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SPECIAL REPORT

China in Overcapacity Exacerbating?

Hu Huafeng, Chairman of Rome Hengsheng Trading Group, Vice President of the Rome Overseas Chinese Trade Federation

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GIVE ME FIVE

Date: November, 2009
Venue: MAO Live
Ticket: RMB 50/40 (Student)
Add: No.111, East Street, Gulou, Beijing
Tel: 86-10-65531184/64025080
Email: caffein2008@126.com
Web: http://www.maolive.com

Modern Dance: Cursive

Time: 2009/11/27-2009/11/29
Venue: NCPA-Opera House map & route
Price: RMB 180/280/380/480/580/680
Ticket booking hotline: (86-10) 6417 7845

Presenter: Cloud Gate Dance Theatre of Taiwan

Cursive is a lyrical dance with its title and movement ideas inspired by Chinese calligraphy.

Cursive is the result of a long journey into ancient practice of movement and spirituality. Under the direction of choreographer Lin Hwai-min, Cloud Gate Dance Theatre of Taiwan has been exploring traditional Chinese body disciplines.

In 2001, Lin Hwai-min further explored the possibilities of Tai Chi Tao Yin and martial arts, and created Cursive, with its title derived from Chinese calligraphy. After studying Chinese calligraphy masterpieces, Lin found, despite the differences in styles, all the brush works share one common element: the focused energy with which the calligraphers "danced" during writing. The exercise produced unimaginable movements, from subtle slow motions to martial-arts-like attacks with powerful energy.

The look of Cursive, however, is contemporary. Dancers dressed in black perform on a stage covered with white marley, just like black ink on white rice paper. Video and slide projections on several gigantic white screens serve as the only set for the work. For each scene, screens change to either reveal black drapes upstage or hang in mid-air. Calligraphy is the sole content of the projections. Close-ups of characters by master calligraphers are beautiful and abstract, defying the meaning of the characters but echoing the energy flow of the dancers.

Critics:

Cursive was the opening attraction of this summer's annual American Dance Festival, and the festivities could not have gotten off to a lovelier start.

——***The New York Times***

Lin Hwai-min draws with the bodies of his dancers a new artwork, fed by the same energy that generations of Chinese calligraphers used in pushing their ink brushes. Every other artistic expression pales in comparison to the physical art that emerges out of the combination of lighting… projection of classical and modern calligraphy in an always new and changing window… Lin Hwai-min's choreographic strength, fantasy, and physical commitment of the dancers.

——***Frankfurter Allgemeine Zeitung***

What an undertaking: without imitating the flow of the paintbrush through dance, without having the body track the long dried-out script, without just tracing the sense of drawing, he creates an erotic connection between the body of a drawn symbol and the body of a dancer.

Out of the silent strength of their improvisational movement, the dancers conjure an unbelievable technical ability that, immersed in the classically strong lighting of designer Chang Tsan-tao, becomes an optical entrapment. Not one-second do you turn your head from the scene.

——***Süddeutsche Zeitung***

Spanish Dance Drama: Carmen

Time: 2009/11/28-2009/11/29
Venue: Poly Theatre
Price: RMB 180/380/580/880/1080/1880
Ticket booking hotline: (86-10) 6417 7845

Presenter: SPANISH METROS DANSA
Leading performers: Cristina Hoyos; Ramon Oller

Cristina Hoyos

Cristina Hoyos Panadero (born June 13, 1946) is a Spanish flamenco dancer, choreographer and actress, born in Seville. After several successes throughout the world with several companies and movies, she created her own dancing company and premiered with it in Rex Theatre of Paris in 1988. She played an important role during the inauguration and closing ceremonies of 1992 Summer Olympics in Barcelona.

Ramon Oller

Ramón Oller started his career as an actor at the age of seven in Esparraguera, later studying interpretation at the Dramatic Arts Department of the Institut del Teatre in Barcelona. He studied classical and contemporary dance with Laura Tápies, Joan Tena, Ramon Solé, Martina Col and Dafna Rathause, and for four years in the dance space La Fábrica in Barcelona. Out of Spain he studied at The Place in London, as well as in the main contemporary dance schools in Paris, and with Ivoner Cortier at the School of the òpera de Paris. His first choreography Dos dies i mig received the second prize Tórtola Valencia 84 awarded by the Diputació de Barcelona and the Generalitat de Catalunya. In 1985, he formed the Company Metros. In 1987, he received the Prize of the Spanish Stage Directors Association for his choreographic work in Estem Divinament. In 1994, he received the National Prize of Dance (Ministry of Culture) and the National Prize of Catalonia for choreographic work (Generalitat de Catalunya - Diputació de Barcelona).

José Limón Centennial Celebration: Limón Classics & A New Horizon

Time: 2009/12/3-2009/12/6
Venue: NCPA-Theatre
Price: RMB 100/200/300/500/600/800
Ticket booking hotline: (86-10) 6417 7845

José Limón was a pioneering modern dancer and choreographer, representing a milestone in the history of modern dance. He was also the most important successor among all the students of the modern dance master Doris Humphrey. As one key representative of the third generation of American modern dance, he independently created “Limón technique”, which is as important as “Graham technique” and “Cunningham technique” and has become one of the three major training systems of American modern dance technique. It also has a profound impact on the development of world dance. Jennifer Muller who had performed in National Centre for the Performing Arts (NCPA) was one of his students. In addition, Lin Huaimin, the founder of Taiwan’s “Cloud Gate Dance Theater” was also deeply influenced by him.

The four scenes of performance in NCPA will be the last stop of José Limón Dance Company world tour for commemorating the centenary of José Limón’s birth. ABT had a performance tour in Hong Kong in the year 1963. And this Beijing premiere will be a good chance for many Chinese dance enthusiasts to realize their long-cherished wish. After meticulous planning, NCPA and the company determined two theme performances entitled Limón Classics and A New Horizon. They are both a review and an exhibition of the art essence of the great dance master. At the same time, representative works of José Limón's three successors, who all have been influential figures in contemporary international dance arena, will also be collected in the theme performances.

During the performing process, Chinese audiences will also get the opportunity to appreciate some famous works they have not seen before, especially the classic work Missa, which ABT haven’t performed for a long time. Missa, choreographed by José Limón himself, was a result of his reflection on the impacts that World War II produced on human society. So it is of great realistic significance and value for us to examine the ever-changing society of our times. Accompanied by the living chorus composed by Hungarian composer Zoltán Kodály, the dance is going to bring unusual audio-visual shock to the audience.

To make Chinese audience have an in-depth understanding of the master’s life and works, José Limón Dance Foundation, according to NCPA’s request, made a 10-minute documentary video especially for China. The video will be played just before the start of each performance, which not only displays the art and philosophy of the great modern dancer but also presents the history and future of the modern dance.

Ballet: Swan Lake (NBC 50th Anniversary Series)

Time: 2009/12/4-2009/12/5
Venue: NCPA-Opera House
Price: RMB 180/280/380/480/580/680
Ticket booking hotline: (86-10) 6417 7845

Synopsis

Prince Siegfried is fretting over the upcoming Queen Selection Ceremony, when he goes alone astray into the remoteness of a forest where a piece of mysterious lake lies with moonlight all over. He stops and sees a swan swimming past across the lake. Just as he is nocking, the swan changes all of a sudden into a beautiful girl. She comes up and tells the prince her mishaps. She had been a princess named Odette before she was cursed, with her partners, to become swans during the day and change back at night. Only love could break the spell. After hearing the story, the prince decides immediately to announce Odette as his bride in the Queen Selection Ball. However, the demon sends her daughter, the black swan in the disguise of Odette to the Ball. The prince finds him cheated and runs to the swan lake. Odette forgives the prince. Yet she knows death would be the only way to save them. Therefore, the swan lake becomes their Garden of Eden and the two young people stay together for ever. The devil's forces are eventually destroyed and Odette harvests eternal love with the prince...

Lang Lang Piano Concert

Time: 2009/12/7
Venue: NCPA-Concert Hall map & route
Price: RMB 180/380/580/780/980/1180
Ticket booking hotline: (86-10) 6417 7845

Lang Lang

Considered by the New York Times as the “hottest artist on the classical music planet”, 26-year-old Lang Lang has played sold out recital and concerts in every major city in the world and is the first Chinese pianist to be engaged by the Berlin Philharmonic, the Vienna Philharmonic and all the top American orchestras. He has worked with the world’s best orchestras under the most renowned conductors, including Maestros Ashkenazy, Barenboim, Boulez, Chailly, Sir Colin Davis, Dutoit, Eschenbach, Gergiev, Jansons, Levine, Mehta, Maazel, Muti, Nagano, Ozawa and Sir Simon Rattle.

Lang Lang has crossed continents several times during 2007 and performed in numerous cities around the world. In 2008, Lang Lang will hold a solo recital at the London Proms and the year begins an exciting relationship as global brand ambassador for Sony Electronics with whom he looks forward to achieving innovative and creative ideas together for the future. In 2004, he was appointed International Goodwill Ambassador to the United Nations Children’s Fund (UNICEF). He has also been added as one of the 250 Young Global leaders picked by the World Economic Forum.

Lifestyle

FILM

DECEMBER ~ DO NOT FORGOT THE THRILLER NIGH !

Detectives, Crime films, Thrillers … Welcome at French Cultural Centre to discover the classical & recent French productions of "films noirs".

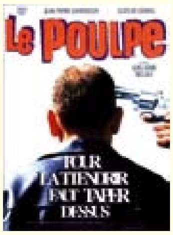
French films with Chinese (and sometimes English) subtitles

Fidelity card: 100 Rmb/5 films + 1 free (Students: 50 Rmb)

More information: www.ccfpekin.org

Ticket price: RMB 20 (Students: RMB 10)

Free entrance on Monday



The Octopus

1998 - 100'   Detective

Director: Guillaume Nicloux

With: Jean-Pierre Darroussin, Clothilde Courau

French version with Chinese subtitles

Gillaume Nicloux directed this French comedy drama about amateur sleuth Gabriel Lecouvreur, aka The Octopus, a Gallic gumshoe with no fixed address, who travels with his girlfriend Cheryl to a harbour town in western France. The graves of Cheryl's grandparents have been desecrated, and during their investigation of this, they encounter a half-dozen demented denizens and other looney locals. More than 100 paperbacks by different writers have chronicled The Octopus' adventures; this is the first film featuring the character.

Saturday 12/05 – 23:00   **Friday 12/11 – 19:30**
Saturday 12/12 – 17:00

Have Mercy on Us All

2007 - 85'   Thriller

Director: Régis Wargnier

With: José Garcia, Lucas Belvaux, Marie Gillain

French version with Chinese subtitles

In Paris, many citizens go to the precinct after the doors of their apartments have been sprayed with a 4 and the letters "clt". When a dweller is found mysteriously dead in his apartment, Detective Jean-Baptiste Adamsberg and his partner Danglard investigate the case and discover that plague may have killed the victim. Meanwhile, in the center of Paris, the former actor Joss Le Guern receives weird messages about an outbreak of plague that is coming to Paris.

Sunday 12/06 – 17:00   **Monday 12/07 – 19:30**
Friday 12/11 – 17:00

Code Name: Melville

2008 - 76'   Documentary

Director: Olivier Bohler

With: Jennifer Drake, Sylvie Lenoir, Eric Baugin

Mixing interviews, rare archival footage and film extracts, the film shows how Melville's works were impacted by what he experienced in his youth during WWII, and how it structured his whole approach to cinema, not only in its thematic but also in its aesthetics.

