China News in Brief
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China economy: Top of the heap

Economic growth in China fell below 8% last year, but the national dip glosses over several regional shifts: the country's poorest and most remote provinces moved up the growth rankings as the populous central provinces slid. While the rise of bustling inland regions such as Sichuan has received plenty of attention in recent years, impoverished economies such as Guizhou stole some of the limelight in 2012. That year, the favoured municipalities of Tianjin and Chongqing maintained their position at the top of the growth charts, while expansion in the eastern provinces remained sluggish. However, churn was evident in-between. The underdeveloped agricultural provinces of Guizhou and Yunnan outperformed Shaanxi and Sichuan, which boost stronger industrial bases. The impoverished provinces of Gansu and Qinghai crept into the top ten, while all of the central provinces—with the exception of Anhui—fell out of the top half. Inner Mongolia, which had dominated the provincial league tables for most of the late 2000s, languished below the top ten at 13th.

Real GDP growth (% change) 2012

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The churn at the top partly reflects the impact of enhanced government support. The “Go West” policy was put in place more than a decade ago to push economic development into the country's interior, in an attempt to address the widening inequality between the rich coast and the poor hinterland. In the past several years, these efforts have borne fruit for Sichuan, Chongqing and Shaanxi in particular.

A building frenzy ensued in Guizhou as infrastructure was built up in the mountainous province, including several airports and an expansive expressway network. Long developed as part of the west-east electricity transmission project to supply the eastern province of Guangdong, it was soon tapped for energy and resources to supply its booming neighbour, Chongqing. This activity pushed Guizhou up the growth rankings, and in the first quarter of 2012 it tied briefly with Tianjin as China's fastest-growing region. The long-neglected provinces of Gansu and Qinghai were also propelled into the top ten last year. From a small base, investment has been increased in infrastructure, as well as emerging sectors such as wind and solar. The impact of the investment surge was particularly pronounced on Qinghai's economy, as it is highly dependent on such inflows; investment amounts to 88% of its GDP. Amid wider troubles in the solar industry, Qinghai has ambitious plans to double its installed solar capacity from 2012 levels this year. Extensive plans for resource extraction are also planned for the near term.

Gansu's local government also has grand plans. In addition to its designation as a demonstration zone for renewable energy, its capital, Lanzhou, was recently selected to be a "New Area". This distinction was previously granted to the glittering Pudong in Shanghai, Binhai in Tianjin and Liangjiang in Chongqing, although Lanzhou's distance from major water transport routes puts it at a significant disadvantage to the others. In March 2013 a "civilisation inheritance and innovation" zone was established in Gansu in an effort to boost tourism. Most importantly, its development plan calls for around Rmb200bn (US$31.7bn) to be allocated for road and rail links between its main cities and neighbouring regions between 2011 and 2015.

In the east, by contrast, concerns about the overheated property market spurred the national government to keep house purchasing restrictions in place, reining in a main driver of investment in the region. Investment growth in central provinces has mellowed as well, as local officials found it increasingly difficult to secure funding for new projects. In turn, growth cooled in the region. Nearly one-half of the provinces have set real GDP growth targets below those for 2012, with the rest leaving their goals unchanged. This was partly spurred by the fact that the previous targets proved hard to meet; Guangdong, for example, has missed its target for the past three years. But this also leaves provinces with the breathing room needed to promote other drivers of growth. The slowdown in investment is allowing domestic consumption to expand its share of the economy. The majority of eastern provinces
saw the proportion of private consumption in GDP creep upwards in 2008-12, in contrast to most central and western provinces, which saw their ratios dip. In 2012 urban disposable income growth in the central provinces was robust, remaining largely above the national average at over 13%. This also sets the stage for rebalancing in the region. Such a development might be considered more laudable than topping the growth charts.


**China’s inflation drops to 2.1% in March**

China's consumer price index, a main gauge of inflation, rose 2.1 percent year-on-year in March, down from a 10-month high of 3.2 percent in February, according to official data released Tuesday. The National Bureau of Statistics mostly attributed the drop to lower food prices. It said in a statement that year-on-year growth in food prices slowed to 2.7 percent last month from 6 percent in February. On a month-on-month basis, food prices dropped 2.9 percent in March, as rising temperatures led to an increase in vegetable supplies and food demand dropped from February, the month in which the traditional Spring Festival holiday fell this year. The sharp decline in the CPI means the central is less likely to implement tightening policies in the next two to three months.

The NBS also said China's producer price index, which measures wholesale inflation, fell for the 13th consecutive month. It dropped 1.9 percent year-on-year, suggesting continued weak market demand.

Source: Xinhua: China's inflation drops to 2.1% in March, 2013-04-09

**World News: Chinese Consumer Prices Increase at Slower Pace**

China's year-to-year consumer inflation fell to 2.1% in March, a lower-than-expected result that suggests the threat of inflation in the world's No. 2 economy is ebbing. The consumer-price index hit 3.2% in February, fueled by holiday demand around Lunar New Year, and was expected to ease. "This is good news, as it will help the central bank to manage expectations of inflation," said Ma Xiaoping, an economist at HSBC. China's economic recovery from last year's slowdown remains fragile, Ms. Ma said, adding that Tuesday's data release gives China's central bank room to step back on its liquidity tightening measures. Most of the drop in inflation can be put down to food prices, said Yao Wei, an economist at Societe Generale. Rises in food prices have been moderating, up 2.7% year to year in March after a 6% year-to-year rise in February.

The producer-price index, which measures wholesale prices, remains in negative territory, falling to 1.9% in March, against expectations of a drop of 2%. The PPI has been in negative territory since March 2012.


'Shadow' banking and debt knocks a notch off China

Fitch lowered China's local currency rating to A+ from AA-, the first time that a big credit ratings agency has cut its assessment of China's creditworthiness for more than a decade. Its report cited concerns about the amount of debt building in the Chinese economy, with bank lending accounting for more than 135 per cent of GDP, the third-highest of any emerging market tracked by Fitch. In addition, credit being advanced by the "shadow banking" sector, including wealth management vehicles, may now approach 200 per cent of GDP, according to Fitch's analysis. Shadow lending has been booming in China as millions of small businesses struggle to get bank loans and depositors seek higher yields than those available in official deposit accounts. The sector has been estimated at $3.35 trillion, or 45 per cent of GDP, according to UBS calculations. The lending has helped to drive soaring investment and fanned concerns about bubbles in property markets.

The agency also raised concerns about the transparency of local government finances and their rocketing debts, which investors fear are adding to China's financial frailty. Local government debt has risen to an estimated 25 per cent of GDP. Fitch also raised concerns about sub-par standards of governance in China and average annual incomes of only $5,988.

Source: Fleming, Sam: 'Shadow' banking and debt knocks a notch off China, The Times [London (UK)] 10 Apr 2013

World News: Downgrade Highlights China Debt Worries --- Move by Fitch Is One of Strongest Signals Loan
Binge Could Threaten Recovery; Shadow Lending Is an Extra Wild Card

Fitch Ratings Inc. lowered one of its key ratings on China's debt, in one of the most prominent warnings to date over a credit buildup in the world's second-largest economy. The downgrade applies only to China's yuan-denominated debt, which is primarily traded domestically -- not the foreign-currency debt that it issues in international financial markets, so it is unlikely to have a big impact on global financial markets. Nevertheless, it is the first outright downgrade in years of debt that is widely seen as buffered by China's vast foreign-exchange reserves, highlighting a growing perception that massive lending by China's banks, as well as shadowy nonbank lenders that operate under little regulation, could seriously disrupt China's economic recovery.

Much of China's debt came from a surge of lending in the wake of the 2008 global financial crisis, which helped Chinese growth rebound in part with the help of massive infrastructure projects but weighed down local governments and banks with loans. Analysts at Fitch have been part of a chorus of analysts and market players consistently sounding alarms about the run-up in China's debt. Saying that "risks over China's financial stability have grown," the ratings firm lowered China's long-term local-currency rating to single-A-plus from double-A-minus, with a stable outlook. It was its first downgrade of Chinese debt since at least 1997. It kept China's foreign-currency debt rating at single-A-plus, saying it is well supported by China's foreign-exchange reserves, worth $3.387 trillion at the end of 2012.

Fitch estimated earlier that the total amount of outstanding wealth-management products was around 13 trillion yuan ($2.1 trillion) at the end of last year -- equal to about 14.5% of total banking-system deposits. Last month, China's banking regulator issued new regulations on wealth-management products, instructing banks to reveal how the proceeds are invested and limiting the amount that can be invested in opaque assets that aren't publicly traded. Fitch has held a negative outlook on China's local-currency debt since April 2011. It warned in May 2012 that it was likely to downgrade China's credit rating in the next 12 to 18 months.


Inflation slows, but bird flu worries

China's inflation slowed to 2.1 percent year on year in March, down from February's 10-month high of 3.2 percent and greatly easing the possibility of tightening policies. "However, the central bank will likely remain a prudent policy stance if capital inflows are strong and property prices are rising at a fast pace." Another source of worry was the outbreak of H7N9 bird flu in Shanghai and elsewhere, said Nomura Economist Rob Subbaraman.

Producer Price Index, the factory-gate measurement of inflation, fell 1.9 percent year on year in March, deepening from the decrease of 1.6 percent in February and indicating that demand pressures were anemic. "The pass-through effects from PPI to CPI will remain subdued in the short term," said Li Maoyu, an analyst at Changjiang Securities Co.

Source: Inflation slows, but bird flu worries, Shanghai Daily [Shanghai, China] 11 Apr 2013.

China economy: The recovery falters: [1]

Data released by China's National Bureau of Statistics (NBS) on April 15th showed that the country's rate of economic expansion slowed to 7.7% year on year in the first quarter of 2013, from 7.9% in the previous quarter. The figures have raised serious questions about prospects for the Chinese economy this year, providing evidence of weakness in key fields such as retail sales, industrial production and real-estate investment. However, there are some signs that the overall picture may not be quite as gloomy as the latest NBS data indicate. The GDP data were much weaker than The Economist Intelligence Unit had expected.

Several important parts of the economy struggled in the first three months of 2013. Retail sales continued the poor performance demonstrated in January-February, held back by the government's anti-graft and anti-extravagance campaign in the public sector. The year-on-year rate of retail sales growth in January-March, at 12.4%, was significantly slower than the 14.5% increase seen in the fourth quarter of 2012. However, the rate of expansion did at least edge up in March compared with the first two months of the year. Industrial production growth, meanwhile, decelerated to 9.5% year on year in the first quarter, from 9.9% in October-December 2012. A particular worry was that annual output growth slowed in March compared with January-February. Production growth was dragged down by weaker performances in bellwether sectors such as steel and cement, although vehicle production and plastics held up slightly better. The slack numbers for cement and steel point to one element that has been responsible for undermining the GDP growth figures: the continued weakness in real-estate investment. The contribution of final consumption expenditure to the 7.7% headline rate of GDP growth, at 4.3 percentage points, was actually slightly up compared with the previous quarter. By contrast, gross capital formation's contribution plunged to 2.3 percentage points, from 3.9 percentage points in the fourth quarter of 2012.

It is hard to find much good news in the NBS data, but the performance of the export sector did improve. Net exports contributed 1.1 percentage points to GDP growth in the first quarter, the first time they have not detracted
from growth since the third quarter of 2011. However, given the doubts raised about possible misreporting of trade data in recent months, the surge in net exports will have to be treated with some scepticism.


**China economy: Over-the-counter market goes national**

After years of trial runs, a nationally sanctioned over-the-counter (OTC) equity market, dubbed the "New Third Board", was finally launched in January 2013. OTC trading in unlisted enterprise shares has grown in recent years. As the funding needs of small and medium-sized enterprises (SMEs) and investor demand for higher returns intensified, several regional OTC markets cropped up across the country. Although most have the blessing of local authorities, these markets operate in a legal vacuum. The launch of the new board will go some way in addressing this, but much remains to be done before OTC can become a viable source of funding for companies and returns for equity investors.

Preparation for the launch of the board, officially called the National SME Share Transfer System (NSSTS), started in May 2012. The goal was to help companies, particularly high-tech ones, too small to list on the major stock exchanges raise funds. Enterprises located in four high-tech parks—Beijing Zhongguancun Science Park, Shanghai Zhangjiang High-Tech Park, Wuhan East Lake High-tech Development Zone and Tianjin Binhai High-tech Industrial Development Zone were granted initial permission to apply for a quota on the NSSTS. In February 2013 the NSSTS was opened up to companies across the country. Investments can be made by institutional investors with a minimum registered capital of Rmb5m, and individual investors who commit an initial investment of Rmb3m.

