfare and create "urban slums."

Prof. He Xuefeng, a sociologist with Huazhong University of Science and Technology based in central Hubei Province, told Xinhua that, if the country's urbanization moves too fast, the cities might not be ready to provide proper public service for newcomers, who have lost their farm lands at hometown.

"In this scenario, these newcomers in town will be driven into urban slums. We have seen lots of such examples in some developing countries," He said.

China now has about 900 million rural residents and about 145 million of them have left their hometowns to work in cities.

The country has adopted a system of residence permits, or "hukou" in Chinese, which divides its citizens into two groups, since 1958. It is not easy to change a rural hukou to an urban one.

Urban residents generally enjoy better health, medical care and education service than rural counterparts but rural people have land for farming and housing, which city people can not have.

Although the system has long been blamed for widening the gap between cities and the countryside, He pointed out its positive impacts on farmers' life.

"If rural residents do not find a good job and can not afford the expensive life in cities, they can still go back home for farming. There is enough room for them to turn around," he said.

Today, many rural families live on both wages in cities and incomes from farmland -- young people work in cities to earn wages and the older generation stay at home to work on farms.

Rural residents now enjoy somewhat "free" choice between their rural hometowns and cities, He said.

He doubted the feasibility of radical proposals by encouraging more farmers to settle in cities and transfer their land to economic entities for industrial projects or to other farmers.

"Whether rural residents will become city dwellers depends on whether they can get a decent life in cities or not," he said.

The major barrier to keep farmers away from cities is money rather than hukou, he said.

As the country's economy is still driven by manufacturing based on cheap labor cost, many rural people work as wage earners at factories and by no means can afford a decent life in cities, he said.

Under such circumstance, if the country encourages farmers to move into cities but fail to provide them proper service, it will widen the gap within cities, he said.

"And, even worse, if they lose their land, these families will have no other choice but become urban poor," he said. "This is as bad as a widening gap between urban and rural areas."

The urban-rural gap in China can not be solved simply by canceling Hukou system but through economic transformation and more efforts to improve public service in both cities and the countryside, he said.

He suggested that the country should push urbanization step by step, taking full account of farmers' real interests.

- Top Chinese tourist cities form alliance for marketing (20th March)

(Xinhua) -- Representatives of 46 cities that boast the best sceneries in China gathered here Saturday to launch an alliance to boost exchanges and cooperate more on promotion and marketing.

As a non-profit organization, the alliance will integrate resources of its members on management, human resources, marketing, among others, to serve the interests of all the 46 cities, said Wang Yong, mayor of south China's seaside resort city Sanya and president of the alliance.

Members of the China Alliance for Cities with 5A-Class Scenic Spots include Beijing, Shanghai, Huangshan in the eastern Anhui Province, Guilin in the southern Guangxi Zhuang Autonomous Region and Lijiang in the southwestern Yunnan Province.

It will have liaison offices in Beijing and Sanya.

The alliance will promote the idea among both domestic and foreign tourists that cities with the 5A-Class sceneries are the most beautiful places in China, said Prof. Wang Xingbin, a tourism expert with the Beijing International Studies University.

"The alliance shall be more market-oriented and we want to see more promotion activities through this new platform," said He Xianzhong, a representative from Lijiang.

A total of 68 tourist attractions in 55 cities across China have been granted the title of National 5A-Class Scenic Spots, the highest rating in China's tourism industry, by the National Tourism Administration since the administration began the rating in 2007.

Ethnic issues

Environmental front

Regional report

North

Politics

- Local official arrested for allegedly fabricating identity to obtain promotion (15th March)

(Xinhua)-- A former youth league official of north China's Shijiazhuang, capital city of Hebei Province, has been arrested for alleged falsification of identity for taking an official position, according to the provincial commission for discipline inspection.

Wang Yali, former deputy chief of the Shijiazhuang city committee of the Communist Youth League of China, was found to have fabricated her identity and age for a government job, according to the Hebei Provincial Commission for Discipline Inspection. The commission did not give any further details but said an initial investigation proved her guilty and many other people involved in the case were also under investigation and several of them have been referred to judicial departments.

Investigation of Wang was launched in February 2009, after the Central Commission for Discipline Inspection of the Communist Party of China received a report of the case.

Wang was sacked from her post at the youth league in May last year.