Friday 12/18 – 19:30   **Monday 12/21 – 19:30**

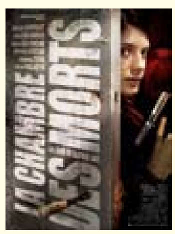
Room of Death

2007 - 118'   Thriller

Réalisateur: Alfred Lot

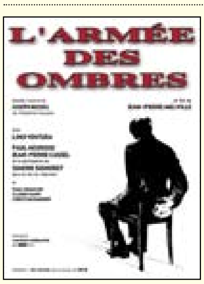
With: Mélanie Laurent, Eric Caravaca, Gilles Lelouche

French version with Chinese subtitles



While on a joyride with the headlights turned off, two men hit and kill another man carrying a satchel full of money. The two men decide to take the money and throw the body into a pond and bury the money in a coal hill. The next morning the police discover the body of a kidnapped 12-year blind girl, Melody, in a warehouse near the site of the hit-and-run. The kidnapper kills the girl but poses her body with an odd smile and in clothing that resembles a popular doll. The autopsy reveals that the girl was gently strangled and had cedar chips in her shoes and wolf hair on her nightgown. Her scalp was also damaged apparently from someone constantly brushing her hair.

Saturday	**12/05 – 20:30**	**Sunday**	**12/06 – 19:30**
Wednesday	**12/09 – 19:30**	**Saturday**	**12/12 – 19:30**
Sunday	**12/13 – 19:30**		



Army in the Shadows

2007 - 125'   Drama, War   ***Director:*** Jean-Pierre Melville

With: Lino Ventura, Simone Signoret, Jean-Pierre Cassel

France, 1942, during the occupation. Philippe Gerbier, a civil engineer, is one of the French Resistance's chiefs. Given away by a traitor, he is interned in a camp. He manages to escape, and joins his network at Marseilles, where he makes the traitor be executed... The everyday of the French Resistants: their solitude, their fears, their relationships, the arrests, the forwarding of orders and their carrying out...

Sunday 12/13 – 17:00   **Sunday 12/20 – 17:00**

ART & GALLARY

ZhangGe's new work show (Nov.1 -30)

As a diligent artist, Zhangge works very hard on his creation. After staying US for a half year , he went to JingDeZhen, the famous base for porcelain making, to create his new works. Half year later, he brings some new works back. These new works go forward a big step in shape and color comparing to his past works, making people feel more avant-garde, more innovative, more international and more contemporary. It's a perfect match of contemporary element and traditional Chinese making skill.

No.1 North of Renzhuang, SongZhuang, TongZhou, Beijing (appointment only),
Tel: 86-10-69598343 13901244283
Fax: 86-10-69597655
Admission fee: RMB 20
Website: www.artistvillagegallery.com
E-mail: sally-liu@263.net

Made on earth 2009 by ZhangGe

BOOK-LAUCH

1989 : 365 Art Days in China and Germany

by Berenice Angremy and HUANG Rui

French Cultural Centre, November 26th, 2009

Book launch of "1989 : 365 Art Days in China and Germany", of HUANG Rui, published by Thinking Labelling Hands : the entire year of 1989, day after day, through the eyes of nearly 200 artists and photographers who have produced in China and Germany.The first book being released in China about year 1989

The first book that connects China and Germany in 1989

The book 1989 is a direct reflection of the collective memory of the occurrences of that fateful year. It is an honest and earnest re-examination of 1989 through works of visual art in both Germany and China. These works of art touch upon all aspects of 1989: its cultural movements, social life, natural landscape and relationship to time. We re-visit these works chronologically in the context of that calendar year. Month by month, day by day, 1989 once again unfolds before us-365 days of art.

In 1949 an important political link was formed between China and Germany. In 2009, both countries commemorated the 60th anniversary of their founding. In 1989, by very different twists of fate, both countries remarkably find themselves linked in a book.

1989 creatively links two very different locations and perspectives via a single temporality. The hope is that divided subjectivities can be united into a mutually-enhancing visual dialectics. It does so by foregrounding social, environmental and cultural changes in these two places. Through the reconstruction of reality, memory and philosophy, it showcases the subtle and irrefutable connection between them.

Nearly 200 artists, photographers and writers from China and Germany participated in this book. It contains some 377 classic works of art and photography--all created in 1989. There are also 24 photographs documenting the history of Germany and China from 1949 to 2009. Within the clear chronological structure, this surfeit of artistic material takes on unique meaning. It reflects not only the profound changes of that year, but also its grand artistic works.

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BI-WEEKLY WATCH

SPECIAL REPORT

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Bi-Weekly Watch

CPI: 0.5% ↓ in Oct.

China's consumer price index (CPI),a main gauge of inflation, dipped 0.5 percent year on year in October, the National Bureau of Statistics (NBS) said on November 11.

The rate of decline was 0.3 percentage points lower than that in September. The producer price index (PPI), a major measure of inflation at the wholesale level, dropped 5.8 percent in October from a year earlier, according to the NBS. The rate of decline was 1.2 percentage points lower than that in September.

The CPI in urban and rural areas fell 0.7 percent and 0.1 percent respectively year on year last month, according to Sheng Laiyun, a spokesman of the NBS. Food prices nationwide went up by 1.6 percent year on year in October, while non-food prices dropped 1.6 percent.

These figures were in line with analysts' forecasts, Lian Ping, chief economist of the Bank of Communications, China's fifth largest lender. (*NBS*)

Industrial output: 16.1% ↑ in Oct.

China's industrial output rose 16.1 percent in October from a year earlier, as the economy saw a consolidated recovery of growth with massive government spending.

The increase rate was 7.9 percentage points higher from a year earlier and 2.2 percentage points higher than September, according to figures released by the National Bureau of Statistics (NBS) on November 11.

Industrial output of the world's third largest economy increased 9.4 percent year on year over first 10 months this year. Although the growth rate was 5 percentage points lower than that of a year earlier, it was 0.7 percentage points higher than that of the first nine months. (*NBS*)

Retail sales: 16.2% ↑ in Oct.

China's retail sales in October rose 16.2 percent year on year to RMB1.17 trillion (US$171 billion), the National Bureau of Statistics (NBS) announced on November 11.

The rise was 5.8 percentage points lower than that of a year earlier, but 0.7 percentage points higher than that in September, NBS spokesman Sheng Laiyun said at a press conference.

The first 10 months saw a 15.3-percent growth in retail sales to RMB 10.14 trillion year on year. The rate was 6.7 percentage points down from the same period last year, and 0.2 percentage points up from the first nine months this year, Sheng said.

"The growth is really strong," said Hao Daming, analyst with China Galaxy Securities. "The rise is mainly backed by robust consumption in rural areas, and the property and auto sectors."

Hao expected retail sales would continue to pick up in the following months, and help accelerate economic growth.

The government put into place a series of stimulus measures to fuel consumption, including tax cuts for auto and property purchases and introduced subsidies for home appliances in rural areas, after a slump in exports dampened economic growth.

China's auto sales rose 72 percent year on year to 1.22 million units in October, bringing total sales to 10.89 million units from January to October, up 36.23 percent from a year ago, figures from the China Association of Automobile Manufacturers showed. (*NBS*)

Imports, exports: 10.7% ↓ in Oct.

China's imports and exports fell 10.7 percent in October year on year, but monthly exports exceeded US$100 billion for a fourth straight month this year, the General Administration of Customs announced on November 11.

Imports stood at US$86.8 billion for October, a decrease of 6.4 percent compared with the same month last year, while exports dropped 13.8 percent to US$110.8 billion.

From January to October, the country's imports and exports totaled US$1.76 trillion, down 19.9 percent compared with the same period last year. Imports for the first 10 months were US$798.13 billion, down 19 percent year on year; exports declined 20.5 percent to US$957.36 billion.

The trade surplus for the first 10 months was down 27.2 percent at US$159.23 billion. The EU was China's biggest trading partner for this period, though bilateral trade declined 18.7 percent to US$292.42 billion in value; the U.S. was second with bilateral trade at US$239.36 billion, down 14.9 percent; Japan followed with bilateral trade down 19.3 percent at US$182.34 billion.

Exports dropped 13.8 percent in October year on year, the smallest decline rate since January. In September, the rate was 15.2 percent.

"This suggests improving demand from overseas," said Zhang Junsheng, an international trade expert with the University of International Business and Economics, while forecasting exports would continue the downward trend until the first quarter next year.

Exports of labor-intensive products for the first 10 months showed a lower rate of decline than the average 20.5 percent drop in exports, the administration said. (*Xinhua*)

Agricultural product prices down 0.1%

Prices of agricultural products in 36 large and medium-sized Chinese cities dipped 0.1 percent in the week of November 2 to 8, compared with the previous week, according to figures released by the Ministry of Commerce (MOC) on November 10.

Twenty-six out of 57 kinds of farm produce saw week-on-week price slump, while the prices of 20 types saw an increase. Vegetable prices climbed 2.2 percent due to supply shortage caused by sharp temperature drop. Aquatic product prices dropped 0.9 percent and egg prices went down 0.4 percent.

The wholesale prices of pork and mutton dropped 0.5 percent and 0.1 percent, while that of beef went up 0.2 percent. Production materials prices rose 0.3 percent week on week. Fifty-four out of 112 kinds of production materials saw week-on-week price increase including steel, construction materials and energy, while prices of 22 types saw a slump including non-ferrous metal.

China's agricultural hi-tech fair opens, highlighting innovation

China's most influential agricultural high-tech expo opened on November 1 in Xi'an City, capital of northwest China's Shaanxi Province, highlighting agricultural innovation and high-tech advancement.

More than 5,000 new agricultural technologies and projects of over 1,100 companies from home and abroad are showcased at the 16th China Yangling Agricultural Hi-Tech Fair, said Liang Hongxian, deputy director of Yangling hi-tech zone's administration committee.

It is imperative to push for the agricultural innovation to achieve development, to settle the "double restrictions" China's agriculture faces, namely the resources environment and market supply and demand, Liu said.

China welcomes foreign agricultural companies to invest and setup R&D branches in the country and encourages domestic hi-tech agricultural companies to explore the overseas market, she added.

The fair is jointly hosted by the provincial government of Shaanxi and the ministries of science and technology, commerce, education, agriculture and 14 other ministries. The previous 15 fairs attracted more than 13 million business people and visitors from home and abroad, recording a combined transaction volume of RMB 160 billion and bringing benefits to more than 300 million farmers, Liang said. (*Xinhua*)

China has solved the problem of salina soil backfill for plants growing

A global problem of salina soil backfill for plants growing has been solved in China, after long-term practices by salina soil planting projects in the coastal areas inducing Tianjin Binhai District, Shandong Province, and Jiangsu Province, the results have shown that this technique can rapidly deline the salinity of the salina soil to below 0.3%, which will make the survival ratio of plants up to over 95%.

According to the experts attending the seminar of coastal protective forest, salina integrated improvement and vegetation forming techniques, sponsored by MOA, so far 1,000,000 square meters of the Binhai planting area of salina soil have been completed by applying this technique.