This attempt by regulators to formalise the OTC market has raised doubts over its viability in the long term. Firms that are attracted to OTC are those that do not wish to be boxed in by regulations. There is already an "Old Third Board" at the Shenzhen Stock Exchange for trading in delisted shares. The Shenzhen exchange also has two "second boards" other than the main exchange: the growth enterprise stock exchange (ChiNext), and the Small and Medium-sized Enterprise Board (SMEB) which compete with each other for business. The SMEB, launched in 2004, is offered by the Shenzhen Stock Exchange for "high-growth" firms seeking financing. The other, ChiNext, is aimed at start-ups and technology firms. Although it is often described as akin to the US bourse NASDAQ, it is not comparable. Launched in 2009, it lacks a supportive legal environment, mature intermediaries and high-calibre investors.


**Shares tumble on manufacturing data**

The benchmark Shanghai Composite Index lost 2.57 percent, or 57.63 points, to close at 2,184.54. The Shenzhen Composite Index fell 2.71 percent to 923.42. Growth-sensitive counters extended losses after China's April HSBC flash Purchasing Managers' Index (PMI) fell to 50.5 from March's final 51.6 reading. A score above 50 indicates an expansion in manufacturing activity. The latest PMI data marked a two-month low, adding to investor worries over disappointing March exports data and a slowdown in gross domestic product growth for the first quarter. China's industry ministry also said yesterday that companies had no strong desire to invest given weak demand and overcapacity.

Anhui Conch Cement tumbled 3.3 percent in Hong Kong and 5.9 percent in Shanghai after China's largest cement producer said its 2013 first-quarter net profit declined 22 percent from a year earlier. Property developers were broadly weaker after Guangzhou followed the lead of Beijing in starting pricing guidance for new residential properties from yesterday. (SD-Agencies)


**440b yuan credit line for building smart cities**

Banks and investors promised a hefty credit line of at least 440 billion yuan ($70.3 billion) for China's "smart city" projects, according to the Ministry of Housing and Urban-Rural Development, or MOHURD. After the China Development Bank announced in January that it would offer at least 80 billion yuan in credit for building smart cities over the next three years, two other commercial banks promised at least the same amount of credit for such projects, according to information released at a MOHURD seminar held on Wednesday. Other institutional investors also signed an agreement in early April to extend another 200 billion yuan in credit for building smart cities, the ministry said. This means that total credit of at least 440 billion yuan is likely to be granted to smart city projects across the country. The ministry, however, did not specify the names of the institutions or the banks.

China has promoted the concept of smart cities, including the application of information technology in urban management and the construction of low-carbon architecture, amid the country's renewed urbanization drive. The government has set up 90 smart city demonstration areas and more applications are under review, the MOHURD said.

Source: Xinhua: 440b yuan credit line for building smart cities, 2013-04-12
China sets major tasks for improving food safety

The State Council on Tuesday pinpointed major tasks for government authorities to improve food safety this year. The State Council said in a circular posted on its website that although the general food safety situation in China has improved over the past year, the country needs to intensify efforts in the area, as food safety incidents still occur occasionally. The government will conduct inspections and overhauls on major food safety hazards in the process of planting, breeding, slaughtering and product circulation, as well as in the catering sector. It will also intensify the crackdown on food-related violations, boost the emergency response mechanism for food safety incidents and release related information to the public in a timely manner, the circular said. Key tasks for this year also include improving the supervision mechanism and food-related standards, laws and regulations, according to the circular. The country has been hit by a string of food safety scandals in recent years, particularly in 2008, when melamine-tainted baby formula caused the deaths of at least six infants and sickened 300,000 others.

Environmental Planning: Findings from University of Hong Kong Has Provided New Data on Environmental Planning

New research on Environmental Planning is the subject of a report. According to news reporting originating from Hong Kong, People's Republic of China, by VerticalNews correspondents, research stated, "The Chinese economy has transformed from the development of industries in the early economic reform period of the 1980s to the development of service industries in the 2000s and, more recently, the emergence of producer service industries. Producer services have become increasingly important to the Chinese economy."

According to the news editors, the research concluded: "Moreover, the uneven spatial development of producer services suggests that small and medium cities need to conduct careful market studies and analyses on their ability to attract producer service industries before they initiate large central business district development projects and invest in massive construction of offices." The news editors report that additional information may be obtained by contacting F.F. Yang, University of Hong Kong, Center Urban Studies & Urban Planning, Hong Kong, Hong Kong, People's Republic of China.

Source: Environmental Planning; Findings from University of Hong Kong Has Provided New Data on Environmental Planning, China Weekly News (Apr 9, 2013): 1118.

H7N9 infections in China hit 55

The total number of confirmed human infections of the H7N9 bird flu in China has risen to 51, as two new cases were reported in Central China's Henan Province on Sunday. The latest cases were confirmed following tests by the Chinese Center for Disease Control and Prevention early on Sunday. A 34-year-old man surnamed Ma, a restaurant chef in Weishi county of Kaifeng city, displayed flu symptoms from April 6. He is in a critical condition and under ICU treatment in a local hospital. The other case involves a 65-year-old farmer from Zhoukou who had frequent contacts with poultry in his residence. He is in a stable condition after receiving treatment. The 19 people who have had closely contact with the two men have not yet shown flu symptoms. So far 51 cases of H7N9 bird flu infection have been reported in China, of which 11 people have died.

Source: Xinhua: H7N9 infections in China hit 55, 2013-04-15

China allocates 300m yuan for H7N9 flu control

China's Ministry of Finance said Wednesday it has allocated 303 million yuan ($48.6 million) from the central coffers to better prevent human infections of the H7N9 avian flu. The money will be used to subsidize projects aimed at monitoring cases of H7N9 infection, influenza-like illnesses, severe acute respiratory infection and unexplained pneumonia, the MOF said in a statement. In another move to help contain infections, the Ministry of Human Resources and Social Security on Wednesday ordered local authorities to allow medical insurance programs to cover more medicine and services for H7N9-infected patients to reduce the financial burden on them. As of 4 pm on Wednesday, the deadly bird flu had infected 109 people in Chinese mainland and Taiwan and killed 22 of them, official data showed.

Source: Xinhua: China, China allocates 300m yuan for H7N9 flu control, 2013-04-25

Energy Policy; Hong Kong Baptist University Reports Findings in Energy Policy

According to news reporting originating from Hong Kong, People's Republic of China, by VerticalNews correspondents, research stated, "Based on an econometric analysis of the annual growth data for China's GDP and electricity generation from 1953 to 2010, we find that electricity generation growth Granger causes GDP growth, but not vice versa. We also find that the GDP elasticity of electricity generation is about 0.6, implying that a 1% increase in China's electricity generation growth would increase GDP growth by 0.6%." Our news editors obtained a quote from the research from Hong Kong Baptist University, "While Deng's reform raised China's GDP growth rate by about 5% per year, it did not alter the GDP elasticity of electricity generation. Hence, an obvious strategy to promote China's economic growth would be accelerating electricity generation expansion. Rapidly adding thermal
generation units, however, could have large-scale, adverse environmental impacts." According to the news editors, the research concluded: "We therefore support China's 2011 five-year plan, which calls for expanding investments in renewable energy, conservation and energy efficiency as well as improving China's integrated electricity planning and cost-based pricing decisions." The news editors report that additional information may be obtained by contacting Y.S. Cheng, Hong Kong Baptist University, Hong Kong Energy Studies Center, Hong Kong, Hong Kong, People's Republic of China. Source: Energy Policy; Hong Kong Baptist University Reports Findings in Energy Policy, China Weekly News (Apr 9, 2013): 448.

**Income gap widening in China: survey**

A survey has shown that the already-yawning wealth gap among different regions and industries in China is widening, with nearly 50 percent of the gaps resulting from rural-urban disparities. The survey, which was conducted by the Income Distribution Research Center affiliated with the Zhongnan University of Economic and Law, showed that the wealth gap among rural residents is expanding. A green book published Wednesday by Social Sciences Academic Press suggested that incomes for rural Chinese grew faster than those of their urban counterparts for the last three years. However, the gap among rural residents is larger than that of the urbanites, according to the survey.

Chinese urban residents earned 24,565 yuan ($3,967) in annual per capita income in 2012, while rural residents earned 7,917 yuan in per capita net income. The survey noted that developed regions in east China had the smallest income gap, followed by the relatively underdeveloped central and western regions. People engaged in social services and agriculture-related work earned the lowest average wages, while those working in the electric power, communication, finance and insurance industries had the highest salaries, according to the survey. The survey said authorities should make more efforts to adjust the income redistribution system.


**Narrowing wealth gap key to addressing migration challenge**

The international community should endeavor to narrow the wealth gap between countries and regions and promote common development in response to the challenge of migration, a Chinese official said here on Monday. Cui Li, vice minister of China's National Health and Family Planning Commission, made the remarks at a meeting of the United Nations Commission on Population and Development, which features the theme of "New Trends in Migration -- Demographic Aspects."

"Migration is a key element of population dynamics and an important component of the globalized world," Cui noted. "Migration affects almost all countries in the world, either as origin countries, transit countries or destination countries." She called on the international community to incorporate population migration into national master plans for "economic and social development" and "make integrated decisions thereon." "We should boost partnership and cooperation regarding migration ... so as to maximize the benefits of migration to both origin and destination countries and to the migrants themselves, minimize negative impacts of migration and achieve a win-win situation for all stakeholders," she added. The vice minister also highlighted the importance of safeguarding the legitimate rights and interests of migrants. "We should promote social integration of migrants and capacity building for migrant family development," she said, calling for efforts to ensure the migrants' access to basic public healthcare services, including sexual and reproductive health and family planning services.

Source: Xinhua: Narrowing wealth gap key to addressing migration challenge, 2013-04-23

**Chinese innovations to benefit the world: Bill Gates**

As economists frown upon a lack of innovation plaguing China's economy, Bill Gates has highlighted the innovations China is adept at that can benefit the world: in epidemic control and grain production. In a speech delivered on Saturday evening at the Boao Forum for Asia held in South China's Hainan province, Gates said the country's scientific breakthroughs can help Africa and less developed countries battle epidemics, hunger and poverty. "The breakthrough science and technology that's happening here in China can help the poorest people in the world lead healthier, more productive lives," said Gates, who is the co-chair and trustee of Bill & Melinda Gates Foundation. Gates said China has successfully lifted 600 million people out of poverty over the past three decades, a victory that could not have been achieved without innovation in human health and agricultural productivity. Gates said his foundation, which has been active in the country in battling HIV/AIDS and tuberculosis and reducing tobacco use, is working with the Chinese government and institutes on epidemic control and agricultural research. "We see this potential, for example, in vaccines, where China is quickly becoming a leader," he said. The foundation is collaborating with a Chinese institute and developer of a low-cost vaccine for Japanese encephalitis to ensure supplies of polio vaccines and the development of less expensive doses, he said. In addition to becoming a major supplier of vaccines, Gates said China can "play a broader leadership role by sharing its own experience" to eradicate epidemics like polio in other countries. China has eliminated the paralyzing disease and
reported no indigenous cases since 1994, thanks to a domestically-developed vaccine and a nationwide vaccination campaign, which began in 1965.

Apart from medication, Gates believes the country's innovation in increasing crop yields can also help reduce hunger in Africa, where agricultural productivity remains "dismally low". China has increased its grain productivity by 2.6 percent per year in the past two decades, and its breakthroughs in developing high-yield rice varieties will benefit other poor countries, Gates suggested. The foundation is working with the Chinese Academy of Agriculture Sciences and a bio-technology institute to develop Green Super Rice, which has proved capable of raising production of small farmers by 20 percent in pilot projects, he said. Gates also called on Chinese entrepreneurs to use "the same skills and rigor you brought to investing in the market to investing in solutions for the poor". Also at the forum, Vice Minister of Science and Technology Zhang Laiwu said the ministry will deepen cooperation with the Bill & Melinda Gates Foundation in agricultural research and developing vaccines for major infectious diseases.

Source: Xinhua: Chinese innovations to benefit the world: Bill Gates, 2013-04-07

Technology fair eyes innovation

China's best-known annual high-tech fair aims to boost industrial innovation and serve as a driving force to improve the quality and efficiency of economic growth as the nation's economy slows down, officials said on Sunday. "Industrial innovation will demonstrate an outstanding advantage in building up a new competitive edge and boosting economic development, especially at a time when the economy is not doing well," Xu Qin, mayor of Shenzhen, told a press conference. The 15th session of the China Hi-Tech Fair, jointly hosted by the Shenzhen government and ministries including the National Development and Reform Commission, the Ministry of Commerce and the Ministry of Industry and Information Technology, will be held in Shenzhen from Nov 16 to 21. The fair, with an exhibition area of more than 100,000 square meters, has become China's largest and most influential technology fair. "We do have concerns about the external economic situation as the global economy slightly improved this year and quantitative easing measures in developed economies added negative influences," Xu said. "But strengthening the linkage among industries, academia, research and capital will be an important way to enhance the quality and efficiency of economic growth.