Social front

Economic front

- China "Summer Davos" 2010 to again focus on sustainable growth: WEF chief (17th March)

(Xinhua)-- The China "Summer Davos" summit, due to be held in September in the north China city of Tianjin, will again focus on sustainability and the green economy, said Andre Schneider, managing director of the World Economic Forum (WEF), Tuesday.

The detailed agenda would be designed to meet the changing new growth context with more discussion of new business models and technical innovations, Schneider said in a press briefing in Beijing.

The "Summer Davos" 2010, or the fourth Annual Meeting of the New Champions, would be a continuation of the third-round meeting last year, which had focused on the way out of crisis, said Schneider.

With the theme, "Driving Growth Through Sustainability," this year's summit, from Sept. 13 to 15, is expected to attract more than 1,500 participants, including business executives, politicians, economists and scientists from about 90 countries.

On the global economy picture, Schneider said the deep financial and structural roots of the "Great Recession" made it difficult to predict the shape of future growth.

Schneider said the future also remained unclear for advanced economies, which the Organization for Economic Cooperation and Development forecast, would see a possible 10-percent unemployment rate in the second half of this year.

Though the emerging and developing economies accounted for almost 50 percent of global GDP, their growth was not decoupled from the rest of the world, said Schneider.

Northwest **Politics**

- China Communist Youth League official in corruption trial (16th March)
(Xinhua)-- A former China Communist Youth League official in northwest China's Ningxia Hui Autonomous Region went on trial Tuesday for allegedly taking bribes. Cao Gang, 37, was charged with taking 897,400 yuan (131,390 U.S. dollars) in bribes in 13 instances while serving as deputy secretary and secretary of the regional committee of the China Communist Youth League from 2005 to 2008, the People's Procuratorate of Yinchuan, capital of Ningxia, said Tuesday at the city's Intermediate People's Court. Prosecutors told the court that Cao had sought benefits for others by abusing his official post when he supervised a number of projects, including business training for young people, river protection and book procurement. Cao claimed in his defense that the money he had taken was gifts from friends or acquaintances and should not be considered as bribes. Cao was put under investigation by the local discipline inspection authority of the Communist Party of China in June 2009 and detained two months later. The case was carried over to a later date.

Social front

Economic front

Northeast

Politics

Social front

Economic front

- China's northeast province strives to realize major shifts in trade with Russia (17th March)

(Xinhua) -- Chinese northeast province of Hei Longjiang is striving to realize major shifts in its trade with Russia, said Yang Aiwu, Deputy Secretary-General of the People's government of Hei Longjiang here on Tuesday.

Speaking at a press conference of the 2010 Sino-Russian (Dong Ning) Fair for Mechanical and Electronic Products, Yang said the bilateral cooperation between the province and Russia will shift from trade-dominant to investment-dominant.

The previously commerce-featured bilateral trade will also diversify into trade of commerce, technologies and services, he said, which should expand from border areas into central cities.

Meanwhile Hei Longjiang province will try to build up port economy when realizing all-round, multi-layer trade cooperation with Russia, said Yang.

Trade volume of Hei Longjiang to Russia has long been accounted for one fifth or one fourth of the total bilateral trade volume between the two countries, said Yang.

Currently several large-scale collaborative projects are being or are to be implemented within the province, he added.

Specifically, the Sino-Russian oil pipeline project is expected to complete construction by the year-end, and both sides will try to launch the project of the river-crossing railway bridge in this year, said Yang.

Southwest

Politics

Social front

- Southwest China region digging wells amid prolonged drought (18th March) (Xinhua) -- More than 400 engineers and workers are digging wells in southwest China's Guizhou Province to seek drinking water for people and livestock amid a prolonged drought, local authority said Thursday.

Workers started to drill early this month and seven wells had been completed as of Monday, producing more than 6,000 tonnes of water a day for more than 40,000 people, said He Yumin, publicity officer with the Guizhou provincial geological and mining bureau.

He said 154 more wells would be excavated to provide drinking water for about 300,000 people in the regions worst hit by the drought.

According to the bureau, Guizhou has 13.9 billion cubic meters of underground water and only 18 percent has been explored for use.

The province issued a drought alert Thursday, warning the dry period that started in July last year had seriously affected living conditions and calling for further anti-drought efforts.

The disaster has cut irrigation for 830,000 hectares of cropland, including 28,947 hectares that are seriously affected. Almost 10.4 million people and 4.26 million head of livestock are suffering water shortages, according to the flood control and drought relief headquarters of Guizhou.