Since 2002, Tianjin Hailin Horticulture and Environment Protection Technology Company and Beijing Forest University have established a Research and Development Center for production-education-research. They have developed a series of techniques about original soil backfill after improvement. This is called the salina physical-chemical- ecological integrated improvement and vegetation farming techniques, which has been granted a national invention patent.

This technique includes the measures of applying drains, leaching layers and sand holes, which can help the soil to get rid of salt, control the ground water level, prevent salt from coming back and build the good soil. In this way, we can turn the infertile salina soil into a land suitable to grow trees and grass. (*Xinhua*)

Nine provinces and regions joint hands to achieve cooperation in tropical agricultural sciences

On Nov.4, China's Tropical Agricultural Sciences Cooperation and Innovation Seminar, sponsored by Chinese Academy of Tropical Agricultural Sciences (CATAS) was held in Hainan Province in order to implement the spirit of Premier Wen Jiabao's instruction to support the development of tropical agriculture and technological innovation, give full play to science and technology in developing tropical agricultural industry, and speed up technological progress of tropical agriculture.

Deans and experts from CATAS and academies of agricultural sciences of 9 provinces and regions including Hainan, Guangdong, Guangxi, Fujian, Guizhou, Sichuan, Jiangxi, Hunan gathered together to discuss issues revolving around speeding up technological innovation in tropical agriculture in new era, promoting technological cooperation and coordination, and establishing national technological network of tropical agriculture.

According to the meeting, China boasts rich tropical agricultural resources and favorable climate, with huge development potential, which is an important area to safeguard our strategic security, food security, and ecological security, an important foundation for increasing farmers' income in tropical areas, and ensuring continuous and steady economic and social development in rural areas. (*Chinese Academy of Tropical Agricultural Sciences*)

China's power consumption up for 5th consecutive month

China's National Energy Administration (NEA) announced on November 13 that the country's power consumption in October rose 15.87 percent year on year to 313.42 billion kilowatt-hours (kwh), up for the 5th consecutive month since June.

The growth is 5.63 percentage points higher than the September figure. Accumulative power consumption in the first ten months totalled 2977.5 billion kwh of electricity, up 2.97 percent over the same period last year.

China's industrial sector used 232.4 billion kwh of electricity in October, up 2.2 percent from September and 17.7 percent year on year, according to NEA statistics.

In a breakdown, 193.3 billion kwh out of the 232.4 billion kwh was consumed by heavy industry, posting a 4.4 percent growth month on month and 20.11 percent growth year on year. The rest was consumed by light industry, representing a 6.88 percent growth month on month. Of the power consumed in the first ten months of this year, 80.2 billion kwh went to primary industry, which covers agriculture, animal husbandry and fishery.

The second industry, including mining, manufactural, building and construction sectors, consumed 2191.2 billion kwh while the tertiary industry, or the service industry, consumed 325.9 billion kwh, according to NEA.

The rapid increase in October power consumption is a result of rebound in heavy industry, which began to slump in the same period last year, said Niu Li, senior researcher with the State Information Center.

"Power consumption will continue to pick up in the fourth quarter as the country's economy is witnessing a sound recovery," he said. (*Xinhua*)

Shanxi coke prices to increase in November

The spot coke prices of Shanxi Province, China's largest coke production base, are expected to continue to increase on the back of improved purchases from domestic steel mills in November, Chinese industry analysts told Interfax on Nov. 11.

"Domestic steel product prices started to rebound from the middle of October, which encouraged increased coke purchases. If the domestic steel product price uptrend continues then Shanxi coke prices are expected to grow further," Zeng Lili, an industry analyst with ChinaCCM.com, said.

The average hot-rolled steel coil price expanded by 10 percent from mid October to RMB 3,630 ($531.74) per ton on Nov. 11 on the Shanghai market.

Zeng also noted that the higher coking coal prices, at around RMB 1,200 ($175.78) per ton and RMB 1,300 ($190.43) per ton will support Shanxi coke prices. Currently, the average spot coke price in Shanxi stands at around RMB 1,600 ($234.37) per ton to RMB 1,620 ($237.30) per ton.

"Market prices are still lower than the Shanxi Coking Industry Association's (SCIA) reference price of RMB 1,700 ($249.02) per ton for November, but they may reach that level in the coming weeks," Liu Bo, an industry analyst with Mysteel Information, said.

Zeng said that Shanxi coke producers are under pressure from low coke prices and high coking coal prices, and on average about 30 percent to 50 percent of their production capacity is idle.

Hebei Province, the neighboring province of Shanxi, increased its coke reference price by between RMB 20 ($2.93) per ton and RMB 30 ($4.39) per ton to RMB 1,650 ($241.70) per ton for November. (*INTERFAX-CHINA*)

Sinopec Group refineries shift to State III gasoline

China Petrochemical Corp.'s (Sinopec Group) refineries will all switch to producing only gasoline that complies with the country's State III emissions standard before Dec. 15, an oil information portal reported on Nov. 13.

Several of Sinopec Group's refineries, including Luoyang Petrochemical in Henan Province, will make the transition earlier and plan to start producing State III gasoline by Nov. 15, according to C1 Energy. The company's remaining refineries will meet the December deadline, with the exception of those refineries that are already producing State IV gasoline.

The central government requires that all gasoline in China comply with the State III emission standard by 2009, and all diesel to comply by 2010, C1 Energy oil analyst Liao Kaishun told Interfax.

Beijing and Shanghai are the only two cities in China that use State IV-compliant fuel. Eight cities in Guangdong are already using State III fuel, while the rest of China is using State II fuel. Guangdong Province plans to adopt the State IV emission standard by 2012. (*INTERFAX-CHINA*)

China announces new pricing mechanism of fuel surcharge

A new pricing mechanism of fuel surcharge that links it with airlines' jet fuel costs has been introduced to offset rising jet fuel costs, China's top economic planner announced here on November 12.

The National Development and Reform Commission (NDRC), together with the Civil Aviation Administration of China (CAAC), said in a statement on its website that the fuel surcharge keep abreast with China's jet fuel comprehensive purchasing costs.

The new mechanism, which would take effect on Nov. 14, aims to "help the airlines with fluctuating fuel prices", as jet fuel costs usually account for 40 percent of the total costs of China's airline companies, said the statement.

Under the new mechanism, airline companies could decide themselves whether to charge fuel surcharge and how much to charge if jet fuel comprehensive purchasing cost, which is the weighted average of domestic factory-gate prices for jet fuel and prices of imported fuel, reaches certain level.

Currently, the surcharge level was set uniformly by the government. According to the new mechanism, when jet fuel comprehensive purchasing cost is lower than 4140 yuan per tonne, the benchmark price of jet fuel, airline companies should not charge fuel surcharge.

When jet fuel comprehensive purchasing cost exceeds the level, the companies should digest at least 20 percent of the rising cost and then charge appropriate surcharge, the statement said. Also, fuel surcharge should be reduced or canceled within five days after jet fuel comprehensive purchasing cost drops, it said.

China raised gasoline and diesel prices both by 480 yuan (70.28U.S.dollars) per tonne Tuesday. The benchmark price of gasoline reached 7,100 yuan a tonne and that of diesel 6,360 yuan a tonne, according to the NDRC. (*Xinhua*)

Green tech essential for China to reach targets

The development of China's green technology sector is the only way forward for the country if it is to address the challenges of climate change, maintain economic growth and reach its own ambitious targets for reducing CO2 emissions.

This was the view of experts attending a conference in Beijing on Monday to help publicize the World Bank's recent World Development Report 2010. The report says countries across the globe need to act now, act together, and act differently to achieve what it refers to as a "climate smart" world. Dr. Rosina Bierbaum was one of the contributors to the report, and she says it is impossible to underestimate the importance of tackling this global issue. "I think it's essential for the future of the human race. We take the science of the inter-governmental panel on climate change as our starting point and that argues that we will be seeing really catastrophic climate change if world temperatures are allowed to climb more than about 2-2.5% degrees above pre industrial levels, and we're already about 1% above today, and we will certainly go through those unless we learn to change our fossil fuel habits."

Mr. Zhou Dadi, Vice chairman of China's National Energy Advisory Committee, acted as an advisor to the World Bank's report. He is under no illusion about the size of the challenge China faces, arguing that the energy sector alone requires a complete overhaul both on side of supply and consumption. "Of course you need better service with less energy consumption first, then you need to make low carbon supply from the current fossil fuel based energy system. So it's a big challenge for both the consumption and supply side." Certainly, China has a strong incentive to act as much of its population is at risk from both extremes of climate change. 130 million Chinese citizens are currently living in low lying areas near the coast and are at risk of rising sea levels. Conversely, 270 million people in Western China are threatened by a lack of water in the drought prone west of china.

In light of such potential catastrophes, Beijing set itself the world's most ambitious carbon reduction target of 1.5 billion tons from 1995 to 2010. A commitment that dwarfs the European Union's pledge to cut 300 million tones under the Kyoto protocol. But is China able to deliver on such promises? Energy specialist and contributor to the World Bank's report Dr. Wang Xiaodong certainly things so, but she says Beijing needs to do even more. "We think that China's on the right path towards a low carbon economy but certainly we think an acceleration and scale up is still needed. We think China would play quite an important role in this climate smart world. China's already positioned itself as a leader in many new technologies such as solar PV and wind."

And it's through such new green technology that China can not only reduce carbon emissions but also develop its own economy. This, says Dr. Jiang Lin, Director of the China Sustainable Energy Program, can be a valuable example to show rest of the world. I think the most important of all is to demonstrate to other developing nations you could achieve growth while reducing emission at the same time. Essentially decoupling economic growth with energy growth. I think that's very important to remember. China's experience in achieving those goals by developing clean energy policies specifically for industry, buildings and transportation are very good examples to share with other folks around the world.

Whether China is able to take full advantage of developing this new sector remains to be seen. But what is clear is that the rest of the world will be hoping Beijing is successful in achieving its ambitious environmental targets. (*CRI*)

China eyes closing coal-fired power plants in capital

China is considering moving the last four coal-fired power and heating plants out of Beijing's municipal area, replacing them with gas-fired stations, state media reported on Monday, in an effort to improve air quality in the capital.

"The existence of a number of coal-fired power plants in urban Beijing does not conform with the city's positioning as a metropolis," Zhang Guobao, head of the China's National Energy Administration , was quoted as saying in the China Energy News. "While the heat supply to Beijing residents must be ensured, coal-fired stations that need to be relocated must be relocated, and building gas-fired plants with advanced environmental protection technologies is a first choice."No timeframe was mentioned for the possible move, and it was not clear where the plants would be moved to if such a decision were approved.

The four plants, owned by Huaneng Power International, Datang International Power Generation Co Ltd, China Shenhua Energy and Beijing Jingneng Thermal Power Co Ltd, have a total power generating capacity of about 2.7 gigawatts .

The plan, if it is implemented, would further drive up gas demand in Beijing, which already tops demand rankings among Chinese cities. Beijing consumed more than 5 billion cubic metres of gas in 2008. Beijing's gas consumption by power plants alone would reach 13 bcm by 2020 if all coal-fired plants switch to gas turbines, far above earlier plans, Vice Mayor Huang Wei was quoted as saying in the report.

As a result, construction of gas pipelines, liquefied natural gas facilities and underground storage tanks need to be accelerated, Huang said.