This year's fair will include high-tech trading, product exhibitions and a forum on Chinese technologies. More advanced technologies and products will be on show to meet demands for environmental protection, while the latest technology from strategic emerging industries and low-carbon sectors will be the focus of the fair's exhibitions, according to Xu, who also heads the fair's organizing committee.

Source: LI JIABAO: Technology fair eyes innovation, China Daily. 2013-04-29

Developing Hainan as intl resort island: Xi

Chinese President Xi Jinping has called for faster development of Hainan province as an international resort island. Xi, also general secretary of the Central Committee of the Communist Party of China and chairman of the Central Military Commission, made the remarks during an inspection tour from Monday through Wednesday of the island province in South China, where he chatted with fishermen returning from work in the South China Sea, visited a rose farm and a major cruise terminal, among other events. "Accelerating the development of Hainan as an international tourism island is a key decision made by central authorities and also offers the biggest opportunity and the biggest comparative advantage for Hainan," Xi stressed. He called on local authorities to make greater efforts in freeing up minds, and carrying out reform and opening-up to fully stimulate people's initiative to create a better future through hard work. As China's biggest special economic zone that was approved by China's top legislature in 1988, the island province enjoys late-comer advantage and has great development potential, according to Xi. He urged the island to make a leap in development by focusing on building Hainan into an international resort site, thus contributing to the development of a beautiful China.

Source: Xinhua: Developing Hainan as intl resort island: Xi, 2013-04-11

Draft amendment stresses consumer rights

A draft amendment to China's consumer rights law was published by the top legislature on Sunday in order to solicit public opinion. The draft provides clarification regarding the protection of personal information and suggests heavier punishments for commercial fraud. The draft also includes regulations pertaining to online shopping, as China's booming e-commerce market is not sufficiently covered by the current version of the consumer rights law. The Standing Committee of the National People's Congress (NPC), China's top legislature, discussed the draft amendment during a bimonthly session held last week, marking the first time changes have been considered since the law was implemented in 1994.

Source: Xinhua: Draft amendment stresses consumer rights, 2013-04-29

Surging wages 'threaten economy's competitiveness'
China's surging wages and other costs are showing signs of undermining the competitiveness of the nation's economy, threatening its growth potential, the Asian Development Bank said. Average inflation-adjusted wages have more than tripled in a decade, and non-wage costs for procedures such as hiring and firing have risen since the introduction of a 2008 labor law, the ADB said in a report published on Tuesday. The labor market is being squeezed across the nation as the pool of working-age people shrank last year.
Source: Surging wages 'threaten economy's competitiveness, China Daily, 2013-04-10

China economy: Give them a rise

In the most recent set of wage increases, the monthly minimum in Shanghai was raised from Rmb1,450 to Rmb1,620 in April. This puts it above Shenzhen, which implemented a minimum rate of Rmb1,600 a month earlier. Tianjin's was raised to Rmb1,500, while Beijing and Zhejiang had increased wages at the start of 2013; the rate in Zhejiang's richest cities is now Rmb1,470 a month. Inland provinces are also pushing up minimum wages. Henan and Shaanxi raised their rates at the same time as Beijing. In April Jiangxi pushed up its level by more than 40% to Rmb1,230, and Gansu and Shanxi implemented increases of around 20% and 15% respectively, to Rmb1,200 and Rmb1,290. More are to follow. The capital of southern Guangdong province, Guangzhou, will raise wages in May to Rmb1,550. Other provinces and cities will follow suit, in line with the national target of having minimum wage levels at around 40% of the local average salary by 2015.

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<th>Provinces/city</th>
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a Shenzhen sets its wages separately from Guangdong.
b Starting May 1st 2013.
Sources: Media reports; China Briefing.

The dramatic raises in minimum wages, however, may have a lesser impact than one might expect. As the pool of workers seeking factory jobs has stagnated in recent years, factories have already been forced to offer higher wages for low-end work. According to the latest available official statistics, the average monthly wage of migrant workers (those most likely to be working in minimum-wage positions) in 2011 reached Rmb2,048, comfortably more than 50% of the national urban average monthly wage of Rmb3,483 in the same year. A local newspaper, Guangming Daily, noted in January that local firms in Tianjin do not expect minimum wage increases to affect production much, if at all, as standard wages for many contracts already start above Rmb1,500. A UK-based newspaper, Financial Times, also reported recently that in Dongguan in Guangdong, long known for low-end manufacturing, factories facing serious labour shortages already offer well above the Rmb1,310 that will be the new minimum in the city from May. Rather than minimum wage levels, market forces and the tightness of the labour market in some parts of China are the main factors driving rising wages.
Source: EIU ViewsWire: China economy: Give them a rise, (Apr 12 2013)

Forum discusses China’s urbanization

Scholars and experts on ecological civilization gathered here on Friday to discuss rural development, noting that China's development of rural culture and agriculture is of great importance to the future of itself and the world. The 7th international forum on ecological civilization, held at Pitzer College in the suburbs of Los Angeles, focused on problems China has met in the process of urbanization, discussing ways to better develop ecological agriculture, build rural communities and expand small farms.
China cuts, transfers 71 administrative approval items
The Chinese government decided Wednesday to cut or unleash the first 71 administrative approval items amid efforts to transfer government functions. The items mainly focused on investment as well production and operation, said a statement after a meeting of the State Council without giving details. The meeting was presided over by Premier Li Keqiang. To let the market play its role and empower social forces, the Chinese government has vowed to take drastic action to reduce items that demand official approval or transfer such power to lower levels. The steps should be open to the public in time and be put under supervision, the statement said. It also urged relevant departments to step up efforts to cut and transfer more administrative approval items. Li Keqiang said in March that the Chinese government will cut the existing 1,700 administrative approval items by at least one third in the coming five years. He admitted that the current government approval system has affected efficiency and might cause corruption. "We need to leave to the market and society what they can do well. The government needs to manage well the matters that fall in its province," he said.
Source: Xinhua: China cuts, transfers 71 administrative approval items, 2013-04-25

Chinese to strengthen industry associations
China will improve the nation's industry associations in an effort to streamline government agencies and readjust governments' roles, the Ministry of Civil Affairs announced on Tuesday. The ministry is going to further decouple industry associations from government agencies to which they were previously affiliated and bring into full play their roles in market regulation. It will also launch a campaign to boost the self-discipline and social credibility of industry associations. During the campaign, industry associations are required to separate from government agencies in every aspect, including institution, personnel and finance and to improve their internal organization and management. They are also expected to bring forward their industry-wide regulations, for instance on quality and service criteria, and to establish industry credit management systems encompassing social evaluation, credit "blacklisting" and punishment measures. Furthermore, the ministry urged, industry associations should disclose information to their members regularly, including information on financial balances, overseas visits, donations and funding received, and annual work reports.
Source: Xinhua: Chinese to strengthen industry associations , 2013-04-3

China's IPR suits see spike in 2012
Courts across China handled 83,850 civil lawsuits over intellectual property rights in 2012, up 44.1 percent year-on-year, according to an IPR white paper that the country's top court released on Monday. Because of the rising awareness about IPR issues, courts in China also saw a sharp rise in the number of related civil lawsuits they received last year, said Sun Jungong, spokesman for the Supreme People's Court, at a news conference on Monday about the white paper. Also in 2012, courts across the country received about 87,420 new civil lawsuits over IPR issues, a year-on-year jump of 46 percent.

Source: Xinhua: Forum discusses China's urbanization, 2013-04-27
More than 60,000 suspects were detained for IPR infringement and producing and selling substandard commodities in 43,000 cases in 2012, with a total value of 11.3 billion yuan ($1.83 billion), according to the white paper. The iPad trademark dispute between US tech giant Apple Inc and Shenzhen's Proview topped a list of 10 major court cases involving IPR infringement last year. Apple eventually agreed to pay $60 million to Proview in a court-mediated settlement in July. The court also released 50 typical IPR cases from 2012 and, for the first time, 10 "innovative cases" involving new legal fields or matters, which experts said can be used as a guide on how to handle similar lawsuits.


2 Chinese Cities Move to Cool Overheated Housing Market: [Foreign Desk]

In an effort to cool the resurgent property market, two of China's biggest cities announced over the weekend that they would put in place a series of new restrictions and penalties on housing sales. In the nation's capital, the Beijing municipal government said that unmarried individuals would now be allowed to purchase only one residence. The city also increased the minimum down payment for buyers of a second home and imposed a 20 percent capital gains tax on owners selling a residence. In Shanghai, an identical capital gains tax was announced and took immediate effect, and city officials pledged to install and enforce other measures aimed at stabilizing housing prices. The stiffer capital gains taxes take the place of a 1 percent to 2 percent transaction tax that was previously assessed on the final price of the property being sold.

Property prices in China have been rising sharply in the last year, with housing prices in many big cities up an average of 3.1 percent in February, according to a government survey. In many cities, the cost of buying a new home has doubled in the last five years. In a country where investment options can be limited, property is considered a good store of value.

The efforts have often been effective at temporarily holding down prices, but the market usually roars back as investors, homeowners -- and even banks and property agents -- identify loopholes in the restrictions, analysts say. Because China's booming economy is tied so closely to the property market -- and because the property market is a major source of income for banks, which issue mortgages, and local governments, which profit from land sales -- any strong government measures to rein in the sector have the potential to affect the larger economy.

In Shanghai, a city of about 22 million, banks are no longer allowed to offer loans to residents buying a third home; those seeking a second mortgage are now expected to make larger down payments and to pay higher mortgage rates. Shanghai officials also said they would make it tougher for foreigners, people from other cities in China and divorced individuals to buy homes, a clear hint that they intended to counter attempts by local residents to seek divorces in order to circumvent some restrictions. The authorities in Beijing and Shanghai also promised to build more moderately priced residences. This year, Beijing said it planned to build 70,000 units of such housing; Shanghai said it expected to build 10,000 units.


Overcapacity troubles China economy, reform needed

Although economic figures for March indicated a more stable economy in China, overcapacity continues to trouble the country's industries. China's purchasing managers' index for the manufacturing sector rose to 50.9 percent in March, representing positive growth, according to data released by the Federation of Logistics and Purchasing on Monday. However, the sub-index for finished product inventories went over 50 after declining for eight consecutive months, indicating a worsening situation of excess production capacity. Authorities said China has to cope with overcapacity in traditional manufacturing and emerging industries in the coming years. Otherwise, bankruptcy, debt and unemployment may cause a financial crisis.

"Overcapacity has exposed structural weaknesses in the process of China's industrialization," said Li Yan, director of industrial policy research with the Ministry of Industry and Information Technology, or MIIT.

"Administrative regulations cultivate excess capacity," said Feng Fei, head of industrial economic research at the Development Research Center of the State Council. He said that governments at all levels should recognize administrative influence on resources and production and the blind pursuit of economic growth, which largely determines how local officials are promoted.

According to MIIT data, output totaling 720 million tons resulted in a loss of 28.92 billion yuan ($4.67 billion) for the country's iron and steel industry in 2012. This was not a special case. In 2012, 93 percent of electrolytic aluminum enterprises suffered losses, considering the gap of 7 million metric tons between the industry's real output and capacity, MIIT said.

A capacity utilization of less than 70 percent is dangerous and could trigger vicious competition, Miao alerted. A safe capacity utilization rate falls between 80 and 85 percent. Some industries in China have maintained a rate of just 70 to 75 percent. China's struggling photovoltaic industry has had a capacity utilization rate of less than 60 percent. After suffering from slumping demand and declining polysilicon prices, orders for Chinese PV equipment slumped 80 percent year-on-year in 2012, according to the China PV Industry Alliance. Up to 90 percent of
We are unwaveringly committed to reform and opening up, and we will concentrate on the major task of shifting its road to progress. "We need to make relentless efforts in the years ahead to deliver a better life to all the Chinese nation, will be realized. "Looking ahead, we are full of confidence in China's future, namely, the greatest renewal of will be completed. By the mid-21st century, China will be turned into a modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious; and the Chinese dream, namely, the greatest renewal of the Chinese nation, will be realized. "Looking ahead, we are full of confidence in China's future," he said. On the other hand, China remains the world's largest developing country, and it faces many difficulties and challenges on its road to progress. "We need to make relentless efforts in the years ahead to deliver a better life to all our people. We are unwaveringly committed to reform and opening up, and we will concentrate on the major task of shifting

### Profit Growth in China Held Back

Earnings growth decelerated sharply in China last month, raising concern that the sputtering expansion of the world's second-largest economy could slow further. Industrial profits rose 5.3% in March from a year earlier, down from the 17.2% growth posted for the first two months of the year, according to the National Bureau of Statistics.