Average precipitation in the province since December last year was 47.7 mm, only half of that in the same period the previous year. Water inflow in some major rivers dropped by up to 90 percent and water reserves in all reservoirs in the province dropped by about 32 percent.

The provincial civil affairs administration has allocated 76 million yuan (11.1 million U.S. dollars) in disaster relief and more than 2.66 million people have been working to alleviate the effects of the drought.

Yunnan Province, Guangxi Zhuang Autonomous Region and other regions in southwest China had also been suffering prolonged drought.

Economic front

- Canadian enterprises seek cooperation with SW China city (14th March)

(Xinhua) -- A delegation of officials and entrepreneurs from Canada's British Columbia and Alberta provinces is in south China's Nanning city to seek cooperation opportunities.

They are holding events to promote trade, investment, education and tourism resources of their home provinces in this capital city of Guangxi Zhuang Autonomous Region.

Attracted by Nanning's ecological environment and its core position in exchange with the Association of Southeast Asian Nations (ASEAN), the delegation also aims to explore the ASEAN market by using Nanning as a platform, delegation members said.

China and the Association of Southeast Asian Nations (ASEAN) launched the China-ASEAN Free Trade Area (CAFTA) on Jan. 1 this year, with an aim to boost trade cooperation and two-way investment between China and the 10 ASEAN nations.

In the CAFTA, the average tariff on goods from the ASEAN countries to China is cut down to 0.1 percent from 9.8 percent. The six original ASEAN members, Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, will slash the average tariff on Chinese goods from 12.8 percent to 0.6 percent.

"This is the first time I visit Nanning, but I've known Nanning is playing an important role in business with ASEAN for a long time," said David Wang, a business official with the Alberta province.

Canadian enterprises hoped to explore the Chinese market and then the ASEAN market via cooperation with Nanning, Huang said.

- Prolonged drought drives up flower prices in SW China (20th March)

(Xinhua) -- Rare drought has seriously cut down fresh flower output in Yunnan Province, China's largest fresh flower production and export base, driving up market prices, the provincial flower industry office said Saturday.

About 31,000 hectares, or 80 percent of the province's total flower fields, were short of irrigation. About 10,853 hectares were damaged and 1,627 hectares were left with no harvest, according to the office.

The drought has incurred 854 million yuan (125 million U.S. dollars) in direct economic loss in the sector, statistics from the office showed.

Yunnan provides nearly 80 percent of all fresh flower sales in the domestic market. Many cities across the country have reported nearly a 100 percent price rise and a remarkable drop in supplies this year.

Average wholesale price for a rose hit 2 yuan in the first two months of the year at the Dounan Flower Market, doubling the price at the same period of last year. The market, in Kunming, capital of Yunnan, is China's largest flower wholesale center.

The drought, which wreaks havoc in Yunnan, is likely to be the worst one in a century. It has left nearly 8 million people short of drinking water and cutting by half the harvests of many economic plants including fruits, tea, rubber, coffee and flower.

In the neighboring Guizhou Province, the drought has cut irrigation for 830,000 hectares of cropland and affected almost 17.28 million people, including 5.57 million suffering water shortages, according to the Guizhou provincial government.

More than 3.1 million impoverished population in the rural area are short of grain supply due to poor spring harvest. The situation is expected to worsen in summer if the drought keeps cutting down grain output, said Zhen Yanchi, vice director with the Guizhou civil affairs administration.

The province has reported 2.88 billion yuan in direct economic loss triggered by the drought.

China's State Commission of Disaster Relief said Friday that severe drought has affected 51 million Chinese and left more than 16 million people and 11 million livestock with drinking water shortages.

Since autumn last year, southwest China, including Yunnan, Sichuan and Guizhou provinces, Guangxi Zhuang Autonomous Region and Chongqing Municipality, has received only half its annual average rainfall and water stores are depleted.

South central

Politics

Social front

Economic front

- Vice Premier urges support for spring farming (15th March)

Chinese vice Premier Hui Liangyu Monday urged local governments to support spring ploughing so as to guarantee a good harvest for this year's grain production.

Speaking at a national conference on spring farming held by the State Council (Cabinet) in Xiangfan City of central China's Hubei Province, Hui called for greater efforts to guarantee a good harvest for summer grain and oil crops as cold weather, rain, snow and drought had added pressure on this year's summer grain yield.