PetroChina, the dominant gas supplier for Beijing, has two pipelines sending gas from Shaanxi province that combined have shipping capacity of 20 bcm per year. PetroChina has the ability to meet Beijing's future gas demand from residents, heating and power generators, Zhao Zhongxun, vice general manager of PetroChina, was quoted as saying.

The top Chinese oil and gas firm has started early-stage work for a third pipeline, linking Shaanxi to Beijing, while a fourth line is also being planned, according to Zhao.

The third Shaanxi-Beijing gas pipeline, at 822 kilometres, is designed to have transportation capacity of 12 bcm per year. Beijing's power consumption rose to a record of more than 14 GW in August, and more than two thirds of the supplies were generated from outside Beijing. Coal-fired plants produce about 80 percent of China's national electricity output. (*Reuters*)

House prices rise at fastest rate for 14 months

The cost of a home in China rose sharply in October, with the price surging up at its fastest rate for 14 months.

According to the National Bureau of Statistics (NBS), property prices in 70 Chinese mainland cities rose by an average of 3.9 percent when compared to their price last October.

Prices of homes in new residential buildings went up 4 percent on average in October year-on-year, while the cost of State-subsidized housing edged up by 0.6 percent. Prices of commercial residences climbed 4.4 percent and high-end housing went up by 1.5 percent.

Analysts said the rate of increase in house prices may look high but that was because the property market in October 2008 was at the lowest point it reached during the downturn and the bar was set very low.

"If you put the number into a month-on-month perspective, there is much less price fluctuation," said Chen Sheng, a director with China Index Academy.

According to the NBS, the average cost of housing in October crept up by just 0.7 percent compared to the price in September.

"Average homebuyers might be misled by the higher rates of increase in the few major cities, such as Guangzhou, Beijing and Shanghai," Chen explained.

Nationwide, the price of new homes rose in 62 cities in October compared to a year earlier. Guangzhou reported the biggest rise - 12.1 percent - followed by Jinhua, Zhejiang province, which jumped by 11 percent.

While price rises were common in many cities, some were becoming more affordable.

In Jilin city, the cost of a home fell by 4.9 percent. In Xuzhou, Jiangsu province, properties fetched 3.7 percent less.

Experts say property prices - especially in Shanghai - could continue to go up at a fast rate during the next few months because of a buying spree triggered by talk of the possible removal of the favorable mortgage policy.

Fang Xinghai, director of Shanghai's financial services office, suggested at an annual financial meeting last Monday that the government might be prompted to tighten its loose monetary policy in a bid to clamp down on excessive speculation. Experts fear such speculation could feed a property market bubble.

Fang's observation was taken seriously by many would-be homebuyers.

Thirty-year-old Luo Yan and her husband raced to complete the purchase of a three-bedroom apartment in Shanghai with the help of an 800,000 yuan (US$117,000) mortgage. The amount they borrowed was the maximum they qualified for.

"I am afraid that if we don't do something now, we will certainly miss the boat," Luo said.

Joe Zhou, research head at property consultants Jones Lang LaSalle, said in the following months, "we expect house prices will remain at a high level, bolstered by increasingly strong demand and limited supply." (*China Daily*)

China's Poly Real Estate sees sales value up 155% over 10 months

Poly Real Estate Group Co., Ltd., a leading Chinese listed developer, sees its sales value up more than 150 percent in the first ten months, boosted by the upbeat domestic property market.

The Guangdong-based firm sold 4.46 million square meters of homes over past ten months, up 143.2 percent year on year. The total sales value rose 154.85 percent to 36.86 billion yuan (5.4 billion U.S. dollars) in the period, it said in a statement to the Shanghai Stock Exchange Tuesday.

Chinese property market picked up momentum since this February, due to a series of government measures to bolster the economy and stimulate domestic consumption. (*Xinhua*)

Policy's uncertain future spurs property sales

People in some Chinese cities are rushing to snap up properties before the year's end as banks tighten credit. But many home buyers are also taking advantage of the government's preferential policies amid concerns they will not continue next year.

Ms. Liu has been looking to buy the right home at the right time. Now, she is inking the contracts for her new property in Beijing.

Ms. Liu, home buyer in Beijing said "I have looked around at houses and now I want to buy. Additionally, I heard the preferential policies will not continue next year. Now there are just two months before the year ends. I want to buy before it was too late."

Ms. Liu is is one of many buyers eager to capitalize on the government's preferential housing policies. Property sales have surged in some Chinese cities on the back of concerns the policies will not be renewed.

Zhao Qiang, Manager of CITIC Bank said "Sales recovered obviously at the end of October and beginning of November. It is most likely related to people's expectations for the policies to change."

Hu Jinghui, Vice-President of 5I5J.com said "Sales surged by 35 percent in the first week of November compared to the same period of September."

In Shanghai, 13-thousand apartments were sold in October. During the second half of the month, 1-thousand units were sold every day. In Beijing, property sales stopped falling in October after three months in decline.

Transactions for houses under construction and completed houses rose 34 percent and 69 percent respectively from September. Most sales were finalized during the second half of the month.

Insiders are still uncertain if preferential policies will be cancelled. But they have hinted banks will continue to face a rush for credit by consumers in the second half of this month. (*cctv*)

Australian gov't approves China's Baosteel investment of Aquila

Australia's Foreign Investment Review Board (FIRB) on October 30 approved the acquisition by China's largest steel maker of up to 19.99 percent of coal miner and iron ore explorer Aquila Resources.

The Australian government has given the green light for the 285 million Australian dollars (260 millions U.S. dollars) transaction. The final hurdle to be cleared is approval by Chinese regulators after Aquila shareholders voted in favor of the proposed deal at the company's general meeting in Perth on October 28.

"Whilst the proposed issue of shares to Baosteel by the company is for 15 percent of the expanded issued share capital of the company, Baosteel has FIRB approval to acquire up to 19.99 percent," Aquila said. "Subject to receipt of relevant Chinese regulatory approvals which have been sought by Baosteel, the company anticipates completion of the transaction in the latter half of November."

The deal is Baosteel's first major international strategic investment in a public company and secures it a long-term supply of raw materials. "Aquila looks forward to working closely with Baosteel and to fast tracking the company's significant coal, iron ore and manganese projects," Aquila said. Under the terms of the deal, announced on August 28, Baosteel has agreed to assist Aquila in sourcing low cost financing from Chinese institutions to underpin development of its projects. (*Xinhua*)

U.S. sets preliminary duties on China steel products

The U.S. government announced preliminary determination in the countervailing duty investigation on imports of prestressed concrete steel wire strand from China, according to a statement released by the Commerce Department on October 27. The department said that Chinese producers and exporters of priestesses concrete steel wire stand have received net countervailable subsidies ranging from 7.53 to 12.06 percent.

As a result of this preliminary determination, the Commerce Department will instruct U.S. Customs and Border Protection to collect a cash deposit or bond on imports prestressed concrete steel wire strand from China. In 2008, imports of prestressed concrete steel wire strand from China were valued at an estimated 178 million U.S. dollars, up from 112 million dollars in 2006.

The petition was filed on May 27, 2009. The U.S. International Trade Commission (ITC) made its preliminary determination on July 13. The Commerce Department is scheduled to issue its final determination in January 2010. If the Commerce Department makes an affirmative final determination, and the U.S. ITC makes an affirmative final determination that imports of prestressed concrete wire strand from China materially injure, or threaten material injury to, the domestic industry, the department will issue a countervailing duty order in March 2010. Trade disputes between China and the U.S. increased this year since the U.S. economy has been experiencing the worst recession after the Great Depression in 1930s.

U.S. President Barack Obama announced in September to impose punitive tariffs on all car and light truck tires from China for three years. The Commerce Department launched an investigation that could lead to new tariffs on Chinese seamless steel pipes on Oct.7.

Chinese Commerce Minister Chen Deming said the U.S. punitive tariffs on Chinese tires is a serious act of protection, which will not only damage bilateral trade but also hurt U.S. interests. (*Xinhua*)

China to boost mergers in steel sector

China will encourage mergers and restructuring in the steel sector to help forge three to five producers with sharp international competitiveness, said the Ministry of Industry and Information Technology in a statement on its website November 10.

A total of six to seven leading steel producers will be encouraged to implement strategic mergers and restructuring across the country, according to the Guideline to Promote Steel Sector Mergers and Restructuring. The guideline was made to tackle domestic steel sector's structural problems like low industry concentration and high percentage of backward production capacity, the statement said.

The ministry also mapped out Steel Sector Admittance Requirements. It intends to regulate steel enterprises through enforcing standards on product quality, environmental protection, energy consumption, comprehensive utilization of resources and production scale. The ministry will publicize a list of enterprises that meets these standards. (*Xinhua*)

Stockpiles to lead China steel products price decline in Q4 : CISA warns

China could see a drop in steel products price on the domestic market in the fourth quarter due increasing stockpiles of rolled steel and billet, warned the China Iron & Steel Association (CISA) on November 3.

"CISA figures showed that at the end of September, steel inventories at 26 major Chinese cities rose 91 percent from a year earlier to 11.13 million tonnes. Stocks of 68 large and medium-sized iron and steel enterprises totalled 11.55 million tonnes, 14.26 percent more than that at the beginning of the year. Increasing stocks could spur further price decline, and lead to enterprises losses," said CISA on its website on November 3.

Export of Chinese steel plunged by 68 percent to 15.7 million tonnes year on year in the first nine months. During the same period, the import went up 37 percent from a year earlier, the association said.

CISA forecast China's crude steel output was to increase by 10 percent in 2009 from the previous year. Taking weakening steel export into account, steel in supply would increase by 25 percent in 2009.

China's steel industry was facing "an undoubted fact of overcapacity" as the country accounted for almost 50 percent of the world's total crude steel output, CISA said on its website last month.

To solve the problem, CISA said China should step up efforts to strike a balance between supply and demand in the sector by promoting innovation and technological upgrading, eliminating overcapacity, enhancing sector consolidation and cutting crude steel production. (*Xinhua*)

Industry association expects 2009 auto sales to exceed 13 million units

With auto sales nationwide approaching 11 million units in the first ten months of this year, China Association of Automobile Manufacturers (CAAM) forecasts total auto sales this year in China will top 13 million units.

In the ten-month period, auto sales reached 10.9 million units, up 37.7 percent from the same period last year, says CAAM in a statement. The figure includes 8.2 million light vehicles.

In October, auto sales across China totaled 1.2 million units, surging 72.5 percent year-on-year.

CAAM expects auto sales to remain robust for the rest of this year as the fourth quarter is traditionally the peak auto sales season in China.

On November 9, Dong Yang, CAAM's deputy secretary said at a media briefing in Beijing that it is reasonable to expect auto sales in 2010 to exceed 13 million units.

Affected by the global economic recession, China's auto sales in 2008 only increased 6.7 percent on an annual basis, to 9.4 million units.

But thanks to a series of market-stimulating policies enacted late last year, auto sales resumed strong growth in March this year. (*Automotive News China*)

China sets guidelines for supporting auto exports

The Chinese government has unveiled guidelines for supporting the country's exports of vehicles and auto parts, aiming to make up 10 percent of global trade in those goods by 2020.

The Commerce Ministry and five other government agencies said in a joint statement on November 11, that Chinese companies are expected to achieve US$85 billion worth of auto and auto-parts exports by 2015, at an annual growth rate of 20 percent.