Recent earnings reports from Chinese and foreign companies presented a mixed picture for business in China. Some companies were hurt by overcapacity, reduced government spending and a more challenging operating environment, while others managed to advance.

Sports retailers in China continued to struggle with massive growth in inventory. Nike Inc.'s earnings before interest and taxes in China fell 20% from a year earlier in the quarter through February. First-quarter residential property sales in China rose 69% from a year earlier. That supported a 16% jump in earnings at China Vanke Co., China's largest developer by market value. China's real-estate sector is the biggest single contributor to domestic demand, so strong real-estate sales usually have a ripple effect throughout the economy. So far, though, the effect has been muted, possibly because construction firms are wary that a government crackdown on bubbly housing prices could slow development. In addition, overcapacity in many sectors tied to construction -- steel, aluminum, glass and cement, among others -- damped the impact of stronger house sales. Jiangsu Shagang Group Co., China's biggest private producer of steel, reported that earnings fell 74% from a year earlier and forecast that the decline would extend into the second quarter. "Steel supply still exceeds demand and steel prices will stay low," the company said.

China's leaders want household consumption to play a larger part in driving growth. But intense competitive pressures, slowing wage growth and an unpredictable operating environment meant that many consumer-focused companies had a weak quarter. Yum Brands Inc., owner of the KFC restaurant chain, reported a 41% decline in first-quarter operating profit in China, following accusations in the Chinese media of excessive use of antibiotics by its suppliers. Yum overhauled its quality-control process and began a new marketing strategy to help repair its image. At the luxury end, a crackdown by Beijing on excess spending by officials ate into the earnings for hotels and high-end brands.


### China cannot develop itself in isolation

China cannot develop itself in isolation from the rest of Asia and the world, Chinese President Xi Jinping said at the Boao Forum for Asia Sunday. On their part, the rest of Asia and the world cannot enjoy prosperity and stability without China, Xi said, delivering a keynote speech at the opening ceremony of the BFA Annual Conference 2013. Xi restated the main goals for China: By 2020, China's GDP and per capita incomes for urban and rural residents will double the 2010 figures, and the building of a moderately prosperous society in all respects will be completed. By the mid-21st century, China will be turned into a modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious; and the Chinese dream, namely, the greatest renewal of the Chinese nation, will be realized. "Looking ahead, we are full of confidence in China's future," he said. On the other hand, China remains the world's largest developing country, and it faces many difficulties and challenges on its road to progress. "We need to make relentless efforts in the years ahead to deliver a better life to all our people. We are unwaveringly committed to reform and opening up, and we will concentrate on the major task of shifting
Xi urges global cooperation for sustaining growth

Chinese President Xi Jinping on Sunday urged stronger global cooperation to consolidate the foundation for sustaining stable growth of the world economy. He made the remarks when delivering a keynote speech at the opening ceremony of the Boao Forum for Asia Annual Conference 2013 held in Boao, a coastal town in South China's Hainan province. Asia has emerged as an important engine driving world economic recovery and growth, contributing to over 50 percent of global growth in recent years and instilling much needed confidence in the world, Xi said. What's more Asia's cooperation with other regions of the world at regional and sub-regional levels has great vitality and promising prospects, he said. However, Asia needs to transform and upgrade its development model in keeping with the trend of the times, the president urged. "It is important that we should shift the growth model, adjust the economic structure, make development more cost effective and make life better for our people," he said. Sustaining development is still of paramount importance to Asia, because only development holds the key to solving major problems and difficulties it faces, Xi said.

Source: Xinhua: Xi urges global cooperation for sustaining growth, 2013-04-07

Xi urges Asia to transform development model

Asia has become a major growth engine for the world economy but needs to transform its development model, Chinese President Xi Jinping said Sunday. He made the remarks when delivering a keynote speech at the opening ceremony of the Boao Forum for Asia Annual Conference 2013 held in Boao, a coastal town in South China's Hainan province. Asia has emerged as an important engine driving world economic recovery and growth, contributing to over 50 percent of global growth in recent years and instilling much needed confidence in the world, Xi said. What's more Asia's cooperation with other regions of the world at regional and sub-regional levels has great vitality and promising prospects, he said. However, Asia needs to transform and upgrade its development model in keeping with the trend of the times, the president urged. "It is important that we should shift the growth model, adjust the economic structure, make development more cost effective and make life better for our people," he said. Sustaining development is still of paramount importance to Asia, because only development holds the key to solving major problems and difficulties it faces, Xi said.

Source: Xinhua: Xi urges Asia to transform development model, 2013-04-07

Eurozone slowdown no longer biggest threat to Asia growth

Heightened political tensions have overtaken the eurozone debt crisis and US fiscal shock as the biggest threats to the developing economies in Asia, according the Asian Development Bank (ADB). While "austerity fatigue" in the euro area and "unresolved fiscal drag" in the US remain significant risks to developing Asian economies, escalating border disputes in the region pose the largest menace to growth, said the Bank's annual outlook report. The Bank warned that "potential nationalistic passions", such as those which led to a Chinese boycott on Japanese goods over the disputed sovereignty of eight small islands in the East China Sea last year, could drag on growth in the region. "Political risk has emerged as the main threat to the global and regional outlook," said the report.

China's consumer price index fell to an annualised 2.1pc last month from 3.2pc in February, when prices spiked during the Lunar New Year, according to official figures from the country's National Bureau of Statistics released on Tuesday. "We have yet to see a surge in final demand ripple throughout the economy," IHS Global Insight analysts Alistair Thornton and Ren Xianfang said in a research note. "The recovery... has been largely government-driven, and has been underpinned by property froth and rampant shadow finance... This is not a healthy recovery."

Source: Eurozone slowdown no longer biggest threat to Asia growth, Telegraph.co.uk [London] 09 Apr 2013

Chasing the dragon; Jerry Brown in China

CALIFORNIA'S economy was almost twice the size of China's when Jerry Brown last visited, in 1986. Today, the governor of America's biggest state (and the world's ninth-largest economy, down from seventh in 1986) is the first to admit that things look different, as he and a 90-strong business entourage embark on a week-long trade and investment tour of China. Chinese investors, reckons Mr Brown, have $400 billion-$500 billion burning a hole in their pockets. "They like our almonds, our wine, our brains," he says. "Instead of buying T-bills in Washington, they should be investing in California." Under China's so-called "going out" policy, outward direct investment grew from $5.5 billion in 2004 to $65 billion by 2011. That figure should continue to rise, as should the relatively small share enjoyed by America so far. California's strong brand in China--everyone knows where Hollywood is, and the Lakers are fervently followed across the country--leave it well placed to take advantage. A new office in Shanghai aims to attract Chinese investors as much as to help Californian exporters.
Renewables and clean technology also present opportunities. Green rules in California have contributed to a reputation for business-unfriendliness, but have also helped foster a market for technologies the Chinese are keen to buy: the country aims to spend $473 billion on clean energy during a five-year plan ending in 2015. The American arm of BYD, a Chinese electric-vehicle manufacturer, recently won a $12m contract to build ten buses for the city of Long Beach, south of Los Angeles. As for Mr Brown, he evinces more frustration with his own state than with his hosts. He celebrates California's achievements, from Apple to agriculture, but contrasts Chinese "dynamism" with the plodding focus on process at home. "We've lost the ability to build the space shuttle, the Golden Gate bridge," says the man once known as Governor Moonbeam. "I want to be in the presence of people who build, who dream, who get shit done."


4 more China deals for California

In another clear demonstration of close business ties between China and the American state of California, four deals worth more than US$200 million were signed in Shanghai yesterday. In addition, a trade and investment office opened in the city to bolster economic cooperation between the two sides. The deals - for the establishment of a pharmaceutical production plant, a private equity firm, a zero-liquid-waste discharge project and technology on renewable marine resources, all in California - revealed the potential for high-level cooperation between Chinese companies and firms in the US state.

California Governor Jerry Brown witnessed the signing ceremony yesterday, one day after his meeting with Premier Li Keqiang and other senior Chinese officials in Beijing when a US$1.5 billion investment partnership was announced. The California-China Office of Trade and Investment, the state's first foreign trade office in a decade, will serve as a hub for California companies interested in entering or expanding in China, as well as for Chinese firms seeking investment opportunities in California. Brown said California expects to attract a growing share of China's massive foreign investment and bolster its exports to China with the help of the office, which is located in Yangpu District's Knowledge and Innovation Community. "While the US welcomes Chinese investment, California welcomes Chinese investment even more," Brown said in his brief but eloquent speech. "With the intelligence of people in both places, we can have an exchange of business, art and political thinking to address our mutual problems and contribute to world harmony." California is a gateway of the US to the Asia-Pacific. It is home to 53 companies in the Fortune Global 500 list and also strong in agricultural products. To build up a "California brand," Shanghai is preparing for California Week, which is scheduled for September. The event will be a celebration of all things California, from wine and food to culture and other attractions. Brown, along with his delegation, will meet with Chinese government and business leaders in Shanghai, Nanjing, Guangzhou and Shenzhen until next week.

Source: 4 more China deals for California, Shanghai Daily [Shanghai, China] 13 Apr 2013.

China's experience in sustainable development to spread

A Chinese expert said at the United Nations headquarters Tuesday that China needs to transform its development model in the context of the global recession following the financial crisis. The statement came as Cheng Siwei, a renowned scholar in economic, financial and managerial fields, addressed a forum titled "A China Story", where a group of Chinese specialists were invited to give their interpretations of China's overall planning approach and shared the country's experience of pursuing sustainable development. After reviewing the rapid economic growth and development path of China since the reforms and opening-up in 1978-80, Cheng said "We should pursue development in a scientific way ... which puts people first and is comprehensive, balanced and sustainable." Qu Xing, president of China Institute of International Studies and Yao Zhizhong, assistant director of the Institute of World Economics and Politics, also shared their views about sustainable development with audience formed of various national delegates to the world body.

Other key attendees to the forum included Vuk Jeremic, president of the 67th Session of the UN general assembly, and UN Assistant Secretary General Thomas Stelzer. The forum, featuring a theme of Sustainable Development and Governance, was organized by China Energy Fund Committee, a nonprofit, non-governmental think tank devoted to public diplomacy and research on strategic issues with emphasis on energy and culture.


First couple on Time's list of most influential

President Xi Jinping and first lady Peng Liyuan made the list of the world's 100 most influential people published by Time magazine on Friday, adding to China's global prestige. Observers said the appearance of the couple on the list reflects global affirmation and expectations of China. Tennis player Li Na, 31, is also on the list as the first Asian woman to win a Grand Slam title. Xi is listed in the Leaders category along with US President Barack Obama, while Peng is in the Icons category with US first lady Michelle Obama and the Duchess of Cambridge, Kate Middleton.

Former US secretary of state Henry Kissinger wrote in a Time profile of Xi: "As China embarks on a period of renewal, the role of Xi Jinping, its new president, is central. Xi is convinced his generation's hardships gave it the
strength to face the challenges of adapting China to the consequences of its success.” Xi has put forward a sweeping reform program designed to move millions to the cities, streamline bureaucracy, reorient the economy away from State-owned enterprises and fight corruption, Kissinger said. “In foreign policy he has posed a key question: Can two great, partially competitive countries substitute cooperation for conflict? The answers of both sides will determine the world's future,” Kissinger said. Based on his meetings with Xi, Kissinger thinks the Chinese leader's response will be both thoughtful and forceful.

Source: First couple on Time's list of most influential, China Daily, 2013-04-20

$300 Million Scholarship for Study in China Signals a New Focus: [Foreign Desk]

The private-equity tycoon Stephen A. Schwarzman, backed by an array of mostly Western blue-chip companies with interests in China, is creating a $300 million scholarship for study in China that he hopes will rival the Rhodes scholarship in prestige and influence. The program, whose endowment represents one of the largest single gifts to education in the world and one of the largest philanthropic gifts ever in China, will be announced by Mr. Schwarzman in Beijing on Sunday. The Schwarzman Scholars program will pay all expenses for 200 students each year from around the world for a one-year master's program at Tsinghua University in Beijing. The program's creation underlines the tremendous importance of China and its market to Wall Street financiers and corporate leaders, who have become increasingly anxious as security and economic frictions grow between China and the West.