Following six consecutive years of increases in China's grain output and rural incomes, Hui called on local authorities and government bodies to strengthen pest and animal disease controls, expand the acreage of planting, promote agricultural technology services,

standardize the production of "vegetable basket" produce (non-staple food) and ensure the supply of seeds, fertilizer, pesticides and diesel.

Hui called for greater efforts to plant more trees, guard against forest fires, speed up the construction of rural infrastructure and provide more jobs for migrant workers.

China's grain output reached 530.8 million tonnes in 2009, exceeding 500 million tonnes for the third consecutive year, according to the National Bureau of Statistics.

- Hainan not to compete with Macao in developing gambling tourism: official (19th March)

(Xinhua) -- China's only tropical island province of Hainan will not compete with Macao in developing gambling tourism in its drive to become a global tourist destination like Hawaii or Indonesia's Bali.

"Hainan will not follow Macao's road (in developing gambling tourism). Hainan's target is to turn into an all-season garden for people across the world," said Tan Li, vice governor of southern China's Hainan Province Thursday.

Tan made the remarks at a press conference for the Boao International Tourism Forum, which will open on Saturday in Sanya, a tourist resort in Hainan.

The forum has attracted more than 2,000 people from tourist sectors worldwide to exchange their experiences in boosting tourism amid the global financial downturn.

Sponsors of the forum included Hainan Provincial government, the National Tourism Administration and the United Nations World Tourism Organization.

Hainan became a province and China's largest special economic zone in 1988, enjoying preferential development policies.

The island boasts year-round tropical weather, beaches, forests and diverse ethnic cultures.

The central government announced Jan. 4 in a guideline that it aimed to build Hainan into a top international tourist destination by 2020.

- Tourism industry to mull recovery from global financial crisis in S. China (19th March)

(Xinhua) -- Players of the world's tourism industry are gathering at the 2010 Boao International Tourism Forum in south China's Hainan Province to discuss measures related to the industry's recovery from global financial crisis, provincial authorities said Thursday.

Boao International Tourism Forum is scheduled to open Saturday in Sanya, a tourist resort in Hainan, according to Tan Li, vice governor of Hainan.

During the main forum, March 20 to 21, discussions would focus on promoting tourism by culture, sports and media. The achievements of the forum were to be documented in Hainan Tourism Declaration, said Tan.

"The declaration will play a significant role in promoting the recovery of world tourism industry," he said.

Two other statements on how to boost tourism by developing golf and yacht industries would be formed at seminars held between March 18 and 20, Tan added.

More than 2,000 guests from across the globe would attend the forum, including 60 ministerial-level officials, executives of world's major tourism associations and representatives from top Chinese and international firms, he said.

"The participation of so many influential guests shows that the world is eager to pull the tourism industry out of the global financial downturn," Tan added.

China has decided to build Hainan into an "international tourism island" with world-class service and facilities by 2020. And the central Chinese government announced Jan. 4 a guideline regarding approval of the construction plan.

- Central China province denies GM rice accusation (20th March)

(Xinhua) -- Central China's Hunan Province said on Saturday rice on sale at its supermarkets was not genetically modified and refuted environmental group Greenpeace's accusation.

The provincial agricultural department said in a statement that no pest-resistant genetically modified ingredients had been found in samples of all 32 brands of rice being sold on the local market.

"Samples were taken from the Wal-Mart outlet on South Huangxing Road in the provincial capital Changsha, and several other stores and mills in the province last Monday and Tuesday, but no GM ingredient was found after careful analysis by professional testing institutions," the document said.

Zuo Pingquan, an official in charge of science promotion at the provincial agricultural department, said the testing had been a complicated procedure, involving DNA extraction. Greenpeace said in a report last Monday that GM rice was being sold at supermarkets in Hunan, including the Wal-Mart outlet.

Greenpeace said its study was conducted in October.

China's central government approved a program in 2008 to cultivate high-yield, pest-resistant genetically modified grains as it faced the challenge of feeding its 1.3 billion people and battles both shrinking arable land and climate change.

East

Politics

Social front

- China promotes judiciary reform with more public hearings (15th March)

(Xinhua) -- After attending a 20-minute public hearing, Li Shuanglin, from Suzhou City of southeast Jiangsu Province, learned why his law suit to sue his friend over a property dispute was not accepted by the local district court.