The guidelines, first published at the ministry's website, lay out a general framework for supportive policies for auto exports, saying that exports would shift from primarily commercial vehicles to a mix of passenger vehicles (including buses and economical cars) and commercial vehicles.

Chinese carmakers are urged to penetrate into higher market segments in developing countries, set up well-developed sales networks and offer better after-sales services there. They are also encouraged to transfer auto technology overseas and invest more in the auto sectors of other countries.

Mainly helped by government incentives, car sales in China last month jumped 76 percent from a year earlier to more than 946,000 units. However, the government has concern about excess capacity in the sector, and exports would be one way to alleviate that pressure.

China exported 30,500 vehicles in September, down 36.74 percent from a year earlier, but up 38.98 percent from August. The country's total vehicle exports rose 11 percent to 680,700 units in 2008, with the export value totaling US$30.2 billion. (*Gasgoo.com*)

More notes from the statement:

* China will encourage exports of both passenger cars and commercial vehicles, adding manufacturers should shift their target export markets from the low end to the middle and high end.

* The government will encourage local automobile companies to invest overseas and set up plants abroad.

* Chinese companies will establish overseas research centers and sales networks to boost their exports.

* China will actively support the exports of energy-saving vehicles and new energy vehicles.

J.D. Power: Quality gap narrows between domestic Chinese and global brands

Domestic Chinese automakers are catching up with their global peers on product quality, according to J.D. Power's 2009 China Initial Quality Study released in early November.

The study, now in its 10th year, examines problems in quality of design and quality of production, experienced by new-vehicle owners within the first two to six months of ownership. Overall performance is determined by problems experienced per 100 vehicles.

This year's study finds overall new-vehicle initial quality in China averages 178 problems per 100 vehicles in 2009, down by 14 percent from the 207 problems in 2008.

J.D. Power attributes the improvement to the progress made by domestic Chinese brands in vehicle design and production. Initial quality for domestic Chinese brands overall has improved from 318 problems per 100 vehicles in 2008 to an average of 258 problems in 2009.

Consequently, the study finds the gap in initial quality between Chinese domestic and international brands has decreased by more than 240 percent from 396 problems at the inception of the study in 2000 to 116 in 2009.

"Some domestic brands demonstrate particular strengths in certain vehicle segments in the China market such as the compact and mini van categories - here they strike a good balance between price and quality," said Mei Songlin, general manager of research services at J.D. Power Asia Pacific in a statement.

Models ranking highest in their respective segments covered by the IQS study include:

Compact Segment: Chery QQ3
Premium Compact Segment: Chery QQ6
Entry Midsize Segment: Toyota Yaris
Midsize Segment: Toyota Corolla EX
Lower Premium Midsize Segment: Volkswagen Sagitar
Upper Premium Midsize Segment: Toyota Reiz
Luxury Segment: Audi A6L
SUV Segment: Honda CR-V
MPV Segment: Buick GL8
Minivan Segment: Hafei Minyi

The study finds that problem levels have improved considerably in the engine/transmission, driving experience and vehicle exterior categories. On the other hand, excessive fuel consumption is the most frequently reported problem for 2009. Other frequently reported problems include manual transmission issues/difficulty in getting in gear; wind noise; noisy brakes; engine problems; and fan/blower issues.

The 2009 China Initial Quality Study covers 127 vehicle models from 48 different brands. The study was fielded from April to August 2009 in 28 major cities across China. (*Automotive News China*)

China's Huawei to set up training centers in Indonesia

Chinese telecommunication giant Huawei planned to establish two major training centers and a Research & Development (R&D) center here, a senior Huawei official said here on November 12. Huawei tech Investment President Director Ma Yue said that the planned training centers are expected to graduate 1,500 credible Indonesian telecommunication technicians each year.

"Huawei becomes one of the three largest telecommunication vendors in Indonesia in the last few years, particularly for wireless market," Ma said, referring to the business of the Shenzhen, China-based telecommunication vendor that has been operating in Indonesia since 2000.

Ma said that after receiving Wireless Telecom Equipment of the year 2009 award from prominent business consulting institution Frost & Sullivan for its tremendous success in its business in Indonesia in the last 12 months.

According to Ma, Huawei has supplied telecommunication equipment for 9 mobile telecommunications operators operating in Indonesia to develop their GSM (Global System for Mobile) and Code Division Multiple Access (CDMA) telecommunication networks.

Huawei had just signed a contract worth 1.3 trillion rupiah (about 138 million U.S. dollars) with the Telkomsel, the mobile telecommunication arm of state-run telecommunication firm PT Telkomsel, to develop Telkomsel's High Speed Packet Access Plus (HSPA+) mobile network. Huawei operates ten offices outside the capital city of Jakarta, 17 telecommunication parts centers and employs 1,200 Indonesian workers at the moment, he said. (*Xinhua*)

China Telecom, China Unicom Hold Internet Access Market

China Telecom Corporation Ltd. and China Unicom (Hong Kong) Ltd. held above 80% of China's Internet traffic, with a more than 80% market share, in the first nine months of 2009, Beijing-based third-party data analysis firm Cnzz.com Inc. announced in its recently released report about the usage of Internet access service providers.

An expert at Cnzz.com said that China Telecom, the nation's biggest fixed-line network carrier, dominated the Internet traffic niche in the country, with a close to 60% market share. China Unicom, the nation's second biggest fixed-line network carrier, took a 24% market share. Both of them stably kept their territories.

As the main provider of Internet access service for schools in China, www.edu.cn, once faced a declined market share, due to the conventional summer vocations in July and August. Its market share rallied to 0.67% in September.

China Mobile Ltd. reached 1.09% of China's Internet traffic at the beginning of September. (*BJBusiness*)

TD-SCDMA users may exceeds 100 million in 2 years

TD-SCDMA (3G) mobile technology users are expected to exceed 100 million in two years, Yang Hua, Secretary General of the TD-SCDMA Industry Alliance, said. Hua was speaking at the 2009 Sino-Japan TD-SCDMA Collaboration Conference. TD-SCDMA enables the rapid spread of telecommunications to thinly populated areas, and the broad transmission bandwidth also provides access to the Internet.

The TD-SCDMA Industry Alliance currently is working towards promoting TD-SCDMA cooperation between the two countries. According to statistics from the Ministry of Industry and Information Technology, since trial operation began on Apr 1, 2008, TD-SCDMA users have surpassed figure of 1.2 million.

It is reported that the 2nd phase of TD-SCDMA has been completed and the service has been provided in 38 cities, while the 3rd phase of construction is going on in order to make the service cover 238 cities by the end of this year.

Relevant TD-SCDMA services, such as video phone, MRBT, video conference, etc, are presently being offered by China Mobile.

Since the 1st half of 2009, global influence of TD-SCDMA is surging along with more investment in equipment R&D and industrialization, higher hardware integration level and improved performance of devices. (*Microvoip*)

Motorola takes steps to capitalize on exciting opportunities in China

China is not only a major market, but also an integral link in our global supply chain, and an important contributor to our R&D and manufacturing capabilities, a senior executive at Motorola said.

Ruey-Bin Kao, Chairman of Motorola (China) Electronics Ltd. told Xinhua in an exclusive interview on November 10 that Motorola recognizes the array of exciting opportunities present in the China market and is taking necessary steps to capitalize on these opportunities.

When commenting on the growing domestic demand in the Chinese market, Kao said "The growth of domestic demand in China is an important long-term trend, and this increasing demand is necessary for China to obtain sustainable growth."

The stimulus program implemented by the Chinese government has generated positive results in China. Kao told Xinhua that many economists consider China's stimulus program as the "gold standard," both in its size and the speed of injecting funds into the domestic economy. Kao is very pleased that the stimulus program also brought many opportunities for Motorola when China is moving toward promoting domestic consumption.

When commenting on China's economic development and its economic outlook for the next few years, Kao expected that China will continue to grow at a rate faster than other major economies. "We expect that consumer demand in China will grow even faster as the Chinese government continues to stimulate consumption and as it reinforces its social safety net for China's poorest citizens," he added.

Doing business in China during such changing times, Motorola is facing some challenges as well. "The biggest challenge in China is the intense competition from foreign and domestic manufacturers," Kao said.

Motorola entered the Chinese market in 1987 when it opened a representative office in Beijing. In 1992, Motorola (China) Electronics Ltd. was established in Tianjin, where today the company runs one of the world's major manufacturing facilities for communications equipment. (*Xinhua*)

China's appliance giant **Suning net profit up 15%** in Q3

Chinese home appliance giant Suning Appliance Co. said on October 31 that its net profit rose 15.38 percent year on year in the third quarter of this year thanks to the country's policies to boost domestic demand and recovery in consumer confidence.

The company said its net profit for the third quarter was RMB 704.82 million (US$103.19 million), adding its net profit for the first nine months up to RMB 1.97 billion.

Sales for the July-September period increased 8.02 percent to 14.24 billion yuan, the company said in its quarterly report to the Shenzhen Stock Exchange.

Suning expected a substantial growth in the fourth-quarter sales because of a lower comparison basis in the fourth quarter last year and further improvement in demand.

At the end of September, the home appliance giant owned 885 outlets in 193 cities nationwide. (*Xinhua*)

Lenovo returns to profit in Q2

China's Lenovo Group, the world's fourth largest personal computer manufacturer, returned to profitability in the second quarter, according to the group's fiscal report released on November 5.

The group said that it posted a net a profit of 53 million U.S. dollars in its second fiscal quarter from July 1 to Sept. 30. Lenovo's worldwide PC shipments grew 17 percent year-over-year in the second quarter, compared to the 2.3 percent rise in the total global PC sales in the same period, the report indicated.

Lenovo's consolidated sales for the second fiscal quarter decreased 5 percent year-over-year to 4.1 billion U.S. dollars, but grew 19 percent over the previous quarter. "Lenovo's second quarter results showed that the Company has the correct strategy in place and is executing the strategy properly," said Lenovo Chairman Liu Chuanzhi.

The group's sales on domestic market stood at 2 billion U.S. dollars in the second quarter, up 9 percent year on year, and accounting for 49 percent of its total sales in the same period. Its second quarter sales helped consolidate the group's leading position in the domestic market, with a share of 29.4 percent.

Yang Yuanqing, Lenovo CEO, said the group would continue to strengthen cost structure and continue to reinforce its leading position in the domestic market. "The leaders of Lenovo have realized the importance of the markets in China and other emerging economies," said Wen Fang, a senior computer market analyst with Beijing-based CCID Consulting Company.

But Wen said she was cautiously optimistic for the further development of the group. "Lenovo should find ways to further reduce its costs and promote the efficiency amid falling computer prices and rising costs for the company's internationalization strategy," she said.

Influenced by the global financial crisis, Lenovo recorded a heavy loss of 260 million U.S. dollars in the 2008 fiscal year. In the first quarter of 2009, the group's deficit reduced to 16 million U.S. dollars. Lenovo reinstated its founder Liu Chuanzhi as chairman on Feb.5 after revealing a loss of 97 million U.S. dollars in the fourth quarter last year. (*Xinhua*)

China says U.S. move on imported Chinese-made fastener "rational"

The U.S. rejection of an anti-dumping inquiry against China-made steel fasteners was "rational", a Chinese commerce official said on November 9.