Mr. Schwarzman said his goal was to reduce such tensions by educating the world's future leaders, but his role in the project will also raise his political profile in China, potentially giving him and his private equity firm, the Blackstone Group, increased access to Chinese leaders. Many of them, including Xi Jinping, who became president of China last month, attended Tsinghua, one of the country's top universities. Mr. Schwarzman said he was donating $100 million from his personal fortune, which Forbes estimated last month at $6.5 billion. He said he had raised $100 million from donors, and expected to raise the remaining $100 million by the end of this year. Many of the donors have sprawling business interests in China and frequently deal with government regulators and state-owned enterprises that have wide discretion over the activities of foreign companies. The donors include Boeing, which is aggressively marketing jets in China, the world's second-largest aircraft market, and Caterpillar, which sells earth-moving equipment in what has become the world's largest construction market. They also include JPMorgan Chase, Bank of America and Credit Suisse, which provide financial services to the Chinese government and state-owned banks. The personal foundation of Mayor Michael R. Bloomberg of New York is also a donor. Mr. Bloomberg's media company is trying to lease more news and data terminals to state-owned banks, but it has been stymied by the government since the company’s publication last year of an investigation into the financial dealings of Mr. Xi’s family.

The scholarship's advisory board is a who's who of investors, diplomats and other influential figures, some of whom also have political or financial ties to China. It includes three former secretaries of state, Condoleezza Rice, Colin L. Powell and Henry A. Kissinger; two former treasury secretaries, Robert E. Rubin and Henry M. Paulson Jr.; a number of university presidents and cultural figures, including the cellist Yo-Yo Ma; former President Nicolas Sarkozy of France; and the former prime ministers of three countries, Tony Blair of Britain, Kevin Rudd of Australia and Brian Mulroney of Canada.

Mr. Schwarzman said his concern was that as long as the Chinese economy grows two to three times as quickly as the American economy, and with European economies barely growing at all, tensions are likely only to rise. “The idea was to deal with this problem in a generational manner,” he said in a video interview from New York, adding later in an e-mail, "I feel grateful to be able to have the resources to help change future leaders to impact their countries' and China's destinies.” The program plans to take in 10,000 students over the next 50 years, forming an international network that can bridge differences between China and the West, he said. Forty-five percent will come from the United States, 20 percent from China, and 35 percent from Australia, Canada, Europe, Latin America and the rest of Asia. Africa may be added later.

Mr. Schwarzman said his scholarship program had nothing to do with Blackstone or the China Investment Corporation. "This is a private thing by me, it's not a Blackstone initiative," he said. The program will be housed in a new facility at Tsinghua, Schwarzman College. Ground breaking is scheduled for late this year, with a design by Robert A. M. Stern, dean of the Yale School of Architecture. Students will live in pods of eight bedrooms with a common living room, a design taken from the executive education program at Harvard Business School. The building will also include 12 residential suites for the dean, director and visiting faculty; a two-story forum resembling the one at the Harvard Kennedy School; an auditorium; and four classrooms. The program will offer master's degrees in public policy, international relations, economics, business and, later, engineering. It will start each June with a summer-long immersion program in Chinese culture and issues, and an introduction to Mandarin, followed by a full academic year of courses at Tsinghua. David Daokui Li, a prominent economist at Tsinghua who is the dean of the new scholars program, said the university already offers a third of its courses in English, and more than half in subjects like business and economics. Coincidentally, the ivy-garlanded Tsinghua University was
China, France seek new areas of economic co-op

China and France - two highly complementary economies - are seeking to expand their economic cooperation beyond the traditional sectors of nuclear energy and aviation. Besides the signing of an agreement for China to buy 60 planes from France-based Airbus and a range of other deals in the nuclear energy industry, the two countries agreed to boost cooperation in sectors such as environmental protection, urban sustainable development and food safety during French President Francois Hollande's visit to China. The wider cooperation will help ease the persistent trade imbalances between the two countries, as China will present a huge market to France's advanced products and technologies, said Qu Xing, head of the China Institute of International Studies. China is now France's biggest trade partner in Asia, while France is China's fourth largest in the eurozone. In 2012, two-way trade amounted to 51.02 billion US dollars, with France seeing a 2.8-billion-US-dollar deficit. The key of correcting the imbalance is not by reducing investments and exports, but rather by increasing them further, Hollande said during his visit.

China's urbanization rate of 51.3 percent is far short of the over 70 percent rate seen in developed economies, which means huge potentials on the demand side, he noted, adding France's city management will help China to address the challenges that surface during the process, including air pollution and food safety. Earlier in January, Premier Li Keqiang, then vice premier, said to visiting French Minister of Economy and Finance Pierre Moscovici that China hoped to work more closely with France and other highly urbanized European countries in ideas, technology and markets in the country's urbanization initiative.

At a business forum on Thursday, officials and enterprises from the two countries exchanged ideas and tapped cooperation opportunities in a variety of areas, including agriculture food, healthcare, urban sustainable development and digital economy. At the forum, President Xi Jinping stressed that China is willing to import more French products and expressed hope that France will help urge the EU to relax restrictions on exporting high-tech products to China. Both parties agreed to oppose protectionism and create a level playing field to facilitate trade and investments.

Source: Xinhua: China, France seek new areas of economic co-op, 2013-04-27

The second American century? It's already here.

This notion of a second American century may seem bizarre, given the United States' obvious domestic troubles - from poor schools and crumbling infrastructure to mounting debt and low economic growth - and its external challenges, including terrorism, a rising China, an antagonistic North Korea that has nuclear weapons and an equally hostile Iran that appears to want them. Nevertheless, we could already be in the second decade of another American century. Here are six reasons:

To start, the United States is and will remain for some time first among unequals. This country boasts the world's largest economy; its annual GDP of almost $16 trillion is nearly one-fourth of global output. Compare this figure with $7 trillion for China and $6 trillion for Japan. Per capita GDP in the United States is close to $50,000, somewhere between six and nine times that of China. The United States also has the world's most capable armed forces. No other country comes close to competing with it on the modern battlefield. Even with the sequester, core U.S. defense spending of some $500 billion is greater than that of the next 10 countries combined. The American qualitative military edge will be around for a long, long time.

Second, there is no peer competitor on the horizon. Yes, China has been growing fast, and the day will come when its GDP equals or passes that of the United States. But that day will arrive later than many forecast, as Chinese growth is slowing. In addition, China's ability to translate its increasing wealth into power and influence is constrained by a deteriorating natural environment, an enormous and aging population, burgeoning social needs, and a political system far less dynamic than the economy and society it seeks to control.

Nor is any other major power in a position to challenge the United States. In short, the alleged other great powers are not all that great. None has the means to overthrow the existing order and, at least as important, none is committed to doing so. Each is largely preoccupied with its own economic, social and political problems. This is the third reason the century could turn out well for Americans.

Fourth, the United States has not acted in a way that has provoked a direct challenge. Yes, doubts about the wisdom and legitimacy of U.S. foreign policy are widespread, but they tend to lead more to denunciations, head-shaking and an absence of cooperation than to outright resistance. The world's most powerful countries may not always agree with the United States, but they do not normally see America as implacably hostile or as an
impediment to their core objectives. Meanwhile, challenges from the likes of Iran, North Korea and al-Qaeda, while significant, are neither global nor existential.

The last two reasons the 21st century could replicate the 20th - America's unique demographics and the potential for renewed economic growth - relate to this country's internal advantages. The gods have smiled on the United States, providing its citizens with vast stretches of arable land, plentiful fresh water and bountiful energy reserves. Indeed, those reserves have recently become more bountiful thanks to technologies that have dramatically increased the production of oil and gas. The U.S. population is large, but not so large that it is a major burden. More important, the population is relatively balanced by age. The ratio of working-age people to those too young or too old to work is better in the United States than almost anywhere else in the developed world, leaving this country better positioned to deal with its looming social obligations. The United States has one other big demographic advantage: the mix and talent of its society. This is the most open country in the world, by a long shot. America accepts more than 1 million immigrants a year on a permanent basis, far more than any other nation. Numerous studies highlight the positive links between immigration, innovation and entrepreneurship. One statistic alone - that immigrants established nearly one-fifth of the Fortune 500 companies - speaks volumes.

The final reason to be upbeat about the prospects for a new American century is the potential to return to high rates of economic growth. The country's post-World War II average is slightly above 3 percent, impressive for an advanced economy and well above the current pace. The United States can get back to this level or even surpass it because of the world-class quality of much of American higher education, the availability of capital for business start-ups, a legal system that encourages risk and does not unduly penalize failure, and a culture of innovation.

So, what needs doing? A partial list includes fixing broken public schools, repairing or replacing aged infrastructure, modernizing immigration policy, reforming health care, negotiating new trade accords, lowering corporate taxes, reining in spending on entitlements, and reducing debt as a share of GDP. Abroad, it includes resisting wars of choice where the interests at stake are less than vital and where there are alternatives to the use of force. This would also mean accepting that we cannot remake other societies in our image.


Yuan hits strongest level against dollar in 19 years

The yuan yesterday hit the strongest level against the US dollar in 19 years despite an unexpected trade deficit in March and a downgrade of China's sovereign ratings by Fitch. The yuan closed at 6.1939 per US dollar yesterday after touching 6.1923, the strongest since China unified market and official rates at the end of 1993. It is the fourth time the yuan has hit a new record in the past three weeks. The People's Bank of China set the central parity rate at 6.2548, up 0.15 percent from Tuesday's and also the strongest in 19 years. The yuan can trade 1 percent on each side of the central parity rate. Analysts and economists see the yuan to rise further to around 6.1 against the greenback by the end of this year on improving economic prospects.

Source: Yuan hits strongest level against dollar in 19 years, Shanghai Daily [Shanghai, China] 11 Apr 2013.

2013 may be turning point for the renminbi

The internationalisation of China's currency presents huge opportunities for international companies doing business in the country. Sometime in the future, 2013 could be seen as a turning point for the renminbi's rise to the top of the world's global currencies. As the world's second-largest economy, its biggest exporter and most popular destination for direct investment, China is seeking to internationalise its currency to match the country's global economic status. By 2015, one-third of China's international trade is expected to be renminbi-denominated, and it is set to become a top-three global trading currency by that time, and likely to become fully convertible within five years. The Chinese government is internationalising the renminbi in three stages: developing it first as a trading currency, then an investment currency, and finally a reserve currency.

As the currency is not yet fully convertible, the Chinese government has promoted an "offshore" market - known as CNH - where renminbi can be bought and sold, borrowed and lent outside the Chinese mainland. It is separate from the "onshore" market - known as CNY - which is highly regulated and is used by domestic Chinese companies, mainland residents and foreign companies with a China presence. For one, enterprises can conduct almost all cross-border trade transactions with mainland Chinese companies in renminbi. Since June 2012, all companies in mainland China with import and export qualifications were permitted to make and receive payments in renminbi for goods, services and other account items under China's Renminbi Trade Settlement Scheme. The renminbi accounts for 12 per cent of China's total trade flows and we expect this to reach 30 per cent by 2015. Meanwhile, total offshore cross-border trade settlement in renminbi reached 2.94 trillion renminbi in 2012, representing 41 per cent year-on-year growth. A banking partner that can offer a full range of funding options - from renminbi trade financing facilities and loans in China to the ability to raise bonds in Hong Kong, London and other offshore markets - will be a boon to businesses looking to participate in the growth of the Chinese economy.

No winner in competitive currency devaluation

China is watching closely the negative spillover effects of potential competitive currency devaluation, Yi Gang, deputy governor of the People's Bank of China, the central bank, said on Wednesday. "I want to remind my colleagues and the media that we pay great attention to the negative spillover effects of potential competitive currency devaluation," Yi told reporters after attending a seminar on exchange rate arrangements hosted by the International Monetary Fund in Washington D.C. "We do not want to see competitive currency devaluation. We hope policymakers in the world's major economies to observe a consensus reached by the Group of 20," Yi added. "There is no winner if major economies engage in competitive currency devaluation," stressed Yi.

Yi's comments came hours after the IMF warned that extraordinarily loose monetary policies adopted by advanced economies pose increasing potential risks to the financial stability in its latest Global Financial Stability Report released on Wednesday. Central banks in major Western economies have adopted unprecedented monetary easing measures to deal with the global financial crisis and to sustain a fragile economic recovery. These measures have sometimes led to sharp depreciation of their currencies, increasing volatility in the foreign exchange markets. Many have argued that the "cheap-money" policy adopted by the US, Federal Reserve and the Japanese central bank might fuel asset bubbles and lead to disorderly cross-border flows of speculative funds, which together will hurt global financial and economic stability in the long term. At the seminar, Yi said that the RMB exchange rate has become more market-oriented since China activated exchange rate reform in 2005, adding that the value of RMB against US dollar has nominally appreciated by 32 percent, and the RMB real effective exchange rate calculated by the Bank of International Settlements increased by more than 36 percent since 2005. Yi also signaled that China would further expand the RMB's daily trading band against the US dollar in the near future.