The public hearing helped Li save more than 20,000 yuan in legal expenses. Instead of going through costly formal legal proceedings, Canglang District People's Court helped Li to solve his problem through negotiation.

"Mr. Li insisted on suing his friend, so we decided to open a public hearing so to better explain judicial proceeding," Pan Zheng, a senior presiding judge told Xinhua.

Chinese judges used to inform those who had filed a claim by issuing a written notice as to whether it had been accepted or not by the court. They would not meet to discuss with the parties involved if the court denied processing the claim.

However, this is changing. Since March, public hearings have been held by some local courts, giving people an opportunity to understand the court's judicial procedures with judges advising them about how to solve their disputes.

Economic front

- Shanghai sends in lawyers to protect consumer rights at World Expo (15th March) (Xinhua) -- Lawyers and legal advisors will be on hand at the World Expo 2010 in Shanghai from May 1 to Oct. 31 to handle consumer complaints, the city's consumers' rights authority announced Monday.

In late April when the Expo park begins trial operation, the commission will dispatch 28 people who speak English to visitor service centers at the park to advise consumers of their rights.

A team of 26 volunteer lawyers from leading law firms in Shanghai had been formed to help mediate consumer disputes at the Expo park.

Zhao Jiaoli, head of the consumer rights protection commission, said a cross-regional system would be established to handle complaints by Expo visitors when they travel to other areas on the Yangtze River Delta.

It is expected that the World Expo 2010 will receive 70 million visitors, including 3.5 million from abroad.

- S Korean FM voices support for Shanghai World Expo (15th March) (Xinhua) -- Seoul's top diplomat Yu Myung-hwan voiced support Monday for the Shanghai World Expo, where South Korea will display the second biggest pavilion following the host China.

Yu, who will leave for Beijing later this week to meet with Chinese Premier Wen Jiabao and Foreign Minister Yang Jiechi for talks, said visiting the venue of the event is a big part of his 7th visit to the country since taking office two years ago.

"The most important goal for the visit is to strengthen the strategic cooperative partnership between the two countries and express our support for the Shanghai World Expo," Seoul's foreign minister Yu said in an exclusive interview with Xinhua.

"The Shanghai Expo is, in one word, like "economic Olympics." Beijing's successful holding of the Beijing Olympics had a significant meaning of showing the world how developed China was. Hosting the Expo only two years after the Olympics is meaningful in that it links the Chinese economy to the world," Yu said.

He said the Expo, slated to take place from May 1 to October 31 this year, will add to already robust bilateral exchanges, with the expected number of up to one million South Korean tourists to Shanghai during the event helped by the designation of so-called "Visit China Year 2010" launched in Seoul this year.

The private sector, along with the government, is also showing interest in the Expo, with twelve South Korean business giants set to participate in the event, the minister said. South Korea, poised to host a similar event in 2012 in the southern city of Yeosu, hopes to share China's experiences in holding the Expo, he added.

South Korean President Lee Myung-bak is considering to attend the opening ceremony of the event at the invitation of China. Both countries have been one of the most important sources of inbound tourists for each other, with a total of 5.13 million exchanges of visits in 2008 and 4.54 million last year.

Yu said Seoul has made efforts to make systematic changes to ease visa restrictions for Chinese nationals, such as applying a no-visa policy to Chinese tourists to South Korea's

southern resort island of Jeju and allowing no-visa entries for Chinese students on school field trips.

The two sides are currently floating the idea of easing visa restrictions for South Korean tourists visiting the Expo, Yu said.

"We will continue such efforts to allow the people of the two countries to be able to visit each other more freely," the minister added.

- Maritime anti-terror exercise launched ahead of Shanghai World Expo (20th March)

(Xinhua) -- Maritime police authorities in Shanghai and the eastern China provinces of Jiangsu and Zhejiang launched a joint anti-terror exercise Saturday in the run-up to the Shanghai World Expo.

Seven naval vessels joined the maneuver, which was held in the waters off the Zhoushan Islands in Zhejiang Province, said Qian Junmin, a senior officer with the maritime police force in Jiangsu Province.

He did not say how many officers joined the exercise, which focused on shooting and other practices.

Shanghai, which sits at the mouth of the Yangtze River on the East China Sea, has a coastline of more than 600 km with busy water traffic.

For security considerations, the sea off Shanghai will be patrolled by armed boats and motorboats during the Expo, scheduled from May 1 to Oct. 31.