An unnamed official of the Ministry of Commerce (MOC) said the move by the United States International Trade Commission (ITC) accorded with "market reality" and was "correct", as the products made by both countries had different target consumers, which would not encounter direct competition.

The ITC's move on Friday was a rare exception in the two countries' trade disputes as the U.S. agency nodded to all the other 22 inquiries in recent three years.

The official said China hoped the United States would honor its commitment made on the G-20 summit in Pittsburgh, and stay away from protectionism and abuse of trade remedies.

The United States should make decisions according to the World Trade Organization rules and market reality with objectivity and justice, the official said.

The U.S. Department of Commerce launched dual investigations on Oct. 14 requested by the U.S. manufacturer Nucor Fastener, which alleged that the Chinese imports enjoy unfair price advantages.

Fastener is a hardware tool that puts together two or more objects.

China has suffered heavily from trade protectionism which has been rising after the outbreak of the global financial crisis, MOC spokesman Yao Jian told a forum Saturday.

Yao said 19 economies launched 88 probes into Chinese products in the first nine months, involving 10.2 billion U.S. dollars of export goods. The two figures were 29 percent and 125 percent respectively higher than the same period last year.

In the first nine months, the U.S. launched 14 probes into Chinese exports, with a total value of 5.84 billion U.S. dollars, soaring by 639 percent from a year earlier. (*Xinhua*)

China to impose deposit on nylon 6 as preliminary anti-dumping measure

BEIJING, Oct. 19- China from October 20 will require a security deposit on imported nylon 6 or polycaprolactam from the United States, the European Union, Russia and the Taiwan region, the Ministry of Commerce (MOC) said in a statement on October 16.

The decision followed a preliminary ruling of the MOC, which said the above-mentioned areas had dumped nylon 6 on the Chinese market and the imports had caused substantial damage to the domestic sector. The MOC said ultimate ruling would be issued based on further investigation. Nylon 6 is widely used in the manufacture of hosiery, knitted garments, threads, ropes, filaments, nets and tire cords. (*Xinhua*)

GAP to unveil its first store in China next year

One of the world's largest clothing retailer and iconic brand, Gap will open its first store in China next year, in order to facilitate its growth of international business. The company will also develop online sales business in European Union and Canada.

Gap's Chief Executive Glenn Murphy said that after two years of performance improvement, the company now intends to "increase" investment in order to regain market share, while expanding its international business.

China will be the first direct access to a new market for Gap in more than a decade. The company has adopted this pattern in the Middle East, other parts of Asia and Eastern Europe, since it launched the franchise business model in 2007.

In his view, the US apparel brand has not yet fully explored Chinese market. Gap also plans to enter India and Brazil, but it has not yet decided which ownership patterns to adopt. The company has announced its plan of franchising stores in Russia from this year.

Toby Lenk, chief of Gap's online business, said, the company will launch a website for two brands of Gap and Banana Republic in the United Kingdom by using a common payment platform and will start selling products next fall. (*Fibre2fashion News Desk - China*)

Retail in China through trying times

Margins under crunch and the brunt of constrained capital is the story of today's retailer, world over. Retail in China is also through such trying times. Retail sales growth averaged around 21% last year in the country, whereas, in the first five months of current year around 15% slow down in this growth was reported. Analysts are trying to locate how Chinese manufacturers, and their bosses who have grown up on the factory floor, will cope in the competitive retail world ahead.

In an interview with Face2Face team atFibre2fashion, Mr Edward Kang,Chairman and CEO, Ever-Glory Intl Inc — an apparel retail giant of China, narrates - "The retail market has been reporting sales declines since the global economic slowdown in 2008. Although consumers did not eliminate entirely their spending, the financial crisis has affected the consumption structure profoundly."

Speaking to Face2Face team, Mr Kang has further described the buying trends and present hindrances in the growth of China's apparel retail industry. He has also shared about the key to success amidst stiff competition that is to prevail post crisis era. To read the interview, pleaseclick here.

Nanjing-based Ever-Glory is one of China's leading garment manufacturer, distributor & exporter supplying casual and sportswear to names such as Next, QuikSilver and Levi's.Company's retail venture owns more than 100 stores around China and accounted for 12.3% of sales i.e. $2.5m in the first quarter. (*Fibre2fashion News Desk - India*)

Chinatex plant takeovers boost crushing capacity

State-owned Chinatex Grains & Oils Import and Export Corp, a subsidiary of top China cotton trader the China National Textile Group Corp, has steadily taken over soy plants and has now holds the country's the third largest soy crushing capacity.

The takeover of the 3,000-tonne-day Fuhong plant in the southern province of Guangdong last week boosted Chinatex's soy capacity to about 20,000 tonnes a day, the China National Grain and Oil Information Center said in a report.

The company now ranks third in terms of total crushing capacity after Singapore-based Wilmar International (WLIL.SI: Quote, Profile, Research) and Heilongjiang Jiusan Oils and Grains Industry Corp Ltd.

China Textile has also begun construction of a brand new soy plant in the port city of Rizhao, Shandong province. The plant has daily capacity of 4,000 tonnes, the company said on its web site (www.chinatex.com).

China's cabinet has warned of overcapacity in soy crushing industry. China's top planning body official said half of the country's 80 million tonne-year capacity was not operating and encouraged big firms to take over small ones.

China, the world's largest soy buyer, imported a record 41 million tonnes of the oilseed to crush into edible oil and soymeal, a feed ingredient, in the year ending September, accounting more than half of world total soy trade.

Besides Chinatex, state-owned Cofco Co. Ltd, the country's largest grain trader, is also expanding its oilseed business in Tianjin and Guangxi. (*ctei*)

HK air cargo volume sees first growth in 15 months

Cargo tonnage handled by Hong Kong International Airport (HKIA) in October 2009 increased by 1.3 percent to 324,000 tons over the same period last year, the first month that registered growth since August 2008, the Airport Authority said on November 16.

According to the statistics released on the day, passenger throughput and air traffic movements declined 3.7 percent and 7.8 percent, compared to the same month last year, to 3.9 million and 23,945 respectively.

From January to October, the airport received some 38.2 million passengers, moved 2.7 million tons of cargo and handled 231,800 aircraft movements, representing yearly declines of 6.3 percent, 13.4 percent and 7.9 percent, respectively.

Stanley Hui Hon-chung, chief executive officer of Airport Authority Hong Kong, said the recent traffic figures continued to indicate signs of stabilization, particularly on the air cargo side, which was in line with the overall economic environment.

"It is encouraging to see cargo throughput end the downward trend and increase by 1.3 percent in October. Though this is just a mild improvement made on October 2008 which itself saw a drop compared to October 2007 it nevertheless is an encouraging change for the better during a challenging time."

He expressed the hope the strong pre-Christmas growth momentum could last and give further boost to the recovery of the industry. (*Xinhua*)

Asia-Pacific to lead world's aviation market in 20 yrs, Boeing

The Asia-Pacific region will become a leader in the world's aviation market in the next 20 years, forecast an executive officer of the Boeing company.

The Asia-Pacific region would lead the global aviation market with growing demand and become a new center of the world aviation market in the next two decades, said Kenneth G. Yata, Vice President of Business Development of Boeing (China) Co., Ltd. at an international forum on manufacturing industry management held Saturday in Tianjin, a north China port city.

As demand in Europe and the United States slows, the Asia-Pacific region will be a growing market for commercial airplanes in the coming two decades to fit increasing demand for tourism, passenger and freight transport, said Yata.

He said, passenger flow by air will increase by an average 6.5 percent annually in the region in the coming two decades, surpassing the North American and European markets, said Yata.

Currently, Asia-Pacific region accounts for 32 percent of the world's air passenger market. By 2028, the share is likely to rise to 41 percent, the company forecast.

To Boeing, China would be the second largest market for commercial planes in the next two decades, said Yata, adding the country would buy an estimated 400 billion U.S. dollars' worth of commercial airplanes, or 3,700 units over the period. (*Xinhua*)

China to open Beijing-Khartoum direct flight

Hainan Airlines, a major Chinese carrier, said on November 14, is to open the first direct flight between Beijing and the Sudanese capital Khartoum next Tuesday amid booming trade between the two nations in recent years.

The Beijing-Khartoum flight with Airbus 340-600 takes off at 1:30 a.m. from Beijing every Tuesday and Friday and arrives in Khartoum at 9:20 a.m. local time.

The Hainan Airlines has another flight to Africa, Beijing to Luanda, capital of Angola, via Dubai. (*Xinhua*)

More passengers fly

Domestic carriers flew 21.71 million passengers in October, rising 18 percent from a year ago, the Civil Aviation Administration of China said on November 13.

The growth was 0.7 percentage points faster than that of September, the CAAC said on its Website.

The airlines carried 456,548 tons of cargo, a jump of 20.3 percent, compared with a 24.7 percent increase in September.

In the first 10 months of this year, they carried 192 million passengers, a growth rate of 19.8 percent, and 3.53 million tons of cargo, up 2.9 percent.

Guangzhou-based China Southern Airlines, the country's largest carrier, said yesterday that it flew 6.13 million passengers last month, rising 11.6 percent from a year earlier, after a 10.6 percent increase in September. It also carried 76,680 tons of cargo, a rise of 12.5 percent but it was slower than a 24.8 percent growth a month earlier. (*Shanghai Daily*)

Herbal medicine, tourism bring hope of wealth to SW China's ethnic regions

The planting of herbal medicine and tourism with strong ethnic flavor have brought new hope of wealth for villagers in southwest China's poverty-stricken ethnic regions, where the harsh natural environment has made it difficult to grow crops.

In Yaoshan Village of Guizhou Province, local residents, all of Yao ethnic group, have found jobs in the blooming tourism sector.

By staging the traditional vocal and dancing performances of Yao, villagers attract flocks of tourists who go there to find "something different."

"Tourism has given a boost to sales of handicrafts and agricultural products in the county," said He Zhengguang, head of Yaoshan village.

"We are not blessed with the natural condition suitable for growing crops, but we are blessed with the ethnic culture that others do not have," he added.

In Guizhou, where 49 of China's 56 ethnic groups can be found, villages like Yaoshan are developing their own new ways of development.

"As of 2008, tourists visiting villages in Guizhou brought a total revenue of 10.5 billion yuan (1.5 billion U.S. dollars) since the 1980s," said Fu Yingchun, head of Guizhou Provincial Tourism Bureau.

Fu said the "ethnic flavor" is the ethnic regions' core competitiveness since it was irreplaceable. Guizhou, where there is extensive stony desert and barren land, is always seeking a path of development different from the country's other provinces.

Where it is hard for crops to grow, it may be suitable for herbal medicine to flourish. In Dafang County, Jiang Yunming, 55, along with his fellow villagers, are benefiting from growing herbal medicine.

Jiang, who used to be too poor to pay his children's tuition fees, now earns tens of thousands of yuan annually by growing honeysuckle, an important ingredient in traditional Chinese medicine.

"It took me more than 10 years to finally find the road to wealth," Jiang said.

The provincial government of Guizhou has helped villagers like Jiang to turn geological disadvantages to economic advantages by providing them with small amount of loan and skill training.

"There are different paths to prosperity," said Gao Xincai, a professor with local Guizhou University "The important thing is to find the best one for each region." (*Xinhua*)

China sets up animation, performing arts, cultural communication giants

The joint-stock venture, China Animation Group Corporation, has developed from two market-oriented companies affiliated with the Ministry of Culture.