Source: Xinhua: No winner in competitive currency devaluation, 2013-04-18

World News: Doubts Cast on Chinese Exports

A discrepancy between China's export data and Hong Kong import numbers is raising doubts about what appeared to be booming overseas demand for Chinese goods, amid uncertainty about the strength of the recovery in the world's second-largest economy. China's customs bureau reported in March that exports rose 19.8% year-to-year in the three months through February, despite a fragile recovery in the U.S. and Europe. The report has buoyed confidence that China's economy is strengthening, after growth in gross domestic product touched a three-year low of 7.4% year-to-year in the third quarter of 2012.

In the three months through February, mainland customs reported $94.9 billion in exports to Hong Kong, but Hong Kong customs reported only $58.7 billion in imports from the mainland. The discrepancy during the period was greater than at any other time in recent years. China's export growth for February could have been overstated by around seven percentage points, based on an analysis of data discrepancies, Louis Kuijs, China economist at RBS, estimated. Some exporters exaggerate invoices to gain tax rebates and evade controls on bringing cash into the country, and some local governments claim higher export numbers to look good, people familiar with reporting practices said. "Fake exporting is rampant," said an export-agency owner in Foshan, in southern Guangdong province.

Chinese customs headquarters didn't respond to requests to comment. In the past, they have defended the data. "The customs data is based on invoices submitted by companies," the General Administration of Customs said in January. "Every dollar in the data corresponds to a real invoice," it said. Hong Kong's Customs & Excise Department and Census & Statistics Department said failure to lodge an accurate export report can result in prosecution.

The exact reasons for the widening discrepancy aren't clear. Economists said the need to evade China's system of capital controls, which make it difficult to move investment funds in and out of the country, could be a powerful motivator. By labeling goods as valued higher than their real worth and sending them abroad, a person or company can bring in extra money from outside the mainland.


China's New Consumer Class Prods Western Firms to Pivot

For years, Dover Corp. made big profits selling products such as heavy-duty hydraulic vehicle lifts and pumps to big Chinese industrial and construction companies. But now China is changing, and Dover is trying to follow. Now it is putting greater focus on areas that touch consumers, such as food-labeling and packaging technology, which helps companies give shoppers nutritional information and helps fight counterfeit goods. More than 40% of growth in the global market for marking and coding, which includes equipment for printing bar codes, for example, is expected to come from China between now and 2015, Dover said, citing data from research firm Euromonitor International.

Many Western companies are pivoting to follow. United Technologies Co.'s Otis Elevator unit is making more compact elevators, better suited to lower-cost, high-rise accommodations, to capitalize on a government push to provide more Chinese with affordable housing. ABB Ltd. of Switzerland moved early to tap a still-nascent market...
for factory automation by setting up a research-and-development facility in Shanghai, followed by a plant to produce robots designed in China for China. Demand for robotics is expected to grow as Chinese manufacturers pursue increased productivity and workers seek better working conditions, according to ABB. As more Chinese purchase cars, German chemical producer BASF SE is hoping surging auto demand in China will help it boost plastic-materials sales in the country. On average, Chinese cars have only half the plastic content of a European car, posing opportunities for substituting plastic for metal, according to the company.


**China faces rising trade remedy probes**

THE Ministry of Commerce said yesterday that China was targeted by more trade remedy probes last year. Twenty-one countries initiated 77 trade remedy investigations targeting Chinese products, up 11.6 percent from 2011, the ministry said. The probes involved US$27.7 billion, an annual surge of 369 percent, the ministry said. Among the most notable cases was the European Union's anti-dumping probe into imports of solar panels and key parts from China, which involved more than US$20 billion.

Early last month, Yi Xiaozhun, China's permanent representative to the World Trade Organization, warned that China should be mindful of rising trade friction with European countries and the United States, as they are adopting increasingly harsh trade relief measures on Chinese exports. More than half of the world's countervailing measures are directed against China, according to Yi. In the first quarter of this year, China was targeted by 22 such cases, up 22.2 percent from the same period of 2011, the ministry said.

Source: China faces rising trade remedy probes, Shanghai Daily [Shanghai, China] 10 Apr 2013.

**Surprise jump in March imports**

Performance boosts confidence of achieving 2013 trade growth goal. Exports grew 10 percent year-on-year in March to $182.19 billion despite still weak global demand, a performance that boosted officials' confidence they can achieve the 2013 trade growth target of 8 percent. Imports in March rose 14.1 percent from a year earlier to $183.07 billion, the highest in more than 10 years, the General Administration of Customs said on Wednesday. China's overall trade gain 12.1 percent year-on-year with an unexpected trade deficit of $880 million, the first in more than a year. China's growth rate hit a 13-year low of 7.8 percent in 2012, but signs of recovery have been seen since the fourth quarter.

China's trade with the US, the country's biggest export market in 2012, surged 10.8 percent year-on-year in the first quarter while bilateral trade with ASEAN economies jumped 15.5 percent. Trade with the EU, China's biggest trade partner, declined 1.9 percent year-on-year in the first quarter and that with Japan, China's fifth-largest trade partner, dived 10.7 percent. Chinese exporters, especially small and medium-sized enterprises, are challenged by rising operational costs, yuan appreciation, financing difficulties and weak global demand.

Source: Li Jiabao in Beijing and Yu Ran in Shanghai: Surprise jump in March imports, China Daily, 2013-04-11

**World News: Doubt Over Export Numbers Colors China's Trade Report**

Economists raised fresh doubts about China's export data after figures for March showed a surprise trade deficit, with some suggesting the performance of the country's crucial export sector might have been weaker than it appeared. Exports rose 10 percent year to year in March, down from February's dramatic 21.8% rise. Still, some economists remained skeptical. "This 10% export growth is more real as it's in line with other data such as power consumption, industrial production and transportation," said Bank of AmericaMerrill Lynch economist Lu Ting in a research note. "That said, even the 10% reading in March might be overreported."

Citing exporters, The Wall Street Journal reported last week that it has become common practice for some companies to overreport the value of exported goods. That results in bigger profits for exporters if the local currency rises in value. The yuan has advanced only about 0.6% against the dollar so far this year but a recovering economy could spell further gains ahead. Exporters could also be falsifying documents to illegally claim tax rebates on their outbound shipments, according to people familiar with these trade practices. They also said some local governments claim higher export numbers to look good. Though China typically runs a large trade surplus with the rest of the world, it isn't unusual for it to post a deficit in individual months. Trade figures have also been complicated by the Lunar New Year holiday, in February this year and January last year. Imports fell in February, likely due to the holiday, when much industrial activity slows.


**China was world's second-largest trader in 2012**

China was the world's second-largest merchandise trader in 2012, second only to the United States by just $15 billion, the People's Daily reported on Wednesday citing a report from the World Trade Organization. China's total merchandise trade was worth $3.867 trillion in 2012, with exports of $2.049 trillion and imports of $1.818 trillion.
"China's growth should continue to outpace other leading economies, cushioning the slowdown, but exports will still be constrained by weak demand in Europe," the WTO report said on April 10. World trade growth fell to 2.0 percent in 2012 - down from 5.2 percent in 2011 - and is expected to remain sluggish in 2013 at around 3.3 percent as the economic slowdown in Europe continues to suppress global import demand, the WTO report added.

Source: Li Jiabao: China was world's second-largest trader in 2012, China Daily, 2013-04-12

Office set up as link between California and China

The California-China Office of Trade and Investment was launched in Shanghai on Friday as the US state's first foreign trade office in a decade, to attract China's huge foreign investment pool and bolster trade between the state and China. "California is the gateway to the Pacific and this office in Shanghai will enhance trade collaborations and offer more employment opportunities for both sides," said California Governor Jerry Brown at the opening ceremony. The office will serve as a hub for Californian companies interested in entering or expanding in China, the world's second-largest economy, and Chinese companies seeking investment opportunities in California, the world's ninth largest economy by GDP. Robert Griffiths, the US consul general in Shanghai, said: "Total trade between our two nations has increased by over 300 percent since China joined the WTO." The privately-funded office will be staffed and operated by the Bay Area Council, which has deep roots in China and organized the trade and investment mission's delegation of about 90 business, economic development, investment and policy leaders.

Apart from a $1.5 billion China-California investment partnership announced on Wednesday, four more deals worth almost $300 million were signed on Friday between Chinese and Californian enterprises to develop sectors including pharmaceuticals, high-technology, renewable energy, and innovation funding in universities. Among this collaboration, Wuhan Hongye International is investing $100 million of private equity into Singpoli Capital, based in Arcadia, California, to develop green energy, biochemistry, media, high technology and real estate projects in California. The California-China Agriculture and Export Forum was staged on Friday afternoon to advance the relationship between Chinese importers and product suppliers from California.

Source: Yu Ran in Shanghai: Office set up as link between California and China, China Daily, 2013-04-13

Free trade agreement opens door

After six years of negotiations, Iceland on Monday became the first European country to sign a free trade agreement with China. "This is a major event in the China-Iceland relationship. It also signals that our relationship, especially in the economic field, has been lifted to a new height," Li told Sigurdardottir at the start of their talks. During the talks, Li said the agreement not only serves as a milestone in bilateral ties, but also sets an important example for China-Europe trade ties. Beijing and Reykjavik should beef up cooperation in clean energy, including geothermal, as well as in geologic, oceanic and arctic studies, he said. Sigurdardottir told Li her country is proud of being the first European country to have such an agreement with Beijing.

In a declaration issued after the talks, the two countries said they are "opposed to trade and investment protectionism, and resolve to remove trade barriers through the creation of a free trade area to contribute to the harmonious development of world trade". They also signed cooperation agreements in fields including financing, terrestrial heat and energy saving.

China has 14 FTA partners comprising 31 economies. There are six agreements still under negotiation with other economies, including Norway and Switzerland. Denmark is also seeking FTA cooperation with China.

Stocks linked to the geothermal industry in China's A-share market surged on the signing of the free trade agreement on Monday despite a slump in the market as a whole. In return, China can offer a large market for Icelandic products, which can better help Reykjavik out of its financial difficulties. Sigurdardottir arrived in Beijing on Saturday, kicking off a six-day visit to China. She will address a business seminar on Tuesday. The seminar will focus on opportunities brought by the FTA. Sigurdardottir will fly to the financial hub of Shanghai after meeting President Xi Jinping and former premier Wen Jiabao in the capital. Wen invited Sigurdardottir to visit China during his visit to Iceland in April 2012.

Source: Li Xiaokun and Zhou Wa: Free trade agreement opens door, China Daily. 2013-04-11

China: Chinese premier holds talks with Icelandic counterpart, FTA inked

China and Iceland inked a Free Trade Agreement (FTA) here on Monday after Chinese Premier Li Keqiang held talks with his Icelandic counterpart Johanna Sigurdardottir. "The China-Iceland FTA is the first one between China and a European country," Li said during the talks. At Li's invitation, Sigurdardottir arrived in Beijing on Saturday to pay a six-day official visit to China. Calling the FTA a "milestone," Li said the deal will not only start a new era for "future-oriented, mutually-beneficial and win-win" ties between China and Iceland, but also set an example for the development of economic ties between China and Europe, as a whole. Sigurdardottir said she believes the signing of the FTA will help to enhance the relationship between the two countries.

After the talks, the two sides issued a joint statement on "comprehensively deepening bilateral cooperation" between the two countries. "The China-Iceland joint statement and the FTA will help to push the cooperation
between the two countries onto a 'fast-track,'” said the Chinese premier. According to the statement, China and Iceland have agreed to further enhance their exchanges and practical cooperation on Arctic, marine, geothermal, geo-scientific, environmental protection and climate change issues, among others, in accordance with relative documents signed in 2012. "Iceland reaffirmed its support for China's application for observer status in the Arctic Council. The Chinese side expressed appreciation for this support," according to the statement.