HONGKONG AND MACAU

Politics

- HK to see gradual progress in promoting democracy along with economic boom: Premier (14th March)

(Xinhua) -- The Hong Kong Special Administrative Region (SAR) is to see gradual progress in promoting democracy in the future, Premier Wen Jiabao said here Sunday.

"Hong Kong will not only enjoy rapid economic development but also see gradual progress in promoting democracy in accordance with the basic law," Wen said at a press conference after the conclusion of the annual session of the National People's Congress (NPC).

Hong Kong should give further play to its status as the global center of finance, trade and shipping, Wen said.

"The vast market and rapid economic development in the inland should be a strong source of potentials for Hong Kong's future development," Wen said.

He urged Hong Kong to take its geographic advantage to further its cooperation with the neighboring Pearl River Delta region.

The premier noted that Hong Kong should further develop those industries with comparative advantages, especially the service industry.

Wen also said the central government will solicit opinions from all circles in Hong Kong while formulating the country's 12th five-year economic development plan.

"The plan will take into consideration the close economic ties between Hong Kong and the inland, and especially its connection with the Pearl River Delta region," Wen said.

- Macao Chief presents his 1st policy address to legislative assembly (16th March) (Xinhua) -- Chief Executive of Macao Special Administration Region (SAR) Fernando Chui Sai On Tuesday delivered his policy address for the fiscal year 2010, which highlights social welfare, regional cooperation, transparency of government and diversification of Macao's economy.

Chui, who succeeded former Chief Executive Edmund Ho Hau Wah on Dec. 20 last year, presented his policy address to the Legislative Assembly on Tuesday afternoon. It is his first policy address since he came into office.

Chui said the SAR government decided to continue a package of measures with the aim to ease the locals' pressures from the financial crisis. These measures include tax breaks in various fields, transitional housing subsidies, income subsidies, medical subsidies and cash handout program targeting local permanent and non-permanent residents, each of whom can get 6,000 patacas (759 U. S. dollars) and 3,600 patacas (455 U.S. dollars) respectively.

As the issue of cooperation between Macao and Pearl River Delta Area has been elevated to national level, Chui said, the SAR government will make effort to coordinate government and social resources, taking every opportunity of regional cooperation to expand space for Macao's development.

Chui, who made "sunshine government" one of his top issues, also said he will improve the transparency of his government and the effectiveness of administration.

On Wednesday, Chui will attend a 2010 Policy Address question- and-answer session at the legislature, which will be broadcast live by local television. Lawmakers have submitted their questions in advance.

According to the Legislative Assembly, Chui's five policy secretaries will present their respective 2010 portfolios to plenary debates in the legislature one by one between Thursday and April 1. Each secretary will be present at the legislature for two successive days.

- Macao to promote exchanges, cooperation with Taiwan: Chui (17th March)

(Xinhua) -- The Macao Special Administrative Region (SAR) will promote exchange and co-operation between Macao and Taiwan in diverse aspects, Chief Executive Fernando Chui Sai On said Tuesday in his first policy address for the fiscal year 2010.

Chui, who succeeded former Chief Executive Edmund Ho Hau Wah on Dec. 20 last year, announced that the Macao SAR government will seek to establish communication

mechanism between Macao and Taiwan on the principle of "one country, two systems" to promote co-operation between the two regions.

The local Macao Daily said it was the first time that issues involving Taiwan being listed on the policy address of Macao SAR government.

According to Chui, relations between Macao and Taiwan advanced stably in recent years and Macao had become a platform for Taiwan to introduce its local products to the Chinese mainland.

To provide more opportunities for residents of Macao and Taiwan, as well as to promote relations between the two sides of the Taiwan Strait, Chui said Macao would seek to expand co-operation between Macao and Taiwan in terms of trade, tourism, exhibition, culture and education.

Chui also believed that more co-operation would benefit the diversification of Macao's economy.

Social front

Economic front

- Hong Kong stocks close 0.62% lower (15th March)

Hong Kong stocks lost 130.64 points, or 0.62 percent, to close at 21,079.10 on Monday.

The benchmark Hang Seng Index opened 0.82 percent lower at 21,036.42 on Monday. It traded between 20,964.31 and 21,116.50 during the day's session. Turnover totaled 49.39 billion HK dollars (about 6.37 billion U. S. dollars), compared with Friday's 48.29 billion HK dollars (about 6.19 billion U. S. dollars).