"The merger has been spurred by market demand, years of accumulation and government support," said Ouyang Jian, vice minister of culture.

China currently has about 10,000 animation companies but most of them are small ones lacking in marketing capability and originality.

"The animation industry is also of great importance to the growth of the teenagers," Ouyang said, "This is also a reason for our decision."

With the flooding of western cartoon products in the Chinese market, China's domestic animation industry has posted deficit since the 1980s.

The Chinese government has made an annual investment of 200 million yuan (29 million U.S. dollars) into the cartoon industry since 2006 to boost original animation and facilitate the development of domestic companies.

Two other state cultural giants, China Oriental Performing Arts Co., Ltd and China Cultural Communication Group Corporation, were also set up Thursday. (*China culture.org*)

"Fine Art Beijing" aims to raise public awareness of classical art

The Fine Art Beijing exposition, a spin-off of the established Art Beijing exhibition, ends its three-day run in the Beijing Agricultural Exhibition Centre on November 9.

Important statistics such as volume of trading and number of visitors - normally important indicators of the success of an exhibition, are yet to be published for the debut of Fine Art Beijing.

"Given the ongoing financial crisis, it's not a profitable business. But the event is mainly aimed at increasing the influence of classical art and laying a foundation for its market," stressed Dong Mengyang, the chief executive of Art Beijing.

The fundamental function of the exhibition is to educate the public on the concept of classical art, including art history, influential artists in the field and their representative works, said Zhao Li, the art director of Art Beijing.

The Fine Art Beijing exhibition has attracted 30 galleries and exhibitors from both home and abroad. More than 400 pieces of art, featuring a range of oil paintings, ink and wash paintings, printmaking and watercolors, are on display, including works from such renowned contemporary artists as Wang Yidong, Lv Jia, and the late Chen Yifei.

As a leading force and an established trademark in China's art market, Art Beijing contemporary art exhibition has run annually since 2006. In addition to the new Fine Art Beijing exhibition, Photo Beijing and Design Beijing exhibitions have already been held under its name. (*CRI*)

China expresses interest in upgrading Zimbabwe's transport network

Chinese companies have expressed interest in dualising the trunk road linking Zimbabwe and its northern neighbor Zambia, as well in rehabilitating a stretch of the railway line along the same route, a senior government official said on November 9.

Deputy Minister of Transport, Communication and Infrastructure Development Tichaona Mudzingwa said in an interview on November 9 that the railway project could also stretch to Zambia.

"The Chinese have expressed interest in constructing the trunk road that is Harare-Chinhoyi-Chirundu. They have also expressed interest in the railway from Harare to Chinhoyi and if possible over the Zambezi to Zambia," the deputy minister said.

The road plays a crucial role in facilitating trade among Southern African Development Community (SADC) countries. It completes the link between South Africa and countries in North, Central and West Africa.

Mudzingwa said South African, Canadian and Australian companies are also keen to develop the Harare-Masvingo-Beitbridge road.

He said the Zimbabwe government is keen to have the dualization of the road completed before the start of the World Cup Soccer tournament in South Africa in June next year. Mudzingwa said the road would be divided into three segments, with each of the three countries developing a section.

The foreign companies would develop the road, estimated to cost in excess of US$2. 4 billion, jointly with local companies, he said.

"Naturally, it is not going to be all foreign companies involved. There is an element of local companies which are involved in road construction which are also going to partner those countries, those which are interested in dualization."

"We are very much interested that as many local companies as possible get involved in this dualization. It is an advantage to them because there is also going to be technology transfer, whom we need so much," Mudzingwa said.

Chinese companies are also interested in upgrading Zimbabwe's airports, telecommunications, mining and the Information Technology sector, among other projects. (*Xinhua*)

Minmetals considers investment into Marampa project in Sierra Leone

China Minmetals Corporation, the country's largest state-owned metals trader, had said it was conducting research on a London Mining iron ore project in Sierra Leone and has not signed any cooperation deal for the same.

The statement came after London Mining said on November 7 that it held talks with Minmetals and Sinosteel Corp., China's largest iron ore trader, as well as China's National Railways for its Marampa project in Sierra Leone.

A source with China Minmetals Corporation said the company has not yet taken a decision on whether to invest and is still studying the project.

The source said Minmetals would rather look for suitable iron ore acquisitions projects in Australia and Africa, like Mauritania, and largely focus on small-and medium-sized projects.

An overseas merger and acquisition of a project might come out by the end of this year, he said. (*China Daily*)

Chinese investments in Italy increase

Chinese investments in Italy, although still limited compared with that in the rest of Europe, are growing with more and more Chinese firms operating in the country's strategic sectors, said an Italian government agency on November 5.

Invitalia, the Italian governmental agency for promoting foreign investment and enterprise development, said there are just 38 Chinese firms operating in the country, but Chinese investments have grown rapidly since 2000.

Four Chinese companies, namely Chongqing Lifan (motorcycle), Enhalor (chemicals), Zhejiang Xiongfeng Holdings (textile) and a major producer of tools and accessories for safety in sport activities, entered the Italian market in July.

The nature of Chinese investments has recently changed, undergoing a high value and quality evolution. The establishment of sales and marketing offices prevailed in the past, while Chinese companies are currently launching activities such as product development and design.

Giuseppe Arcucci, foreign investments' director of Invitalia, said at the China Overseas Investment Fair which took place in Beijing that he looked forward to increasing Chinese investments in Italy and strategic partnerships between Chinese and Italian companies.

Arcucci explained that what moves Chinese investors towards Italy is primarily the search for new markets and strategic assets. Chinese firms have a tendency to invest in those sectors in which the host country enjoys a particular competitive advantage, and for them what matters are Italy's excellent design expertise, innovation and technology, as well as its strategic position as an important sea-gateway to Europe, said Arcucci.

Another strategic area is logistics. Italy can be considered as a central Mediterranean hub with one of the most capillary networks in Europe, with 18 logistics terminals in operation and five under construction. Such infrastructure advantages have thus attracted major Chinese logistics operators such as China Ocean Shipping Corporation (COSCO) and China Shipping Corporation.

The operation has created the world's largest group in construction machinery, with annual sales over 1.3 billion euros (US$1.93 billion). Looking to the future, Invitalia expects to boost cooperation between Chinese and Italian firms in the field of renewable energies, where Italy has a leading role.

Arcucci went on to explain how the Italian government has done a lot in recent years to support foreign investments and create a more favorable business environment for Chinese investors. It has lately implemented a series of reforms which have lowered corporate tax and simplified administrative procedures.

The main problem, however, is that Italy's investment opportunities are not well known to the Chinese business community. Therefore Invitalia's mission is to increase awareness, information and support to potential investors. The agency, which works closely with Chinese investment institutions and authorities, organizes business trips to Italy and offers concrete investment projects for Chinese investors as well as financial incentives in certain areas. (*Xinhua*)

Central bank stresses inflation management amid credit boom

China's central bank said on November 11 that it will step up efforts to balance inflation perception and economic growth as it will continue to implement the relatively easy monetary policy.

"We will make the policy more flexible and sustainable and keep policy abreast with economic climate and price changes," the People's Bank of China said in the latest quarterly report of monetary policy on November 11.

As the economy is on the road to recovery with easy credit, we will closely watch the price changes and keep them stable in the long run, it said.

Chinese banks lent a record RMB 8.92 trillion (US$1.31 trillion) in the first ten months, far exceeding the 5-trillion yuan annual target, to fuel the economic recovery.

Credit expansion slowed to a year-low in October as the new RMB loans shrank to RMB 253 billion (US$37.06 billion) from RMB 516.7 billion a month earlier, as corporate demand cooled down after the lending spree.

The report said the nation's stimulus package implemented since last November had held back price falls and eased deflation fears. However, the loose credit conditions across the globe also pushed up commodity and asset prices, which shaped "a certain perception for inflation".

The central bank noted it will keep the credit growth at a "reasonable" pace and make it "sustainable and balanced". The report also said investment project should be "reasonably" planned, and private business should be given more support.

Market should play a bigger role in the resource allocation to make the economic growth dependent on its own vigor other than outside forces. (*Xinhua*)

HSBC facilitates trade settlement using Chinese's Renminbi currency

The Hong Kong Shanghai Banking Corporation (HSBC) launched trade transaction service with Chinese currency Renminbi here, makes Indonesia the sixth country in ASEAN countries enjoying the service, a senior HSBC official said here on November 11.

China will continuously play an important role as the main trade partner for Indonesian businessmen. "The Chinese government's policy to allow Renminbi as trade payment currency would improve the trade between the two countries," Head of Trade and Supply Chain HSBC Indonesia Vincent C. Sugianto said.

Citing the results of its Trade Confidence Index survey for the fourth quarter this year, he said the Indonesian businessmen wish to improve their businesses with their Chinese counterparts.

The commencement of HSBC's trade payment with Chinese Renminbi currency service in Indonesia was marked with a transaction conducted by one of HSBC Indonesia's customers PT Duta Permata Murni with its business counterpart in Shanghai, China recently.

The other ASEAN (Association of Southeast Asian Nations) countries served with HSBC's Renminbi Trade Settlement service are Malaysia, Thailand, Singapore, Vietnam and Brunei Darussalam.

According to Vincent, the Renminbi trade settlement service can only be conducted with Chinese firms authorized to make transactions with their counterparts in ASEAN countries. Those appointed Chinese firms were listed in Chinese government's Mainland Designated Enterprises (MDE) scheme.

According to Vincent, direct transaction using Renminbi with Chinese firms would reduce transaction cost as it would avert the exchange currency risk. Vincent said that HSBC provides various transactions with Renminbi currency that comprised of trade financing, currency exchange from Indonesian Rupiah to Renminbi and likewise and export/import financing with countries included in MDE. (*Xinhua*)

Top Chinese banker warns of lending risks

A top Chinese banker has warned domestic banks to control the pace of lending flowing to infrastructure projects backed by local governments.

Xiao Gang, head of the Bank of China, the country's third-largest lender, was quoted by the newspaper as saying some of the local government-led fund raising enterprises were borrowing beyond their repayment capacity, which could create "systemic risks" for the Chinese banks, but controls should not be realized by putting a sudden brake on such lending.

The enterprises are known as local government financing platforms that seek funding for projects like transportation, water and electricity supply and environmental protection.

The Bank of China chairman's remarks came as doubts were mounting about local governments' fiscal capacity to repay the massive funds they borrowed to finance various local infrastructure projects.

At present, local governments are not officially allowed to issue bonds to finance their public works building projects, making bank loans main source of capital for these projects.

Xiao said many such loans were usually funded by several banks together. If default happens, it will affect the nation's banking industry extensively.

A big chunk of the giant RMB 8.37 trillion (about US$1.2 trillion) in loans extended by the Chinese banks so far this year have been poured into infrastructure projects backed by local governments.

Xiao said it is critical to scrutinize where these loans end up to ensure they are not misused and evaluate the projects' future cash flow situation and safeguard banks' returns by finding multiple sources to guarantee loan repayment. (*China Daily*)

China in Overcapacity Exacerbating?