Mexico and China look to trade away old rivalry

As the top suppliers of manufactured goods to the American market, China and Mexico have typically been in direct competition over the past decade. Mexican President Enrique Pena Nieto's recent trip to China, coming just four months into his term, has been viewed here as a smart overture aimed at mending ties between two nations that have often been at odds over trade issues. Mexico resisted China's entry into the World Trade Organization in 2001, and its share of the U.S. import market started slumping soon after. Now that trend is in reverse. Mexico accounts for a growing portion of U.S. imports, and China's slice of the $2.7 trillion market has narrowed. Those tendencies are likely to continue, economists say, as several new studies show that Mexican manufacturing costs are now lower than China's when factors such as shipping and energy prices are taken into account. Items such as washing machines, cars, computers and farm equipment can start as components in China that are assembled in Mexico and finished in the United States before reaching American consumers. If companies can take advantage of each country's manufacturing strengths, the result will be quality products at the lowest-possible prices, analysts say.

Likewise, the United States and Mexico can find new fuel for economic growth and help each other reduce their gaping trade deficits with China by working together to sell more goods to the swelling Chinese middle class. Mexican poultry and pork raised on U.S. grains can feed Chinese consumers. Cars made jointly by Mexican and U.S. auto plants can cater to China's seemingly boundless demand for automobiles.

In recent years, Mexico has accumulated an even bigger trade imbalance with China than the United States, importing nine times as much as it sends across the Pacific. The U.S. deficit is closer to 4 to 1. But if Pena Nieto's trip can serve as an opening, China can be "a land of enormous opportunity if handled right," said Duncan Wood, the director of the Mexico Institute at the Woodrow Wilson International Center for Scholars in Washington.

"China is a market that is untapped for Mexican business." During his visit to China, Pena Nieto met with President Xi Jinping and signed new commercial agreements, including a deal to sell Mexican oil to China for the first time on a sustained basis, guaranteeing shipments of at least 30,000 barrels a day.

Yet the same sizzling growth that has made China the world's largest exporter has created labor shortages and sent wages higher at a rate of "10 to 20 percent a year," said Harold Sirkin, a senior partner at the Boston Consulting Group, a worldwide management consulting firm. "That changes the equation for the whole world, and Mexico will be a big beneficiary, as well as the U.S."


China/United States: U.S. exports to China total nearly 109 billion U.S. dollars in 2012: USCBC

China remained the United States’ third largest export market, totaling nearly 109 billion dollars in 2012, the U.S.-China Business Council (USCBC) said Thursday. "U.S. exports to China remain a bright spot for many U.S. companies, particularly with European demand weakening. Although China's economic growth also slowed last year, growth in U.S. exports to China still expanded 6.5 percent, representing an increase of 6.6 billion dollars," USCBC president John Frisbie said. He said the U.S.-China trade relationship strengthened America's economy and created well-paying jobs for many American workers. "As its economy and middle class expands, China will continue to play a significant role as an export market for a wide selection of U.S. goods," he said. The USCBC is a private, nonpartisan, nonprofit organization representing roughly 220 American companies that do business with China. - PNA


Park rivalry: a Mickey Mouse issue?

THE newly released model of how the Shanghai Disney Resort will look has evoked a new round of debate about whether the first Disney theme park on China's mainland will steal the thunder of the one already operating in Hong Kong. Competition between the two cities has moved just beyond the realm of financial center rivalry to encompass entertainment and tourism. The 4.45-hectare Disneyland site in the east of Shanghai shows trees, lakes, greenery and a "storybook castle" illuminated by fireworks. The park is scheduled to open in late 2015. Disney officials say the castle will be the largest and tallest of all Disneyland parks around the world.
By contrast, Hong Kong Disneyland, which opened in 2005, is the smallest in the world. It had a shaky start, not turning profitable until last year when local visitors surprisingly increased 21 percent and those from the mainland expanded 13 percent. To be more exact, the Chinese mainland has become vital for Hong Kong's tourism industry as a whole. Of the 50 million people who visited the city last year, 35 million were from the mainland, according to the Hong Kong Tourism Board.

The question remains: Will the mainland tap slow to a trickle once mainlanders have their own Disneyland? I was in Hong Kong last month and visited Disneyland. My quick answer to that question is "no." I think the park in Hong Kong will thrive even with new competition. My family spent two days visiting Hong Kong Disneyland. We were struck by the warm hospitality of the park. Everywhere were smiling staff, excited children and seemingly contented adults. It's hard not to think that Shanghai still lags far behind Hong Kong in terms of service ethos. There are fewer smiling faces in Shanghai's shops, parks and tourism spots. The management of most major entertainment venues has a long way to go in learning how to accommodate large numbers of visitors without annoying them.

Shanghai Disney Resort should take heed! Shanghai aims to become a global financial center by 2020, hoping to erode the position of Hong Kong in Asian business. But, just as in the case of Disneyland, Shanghai has a lot to learn before it can become a real competitor. Mainland corporations still prefer a stock market listing in Hong Kong because of the higher international profile and the transparent standards of conduct and governance. Many analysts tell us that China is big enough to allow the co-existence of two large financial centers. But I think healthy rivalry is good for both cities because it stimulates improvement and innovation. In terms of Disneylands, the new park in Shanghai will no doubt be an attraction for residents of northern and central China. But many in the south will be attracted by the proximity of the park in Hong Kong. I say good luck to both!


### Four ways to succeed in selling your British brand to Beijing

Outbound China M&A is booming, but many deals are failing. Of around 300 foreign mergers and acquisitions made by Chinese companies between 2008 and 2010, around 90pc failed, losing at least 40pc of their initial purchase value, according to the US-based Brookings Institution. Yet, despite this, Chinese acquisitions are increasing as never before. Outbound Chinese investment grew by an average annual rate of 45pc from 2002 to 2011. Chinese acquisitions surged by 50pc in the first half of 2012 and the sub-category of outbound mergers and acquisitions jumped by 29pc, according to Dealogic data. China is on track to invest up to $2 trillion (£1.3 trillion) by 2020.

So, what is the key to succeeding in western markets? Almost all Chinese companies that have achieved success, such as Huawei and Lenovo, derive a large share of their revenues from business-to-business operations. China's building boom has given rise to a handful of companies that have developed the scale, capital and products to transfer business smoothly into other markets. Sany Heavy Industry, an industrial equipment maker whose overseas sales jumped from 2pc of total revenue in 2005 to around 30pc last year, is an example. It purchased Putzmeister, a German pump manufacturer, in 2010, instantly giving it access to world markets.

Second, Chinese strategies often start with a niche approach. Haier targeted the niche US home appliance market of student dormitories and small fridges and then expanded outwards. Western companies think in terms of strategic chess moves, whereas Chinese companies avoid direct frontal attack and surround the competition over time. Despite a modest presence in Europe, Haier now seeks European sales and distribution networks.

Third, Chinese companies are learning that transparency is important. Despite a $33bn credit line, 77pc of which comes from foreign banks, and $4bn in operating cash flow last year, Huawei has promised to start disclosing more detailed financial and shareholding information to improve its global expansion prospects. Chinese companies now realise the importance of reputation and the influence of a free press in the West.

Finally, it's about going softly. Lessons have been learnt since the disastrous acquisitions of France's Thomson by TCL and Siemens' mobile division by BenQ. In 2006, BenQ was forced to write off its entire $1.1bn investment in Siemens after discovering the restrictions of European labour laws. Chinese companies now often prefer to take minority equity stakes, which made up 70pc of Chinese investment in Europe in the second quarter of 2012. If those are the lessons Chinese companies have learnt about the west, what do western firms need to learn about doing business in China? Here are my four key tips:

* Localise your strategy. China continues to operate as a collection of jigsaw-piece provinces, municipalities and autonomous regions. Some areas exceed in GDP that of the wealthiest European countries, while others barely reach third-world status. When Jaguar Land Rover considered its distribution strategy in 2010, it created dealership clusters to maximise sales opportunities. It grouped second- and third-tier cities alongside first-tier ones because disposable income and status aspiration is increasing faster in lower-tier cities.

* Localise your language. When Coca-Cola first entered the Chinese market, its name was represented by characters that mean "Bite the wax tadpole". The Benz of Mercedes-Benz became "Die quickly" and BMW's acronym translated as "Don't touch me". Multinationals are becoming smarter in how they communicate their
brand values - Carrefour, for instance, is translated into characters that mean "Happy house". Certain words register immediate emotional warmth with Chinese consumers - take local advice.

* Localise your media. You may be fluent in Facebook but it's no use in China. Research by CKGSB shows that 80pc of Chinese consumers research their purchases on social media sites, but these are accessed by only 6pc of Western firms operating there, compared to half of Chinese companies. The strongest social media platforms are Weibo (China's Twitter), RenRen (China's Facebook for the college-educated), Pengyou, and WeChat, which dominates China's mobile-driven social media community.

* Localise your leadership. In China, there is an established hierarchy in business - recognise and respect it. The Confucian values of virtue, order and harmony have led to prized concepts of long-term reciprocal relationships (guanxi), trusted middlemen (zhong jian ren) and holistic thinking (zheng ti guan nian). Chinese employees look to their leaders for insight (wu), moderation (zhong yong), company loyalty and the art of integrating Western best practices with Chinese wisdom. Smart European companies modify Western leadership values accordingly and aim to hire locals with these qualities.

Source: Sun Baohong: Four ways to succeed in selling your British brand to Beijing, Telegraph.co.uk [London] 07 Apr 2013.

**President Xi: China's market environment 'fair'**

China's market environment is fair and there is no finishing line to improve market economy, Chinese President Xi Jinping said Monday at the on-going Boao Forum for Asia Annual Conference 2013. Attracting foreign funds is an important channel for China to import advanced technology, speed up industrial upgrading, and learn international experiences, Xi said during a roundtable dialogue with representatives of about 30 well-known enterprises from China and overseas. "We are protecting the legitimate rights of foreign enterprises according to law," Xi said. All companies registered in China, domestic or foreign ones, State-owned, collective or private, are important components of China's economy, he said. We will continue to enhance the legal system and improve investment environment, so that all enterprises can enjoy equal access to factors of production, market competition and legal protection, he said. "China's market environment will be fairer and more attractive." Yasuo Fukuda, chairman of the forum's board of directors and former Japanese Prime Minister, also attended the dialogue, an important part of the annual conference in Boao, a coastal town in South China's Hainan province.

Source: Xinhua: China's market environment 'fair', 2013-04-08

**Australia/China: Australian PM announces new campaign to promote tourism, trade, investment in China**

The 1.75 million Australian dollar (1.82 million U.S. dollar) initiative will feature a range of events and activities including a campaign to attract more Chinese tourists to Australia, cultural activities showcasing contemporary performing and visual arts, a gala dinner in Shanghai and investment activities including targeted meetings with potential Chinese investors. The announcement was made during the prime minister's five day visit to China.

Source: Australia/China: Australian PM announces new campaign to promote tourism, trade, investment in China Asia News Monitor [Bangkok] 10 Apr 2013

**Xi Jinping promises level playing field**

PRESIDENT Xi Jinping reassured global investors at the annual Asian economic Boao Forum that China's economy -- the world's second-biggest -- would continue to expand and that it would ensure their lawful rights and business interests. At a meeting with 32 foreign and domestic business leaders on the sidelines of the Boao Forum for Asia in Hainan Province on Monday, Xi pledged to provide a level playing field for all market players and make the domestic market more open and attractive. Xi also said China would "continue to open up wider to the outside world."

Business leaders, including five from Japan, complained to Xi about red tape and restrictions on investment that favor Chinese State firms. Xi told them: "China will endeavor to build a more favorable environment for investors ... and will protect the lawful rights and interests of foreign-invested companies." Some foreign players have complained about a souring business environment and more investment barriers. PepsiCo president Zein Abdalla complained about limits on foreign investment in agriculture. He urged Beijing to promote transparency and fairness, encourage foreign investment in more sectors, reform administrative approval systems and grant more national treatment to multinational companies. "The better we understand the policy directions in China, the better we can plan to commit resources and continue to build successful businesses and contribute to China's ongoing success," he said. Liu Ligang, an economist at Australia and New Zealand Banking Group, said: "Xi ... is showing that he's more open to overseas investment."


**EU and American funds boost FDI in China**

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Foreign direct investment in China rose for the second straight month in March, boosted by increased funds from the European Union and the United States, the Ministry of Commerce said yesterday. Foreign investors pumped US$12.4 billion in China last month, up 5.65 percent from a year earlier, the ministry said. The increase slowed from 6.32 percent in February but was still higher than the drop of 7.3 percent in January. China attracted US$29.9 billion foreign investment in the first quarter, up 1.44 percent year on year. During the quarter, investment inflows from the 27-member EU surged 45 percent to US$2.1 billion, while US firms invested 18.5 percent more to US$1.1 billion. But an analyst worried about whether the FDI growth can be kept. Last year, China attracted US$11.7 billion in FDI, just shy of the record of US$116 billion in 2011 and marked the first annual fall in three years.