The Hang Seng China Enterprises Index sank 201.79 points, or 1.66 percent, to close at 11,971.49.

Three of the four sub-indices lost ground. The finance sub-index fell most at 0.99 percent, followed by the commerce and industry at 0.51 percent, the properties at 0.03 percent. The utilities sub-index rose 0.70 percent.

Market heavyweight HSBC lost 0.35 HK dollars, or 0.43 percent, to close at 80.95 HK dollars and its local unit Hang Seng Bank closed down 0.73 percent at 109.10 HK dollars. China Mobile decreased 0.46 percent to 75.10 HK dollars.

Chinese mainland lenders were all losers. Bank of China dipped 1.76 percent to 3.91 HK dollars. China Construction Bank fell 1.29 percent to 6.11 HK dollars and ICBC dropped 0.86 percent to 5.80 HK dollars and Bank of Communications, 1.16 percent to 8.54 HK dollars.

As for local developers, Cheung Kong, the flagship of Hong Kong's richest man Li Ka-shing, slid 0.40 HK dollars, or 0.41 percent, at 98.15 HK dollars, while Sun Hung Kai Properties, the leading residential housing developer in Hong Kong, ended 0.09 percent higher at 116.20 HK dollars.

PetroChina dropped 2.38 percent, offshore oil producer CNOOC retreated 0.16 percent and Sinopec, 1.13 percent.

Shenhua, the largest coal producer in China, plunged 3.89 percent to 33.35 HK dollars. Tencent, the internet and mobile instant message services operator, soared 3.91 percent to 167.50 HK dollars. (7.750 HK dollars = 1 U.S. dollar)

- Survey: HK labor market perked up in Q4 2009 (16th March)

(Xinhua) -- The labor market in Hong Kong perked up in the fourth quarter of 2009, with the overall staff turnover rate up 0.29 percentage point compared with the same period of 2008, according to a newly conducted survey released Tuesday.

The survey, conducted by the Hong Kong Institute of Human Resource Management (HKIHRM), and covering some 122,000 employees from 142 companies, shows that the retail sector recorded the highest turnover of 4.29 percent, followed by the business/professional services sector of 4.14 percent.

In terms of staff grade, the highest turnover rate of 2.54 was among clerical/frontline staff from October to December of 2009, while the middle management/non-managerial professionals segment got the second high with 2.53 percent.

Besides, the percentage net growth in new positions during the fourth quarter was 0.52 percent, 0.51 percentage point higher than the figure of the same period in 2008.

"The improvement in the economic situation in the second half of 2009 created new business opportunities, and eventually a more upbeat labor market situation was recorded," said Li Chi-ming, vice-president of the HKIHRM.

But for 2009 as a whole, the employee-turnover and job-vacancy rates were "back to 2003/2004 levels", added Li.

The data on companies' hiring intentions for the first quarter of 2010 shows that 28.1 percent of the respondent companies planned to increase hiring, a rise from 20.9 percent recorded in the previous quarter.

Among companies that have hiring plans, over 40 percent in financial services, banking, insurance and real estate, and property development sectors indicated that they will increase hiring in the first three months of 2010.

"Recruitment confidence has further improved among companies in Hong Kong," said Li, who believed that the labor market will become more active after the long new-year holiday.

Conducted since 2002, the HKIHRM's quarterly survey of manpower statistics regularly tracks manpower movements in Hong Kong's Labor market. The key data of the survey include staff turnover, job vacancy and staff absence rates.

- HK goods exports up 18.5% in January (18th March)

(Xinhua) -- Hong Kong's total goods exports grew 18.5 percent and goods imports surged 37.1 percent in January, compared with the previous year, the authority said on Thursday. According to the Hong Kong Census & Statistics Department, January saw the volume of goods re-exports rise 18.1 percent while that of domestic exports grow 35.4 percent. Comparing the three months ending January to a year earlier, the volume of goods re-exports rose 9.3 percent while that of domestic exports fell 2.7 percent. Taken together, the volume of total goods exports grew 9 percent while the volume of goods imports rose 19.5 percent.

In January, the price of goods re-exports went up 2.3 percent year to year while those of domestic exports rose 1.7 percent. Taken together, the price of total goods exports rose 2.2 percent. The price of goods imports grew 2.6 percent.

The terms of trade index fell 0.3 percent in January over the same period in 2009.