In the January-March quarter, China's outbound direct investment surged 44 percent to US$23.8 billion as Chinese companies globalized. They invested in Southeast Asia, the EU, the US, Australia, Russia and Japan, the ministry said.

Source: EU and American funds boost FDI in China, Shanghai Daily [Shanghai, China] 21 Apr 2013.

Private firms lead China's investment overseas

Chinese private firms are seeing new expansion abroad and already lead China's investment overseas, Chris Lu, CEO of Deloitte China, said on Saturday at a forum in south China's Hainan province. The 2013 Boao Forum for Asia Annual Conference witnessed hot discussion among private firm bosses, worrying about domestic economic circumstances and expecting investment-based development overseas. They considered the present export challenges as an opportunity to set new goals, and most determined investment overseas as the best choice.

Lu said surging operating and financing costs posed a plight to private firms, while large multi-national businesses are bringing harsher competition to China's home market. Therefore, Chinese private firms formed a vigorous investment trend in foreign countries, and have already become dominant in China's foreign investment. Greenfield and contract construction topped all the overseas projects of private firms, he said. The Deloitte China CEO said, however, that mergers and acquisitions by private firms, mainly appearing in Europe and Americas, remains at about one-tenth of that by state-owned enterprises.

Bao Yujun, chairman of the China Private Sector Association, said at the forum that private economy shall provide the main force in boosting the country's economic development. He explained that governmental public finance had been directed toward guaranteeing and improving people's livelihoods, while state-owned capital targeted areas related to the country's security, leaving private capital as the only choice to carry out large-scale investment in common and competitive markets. In 2012, the private sector took over 61 percent of the total fixed assets investment overseas, and the figure in 2011 was 50 percent, according to Bao. He suggested private firms change their style from expanding businesses on their own to developing hand in hand with local companies, which could make it easier when entering target markets. Private entrepreneurs said the debt crisis in Europe created a golden chance for the Chinese private sector to expand through cooperation abiding by local rules. On July 3, 2012, the Chinese government pledged to help private companies invest abroad while strengthening macro guidance on their overseas investment and helping them invest in a step-by-step and focused manner.

Source: Xinhua: Private firms lead China's investment overseas, 2013-04-07

Global Finance: China Fund Chief Raps U.S. --- CIC Chief Gao Xiqing Says Welcome Mat During Financial Crisis Is Gone

The U.S. is telling China's $500 billion sovereign-wealth fund to "go away," according to the fund's top executive, in the latest sign of strained investment ties between the world's two largest economies. During the financial crisis, "we were sort of welcome" in America, said Gao Xiqing, head of China Investment Corp., in a panel discussion on Sunday at the Boao Forum for Asia. Since then, "somehow we've become stigmatized," he said, adding that "there have been quite a few cases where the U.S. says 'go away.'"

According to Rhodium Group, a New York consulting firm that tracks Chinese outward investment, companies there invested $6.3 billion in U.S. companies and projects between January and September, the most recent statistics available. That was more than the $5.8 billion invested in all of 2010, the previous record for annual investment. U.S. officials also recently approved a deal that allowed Chinese state-run oil company Cnooc Ltd. to acquire Canada's Nexen Inc., a deal that gave Cnooc significant assets in the Gulf of Mexico.

Still, Chinese companies and officials have complained about U.S. barriers to entry in a number of industries. Most recently, Chinese officials criticized U.S. legislation that effectively banned federal dollars from being spent on information technology from companies "owned, directed or subsidized by the People's Republic of China," amid concerns that they could represent a security risk. Mr. Gao said that CIC is still heavily invested in the U.S. "I'm not diminishing it, but I'm not hanging everything in one tree," he said. "The U.S. is not one of the most welcoming countries in the world for us." Mr. Gao said that CIC deliberately takes a low profile in its investments and doesn't want to be seen as a "saboteur" of industrial companies around the world. "We don't want to fire management."
CIC was criticized in China for losses on its 2007 investments in the U.S. financial sector, including in Morgan Stanley and Blackstone Group LP. Since then, the fund has diversified its holdings into other sectors such as energy and resources. As of the end of 2011, the most recent period for which such data is available, 43.8% of CIC's equity holdings were in companies based in North America, followed by 29.6% in the Asian-Pacific region, 20.6% in Europe, 4.7% in Latin America and 1.3% in Africa. In the past several years, CIC has significantly reduced its holdings of public securities and accelerated a push into longer-term investments as the fund seeks to shield itself from short-term market swings. The fund's target is to have 51% of its portfolio in alternative assets such as private equity, real estate and infrastructure and the rest in public securities, according to CIC officials. CIC views a rolling 10-year annualized return as a major measure of performance. After posting a 4.3% loss on its overseas portfolio in 2011, the fund earned a 10.6% return on the portfolio in 2012, a year when global markets were broadly higher.


Calif. Governor Edmund G. Brown Jr. joined U.S. Ambassador to China Gary Locke, Chinese Vice Minister of Commerce Wang Chao and hundreds of American and Chinese business leaders at the U.S. Embassy in Beijing on Wednesday night, where he announced a $1.5 billion investment partnership between a California-based developer and a China-based investor and developer that will create thousands of California jobs. The $1.5 billion Brooklyn Basin investment deal between China-based Zarsion Holdings Group Co. Ltd. and California-based Signature Development Group will create 10,000 jobs and provide for the construction of 3,100 units, 200,000 square feet of retail and commercial space and 30 acres of parks and open space in Oakland. The project will break ground in 2014. "This massive influx of Chinese investment will put thousands of Californians to work and dramatically improve Oakland's waterfront," said Governor Brown. "This project is just one example of what's possible when business leaders in two of the world's most dynamic regions connect."

According to research company Rhodium Group, from 2000 to 2011, Chinese investors funded 165 deals in California worth $1.3 billion - which represents more than one quarter of all Chinese investments in the U.S. during this period. The report also found that California has the potential to attract up to $60 billion in Chinese foreign direct investment by 2020.


China/Russia: China needs better policy framework to expand investments in Russia

Senior Russian officials and industry representatives led by Russian First Deputy Prime Minister Igor Shuvalov held an investment promotion conference here on Monday, marking a renewed period of opportunity for China-Russia bilateral trade and cooperation. Analysts said the Chinese government should stay in close communication with their Russian counterpart to improve the current policy mechanism, making practical efforts to expand investment in Russia while optimizing the structure of its investment.

Russian President Vladimir Putin made a state visit to China just one month after taking office in May 2012. In March, Chinese President Xi Jinping made Russia the first stop on his first foreign tour following his inauguration. During Xi's visit to Russia, the two countries agreed to deepen comprehensive strategic cooperation, vowing to turn their "unprecedented" high-level political relationship into pragmatic fruits in the economic and cultural fields, according to a joint statement.

Economic cooperation between China and Russia -- notably China's investment in Russia -- has been gaining steam in recent years. Chinese official data show that China's total investment in Russia approaches US$ 30 billion, with non-financial investment up by an average rate of 40 percent each year over the past decade. Although China-Russia bilateral ties are highlighted by a deep political relationship and enormous market potential, analysts have noted low levels of mutual trust in their business communities. Russian entrepreneurs have not yet become acquainted with China, and their Chinese counterparts are often confused by Russia's complex tax policies, according to Chinese industry insiders. Analysts from Russia have also pointed out that most of the Chinese capital in Russia has flowed to the property and service sectors, followed by the financial and construction industries, with little making its way into the manufacturing and mining sectors. Despite an unbalanced investment structure, Chinese investors remain reluctant to operate their businesses directly in Russia, according to Russian analysts. Sergey Sanakoev, chairman of the Russian-Chinese Center for Trade and Economic Cooperation, said urgent efforts must to be made by the government to foster an honest business environment. China's Ministry of Commerce, according to Gao, will also work closely with the Russian side to refine related policies and services.
China will continue to guide qualified Chinese enterprises to invest in Russia in accordance with internationally accepted rules, the minister said.

At Monday's conference, many Russian business practitioners said their country is in need of strategic investors, namely those who can bring advanced technology and managerial experience as well as money. Hu Bing, president of the China-Russia Investment Fund, said ample opportunities remain unexplored in Russia in fields including manufacturing, technology and innovation, as well as sales and logistics. One of the objectives of Monday's promotion is to attract Chinese capital into large-scale projects in the Russian Far East, a move in line with the country's larger strategy to boost the economic development of the area. Meanwhile, the Far Eastern region breeds plenty of investment opportunities in transport, port, energy and infrastructure, Russian officials said at the meeting, adding that their government is considering amending the tax law to facilitate foreign investment.

Source: China/Russia: China needs better policy framework to expand investments in Russia, Asia News Monitor [Bangkok] 18 Apr 2013

China economy: China going global

Chinese firms invest less overseas than those from other countries, but the gap is closing quickly. According to The Economist Intelligence Unit's estimates, in 2012 China accounted for 11.6% of global GDP and 6.7% of global outward direct investment (ODI), up from 5% of global GDP and 1.3% of ODI in 2005. China has muscled up the global ODI rankings from 16th place in 2011 to 3rd place (excluding tax havens) in 2012, after the US and Japan. However, the countries in which China's companies will invest in the future will be different from those of today. Our recently published China Going Global Investment Index, which ranks countries on the basis of their attractiveness for ODI, shows that based on index criteria, developed countries such as the US ought to be the most attractive targets.

China's foreign direct investment (FDI) outflows are closing in on inflows. As the size of Chinese firms reaches a critical scale in the home market and domestic economic growth rates are expected to moderate, venturing overseas has become a matter of strategic necessity. ODI reached a record US$64bn in 2012, according to recent data from the State Administration of Foreign Exchange, far above average annual outflows of US$2.5bn in 2000-04, the period prior to which ODI took off. We expect China to have become a net investor in the world by 2017.

While ODI from China has soared in recent years, most of it was state-driven, resulting in a preference among Chinese investors for resource-rich and developing countries. That is changing. Private players are becoming increasingly active in international expansion and moving into more countries. In 2005 Chinese ODI flows were reported in only 17-predominantly resource-rich-countries, according to data compiled by a US-based think tank, the Heritage Foundation. By 2012 that had grown to 63, bringing the total number of countries in which Chinese firms are active to 119.

The business considerations behind Chinese ODI are also changing. Aside from seeking natural resources, Chinese investors now cite access to new markets, technology and brands as the primary reasons for setting up shop overseas. A 2010 EIU survey of Chinese firms published in A Brave New World: The Climate for Chinese M&A Abroad revealed that the primary motivation for 48% of firms planning an overseas investment was to access new markets. Only 26% cited natural resources as the main driver.

While most large Chinese firms recognise a need to expand abroad, not all are able to articulate a strategy for doing so. Many of those who have made investments have done so opportunistically (for instance, establishing a factory in a particular location because a customer was also located there). That may not be a bad reason for investing initially; entering a foreign country where managers have little experience and no networks is highly risky. Yet, as a company grows its overseas presence, expansion is better guided by strategy than by convenience.

The US, Singapore and Hong Kong top the index as the three most attractive destinations for Chinese FDI out of the 67 countries assessed. The overall index is based upon the notion that overseas investment will be motivated by a balance between wanting to take advantage of investment opportunities around the world and being mindful of the additional risks inherent in moving into an overseas market; this is particularly the case for Chinese firms, which generally do not have a lot of experience in managing overseas projects. The country that tops our index, the US, is an attractive destination for firms from all over the world. While there are some differences in motivation, Chinese firms are no exception. The US tops the market size component, scores highly for its endowment of natural resources, has the world's best stock of existing brands, is highly innovative and has high human capital and a relatively stable business environment. The bottom three countries are Angola, Nigeria and Kenya. This may come as some surprise, as China's activities in the African continent are widely reported on. Although there are individual opportunities in these countries, and for particular Chinese firms they will be very attractive targets, when assessed against the full set of opportunity indicators their overall scores were low. Risky environments, a lack of technology and low per capita income levels make doing business difficult. Although they do have some natural resources, the scale is often small: for example, Angola's oil reserves are only around 5% as large as those of Venezuela or Saudi Arabia.
The findings contrast somewhat with the experience thus far of Chinese ODI, which has flowed predominantly to developing countries. However, as more privately owned Chinese firms expand abroad, there is likely to be a shift toward investing in the developed world. There is some evidence that this is already occurring; the share of large Chinese investments by value (defined as projects of more than US$100m in value) going to North America, Australia and Europe increased from 16% in 2005 to 53% in 2012, according to data compiled by the Heritage Foundation. More on China Going Global Investment Index and an interactive online tool are available at http://www.eiuresources.com/China_investment_2013/.