- HK's outward processing exports to mainland down 10% (18th March)

(Xinhua) -- Hong Kong's total exports to the Chinese mainland for outward processing dropped 10 percent year on year to 425.2 billion HK dollars (54.8 billion U.S. dollars) in 2009, the HK authority said on Thursday.

The Census & Statistics Department said the value of domestic exports to the mainland for outward processing fell 45 percent to 7.3 billion HK dollars (0.94 billion U.S. dollars) whereas that of re-exports to the mainland for outward processing dropped 9 percent to 417.9 billion HK dollars (53.85 billion U.S. dollars).

During the year, the value of imports from the mainland related to outward processing dropped 21 percent to 623.2 billion HK dollars (80.3 billion U.S. dollars), while 641.8 billion HK dollars (82.7 billion U.S. dollars) of Hong Kong's re-exports originally from the mainland were produced through outward processing on the mainland, down 19 percent compared the previous year.

Last year 34 percent of Hong Kong's total exports to the mainland were for outward processing. The figure was 27 percent for domestic exports and 34 percent for re-exports. Among Hong Kong's imports from the mainland, 50 percent were for outward processing. 68 percent of HK's re-exports originally from the mainland were produced through outward processing on the mainland.

- HK's jobless rate falls to 4.6% (18th March)

(Xinhua) -- Hong Kong's unemployment rate fell to 4.6 percent in the December to February period, from 4.9 percent in the November-January quarter, the Census and Statistics Department said on Thursday.

According to the department, the 4.6 percent figure was the lowest since November 2008 to January 2009. The latest statistics also recorded a drop of underemployment rate from 2.2 percent to 2.1 percent.

In particular, the jobless rate of the 15 to 24 age group improved significantly, falling 1.2 percentage points to 9.9 percent. This was mainly due to the drop in the number of unemployed school leavers and people with post-secondary degrees.

The unemployment rate of the construction sector dropped to 7.3 percent, showing its job situation is steadily improving.

Hong Kong's Secretary for Labor and Welfare Matthew Cheung said the notable drop in the jobless rate was mainly due to a significant job gain of 7,900 led by the pick-up in overall economic activities.

Noting total employment recorded a solid increase of 8,600 in the November-January quarter, Cheung said this shows the labor market is continuing to revive and many employers are in a stronger recruiting mood.

"Given the positive business sentiment and market feedback on vacancies, unemployment is likely to ease further in the next couple of months.

"Beyond that, the outlook will hinge on the external environment and the pace of economic growth, in particular, the number of jobs created for absorbing the new batch of fresh graduates and school leavers entering the labor market this summer," Cheung said.

- HK, Brunei sign pact to avoid double taxation: official (20th March)

(Xinhua) -- Hong Kong signed an agreement with Brunei for the avoidance of double taxation and the prevention of fiscal evasion with respect to income taxes, the HK Special Administrative Region government said on Saturday.

According to an official news release, Financial Secretary John Tsang signed the deal with Brunei Second Minister of Finance Abdul Rahman Ibrahim on Saturday during his visit to the southeast Asian country.

This was the sixth comprehensive agreement for the avoidance of double taxation concluded by Hong Kong.

It will eliminate double taxation instances encountered by Hong Kong and Bruneian investors, and bring about tax savings and certainty in tax liabilities in connection with cross-border economic activities.

It is also believed to help foster closer economic and trade links between the two places, and provide added incentives for Brunei's enterprises to do business or invest in Hong Kong.

Profits of Hong Kong trading companies doing business through a permanent establishment in Brunei may be taxed in both places if the income is Hong Kong sourced. Under the agreement, double taxation is avoided in that any Brunei tax paid by the companies can be deducted from the tax payable in Hong Kong.

Hong Kong residents receiving interests from Brunei are subject to a withholding tax, which is currently at 15 percent. Under the agreement, this will be reduced to 10 percent. If the recipient is a bank or financial institution, the withholding tax rate will be further reduced to 5 percent. Brunei has agreed to lower the withholding tax on royalties received by Hong Kong residents from Brunei from the current rate of 10 percent to 5 percent.

Both sides agreed to allow Hong Kong airlines operating flights to Brunei to be taxed at Hong Kong's corporation tax rate, which is lower than Brunei's. Profits from international shipping transport earned by Hong Kong residents arising in Brunei, which are currently subject to tax there, will enjoy tax exemption under the agreement.

The news released said Hong Kong would sign similar agreements with the Netherlands and Indonesia in the following days.