By Guo Liqin

The problem of overcapacity has been plaguing China for years. Many economists claim that China's double-edged economic system of foreign trade and investment has resulted in a lack of consumption. It is estimated that approximately 35% of GDP depends solely on exports, some of which has naturally turned into excessive capacity due to the recent lack of external demand from western markets. Repeated build up in certain industries, which the government has failed to restrain, has resulted in prevailing overcapacity, and has also indirectly triggered the flood of anti-dumping cases against Chinese enterprises in recent years.

Last year, faced with the international financial crisis, China launched a stimulus package to boost the economy and thus greatly enhanced the confidence in a recovery all over the world. However, it is also widely disputed whether this action would run the risk of exacerbating China's current problems of overcapacity. In March, a report in the Economists and Business said, "The US$585 billion stimulus package could create demand in the short term by boosting construction of infrastructure and public works, but a spike in bank lending and rapid approvals for large industrial projects could add capacity that doesn't reflect real demand."

Signaling a new strategy, in late August, Chinese premier Wen Jiabao presided over an executive meeting of the State Council which ordered that moves be taken to curb overcapacity and eliminate the presence of duplicate projects that exist in certain sectors. The meeting concluded that not only do traditional industries with overcapacity, such as steel and cement, still blindly expand, but emerging industries, such as wind power and polysilicon also show the trend of continuous build up. Given that the Chinese economy is still in a critical period of steady recovery, the State Council made the decision to pay more attention to structural adjustments during the process of growth and development in the hi-tech and service industries, while still meeting the demands of the market.

Normally, this type of decision will be echoed in the more detailed policies launched later by the relative departments of the goverment. However, this time on October 20, at a news conference held by the National Development and Reform Commission (NDRC), Chen Bin, director of the Department of Industry of the NDRC said that the NDRC will equalize the production overcapacity in six sectors: steel, cement, plate glass, coal-chemical, polycrystalline silicon and wind power equipment. Compared with the industries with overcapacity listed at the executive meeting of state council, other sectors such as electrolytic aluminum, ship manufacturing and soybean extraction were only given a warning in an online interview with Chen Bin which was posted on the China central government website.

Overcapacity thus became the hottest topic and reports related to almost every affected industry popped up nearly overnight. However, a simple question still puzzled many Chinese people, is overcapacity really exacerbating the economy? Do all these abovementioned sectors really have excessive capacity? Zhou Tong, strategic director of Goldwind Science and Technology Co., Ltd, China's top wind power manufacturer gave *China's Foreign Trade* some fresh air, "In wind power, as with most other sectors in China, overcapacity only exists in OEM factories which use their duplicated assembly line introduced by overseas companies to gain a thin margin of profit. The lack of a brand name and innovation not only become these companies' bottleneck, it also leads to overcapacity. Actually, in the wind power equipment industry, China still needs competitive products with innovation." She continued, "China's wind power resources have great potential. According to statistics from the wind resource census, China's wind resources total 3000GW, and only 1500GW of which can be utilized with current technology. Even with all the equipment currently planned to be produced by 2020, China will only have the capacity to generate 120GW, which only accounts for 4% of all wind resources and about 10% of utilizable wind resources. " To illustrate the untapped potential, she said, "Currently, the electricity produced by wind power only accounts for 0.4% of the total electricity generated in China, while that figure is 25%, 11% and 8% in Denmark, Spanish and Germany, respectively."

A senior insider at a top brand of soybean extracting company, who wanted to remain anonymous, expressed her doubts about overcapacity to *China's Foreign Trade*, "the relative statistics are not comprehensive right now. It is true that there is overcapacity, but roughly 48% of the actual utilized processing is not enough to support this idea, or to show how serious the problem is."

Obviously, a detailed survey and more research are needed to determine the status quo of China's overcapacity. Based on this lack of data, the suggestions for that overcapacity are also being heatedly debated. "Going-out to establish factories in Latin-American and African countries" is one of the suggestions for the steel industry; increasing the environmental threshold for companies in overcapacity industries is another suggestion from experts.

This issue *Special Report* presents readers with the detailed concerns and analysis based on the abovementioned industries. With reference to these enterprises, officials and experts, we will try to elaborate on this issue with additional coverage to try and find the truth of China's overcapacity.

Internal Innovation, the Hard Core

—— Analysis to the Steel and Iron Overcapacity

By Janet Tang

For China's iron and steel industry, the problem of over-capacity of production has already appeared years before, but became more and more acute after the global spreading financial crisis.

In the past, the external demand partly covered up the excess capacity issue, but the ongoing global economic downturn exposed the problem and aroused attention from all parts. By the end of September, the State Council of China officially approved the proposal upon curbing the excess capacity in some sectors jointly made by the National Development and Reform Commission, Ministry of Industry and Information Technology and other related departments.

Steel and iron industry bore the brunt among the overcapacity list.

Large excess gap

Statistics show that in 2008, China's crude steel production capacity reached 660 million tons, while the demand of only 500 million tons, which means the large amount of 110 million tons is excessive. For the first half of 2009, RMB 140.55 billion was invested throughout the whole industry. In the first three quarters of 2009, China's crude steel output reached 420 million tons, an increase of 7.5% compared with the same period of last year, steel and iron production exceeded 500 million tons, an increase of 12.4%.

For the project currently under construction, crude steel production capacity is 58 million tons, mostly illegal construction, if not promptly controlled, crude steel production capacity would overcome more than 700 million tons; furthermore the production capacity surplus would be more serious in such condition.

Global market-still not optimistic

In the context of global economic downturn, the export demand for iron and steel was largely frustrated, and trade friction emerged again. Seen from the steel exporting, the international demand still acts weak. From January to August in 2009, China exported only 13.24 million tons of steel, with a year-on-year decrease of 68.4%. In the mean time, the trade protection measures were applied one after another: On October 6, the Council of EU Ministers said the seamless steel tubes from China posed a threat to EU members' industry, thus the levy of 17.7% ~ 39.2% of final anti-dumping duties was ruled. One day later, the Department of Commerce in the U.S. also launched anti-dumping and countervailing investigations upon China's exports of seamless steel and other products. The trade protection in U.S. and EU countries trapped China's steel and iron enterprises into the export trouble.

Also, due to the big slip of international steel prices, the price differential between domestic and foreign price inversed, and the international steel began to flow into domestic market. From January to August in 2009, China imported 11.47 million tons of steel, a year-on-year increase of 3.7%. Decline in exporting and increase in importing together worsened the domestic market supply surplus situation, and the market competition turned to be tougher.

Environment and credit enhancement — not the key

How to help the steel and iron industry lose the "overweight part" is the focus. The external management outside the steel and iron industry is applied by related departments and industries.

By the end of 2011, it is planned the blast furnace of f 400 cubic meters and below would be out, and the comprehensive energy consumption per ton of the converter and electric furnaces of 30 tons and below should be less than 620 kilograms of standard coal, the new water consumption per ton should be less than 5 tons, the smoke dust emission is below 1.0 kilograms per ton, the sulfur dioxide emission per ton is less than 1.8 kilograms, and the secondary energy basically could be 100% recycled.

No doubt, raising the threshold for environmental access and strict environmental assessment approval could build an effective barrier for those unqualified steel and iron enterprises, and therefore improve the environment management of steel and iron industry. However, the administrative means are not the key to curb the excessive production of steel and iron industry.

Credit control is also highly advised by some people as a solution to steel and iron overcapacity. But this suggestion is not feasible upon current condition. Even the credit policy were supposed to adjust, the banks still freely choose the industry and the enterprise as their credit clients. The monopolized industries such as the steel and iron enterprises are Banks' favorite clients. On the other hand, the banks are also aware of the steel and iron overcapacity and worry about the risks it may bring. Overcapacity may lead the enterprises to incapability of paying the debts.

Innovation — that's the key

The external adjustment is only supporting instruments, and the key to solving the overcapacity of steel and iron industry is the technology innovation and structural upgrade.

For the steel industry's future development, we should focus more on speeding up structural adjustment, industrial restructuring and upgrading. Also more efforts should be put on the strict control of excessive growth of production.

Increasing the industrial concentration, and speeding up the joint reorganization of the steel and iron industry is an important way out of difficulties, and also one of the important tasks of structural adjustment. At present, the concentration degree of China's steel and iron industry is not enough. According to statistics from January to August this year, the biggest 9 steel enterprises only took up 38.9% of the total output domestically. Take the U.S. and Japan's steel enterprises as a comparison: In the U.S., the top 4 steel enterprises accounted for 64.1% of the total output, and in Japan, the top 4 steel enterprises took up three quarters of national output. Baosteel, Wuhan Iron and Steel, Anshan Iron and Steel accounted for only 17.3% of the whole country's output. For China's steel leading enterprises to lead the whole industry, there is still a long way to go.

Iron and steel industry must continue to improve their own quality to form the core competitiveness, and to take effective measures to promote the healthy, sustained, stable and fast development. Taking the road of innovation, we could learn form the advanced countries' experiences in this field such as Japan and South Korean, and avoid repeated introduction. And the more important is to encourage enterprises to cooperate with institutes and to adopt our own technology.

A Pause for China's Cement Industry

By Li Zhen

Cement industry suffers excess production

With the advent of global financial crisis, the Chinese government has laid out a stimulus package on infrastructure construction. Driven by the investment spree, China's cement makers are flocking to expand output capacity, which is now leading the industry into a much-higher-than-needed state.

It is reported that China's current cement production capacity totals 1.7 billion tons, 300 million tons of which are in excess. Meanwhile, nearly 40 percent of the overall production capacity is being processed through laggard technique.

In addition, statistics released by China Building Materials Federation show that cement output in the first seven months of 2009 was 878 million tons, up 15.9 percent year-on-year.

The over-supply of cement production has led to the decline of cement prices. For example, cement prices in southwestern Sichuan province plunged to about RMB 400 per ton in May, down from the RMB 500 per ton .in the previous month.

For the reconstruction of the Sichuan quake zone, the China Cement Association suggested in its research last year that a reasonable cement output capacity should be around 50 million tons. But due to major cement producers coming to the rescue after the quake struck last year, it has been estimated that there will be 116 cement production lines in Sichuan by 2011, producing 220 million tons of cement a year.

To rebalance the cement industry, Zhang Renwei, chairman of the China Building Materials Federation, suggests local governments step up to control the total output capacity within certain regions and cut off excessive capacity.

Policies to reduce cement overcapacity released

The investment binge in China's cement industry has attracted the attention of Chinese government, and the government, both central and local, has placed greater emphasis to resolve the problem.

In August, the Ministry of Industry and Information Technology (MIIT) has made a draft regulation on the access threshold for the cement industry in an effort to restrict the industry's overcapacity.

According to the draft regulation, the MIIT will not approve new cement production lines in provinces where clinker output capacity exceeds 1,000 kg per capita during 2011 to 2015. It will also lift requirements on cement producer's equity capital in new projects and raise the bottom line for daily production capacity.

Zhu Hongren, spokesman for the MIIT, said the cement industry is in "severe overcapacity", he said so because only 69.1 percent of clinker output capacity was in actual use in 2008 and only 66.7 percent of the cement producing capacity was in utility.

In the meantime, investment in the cement industry grew 67.01 percent year-on-year in the first half of 2009, with investment of 2008 totaling RMB 105.1 billion, up 60.67 percent year-on-year.

At present, only two provinces, Anhui and Zhejiang, exceed this 1000 kg limit, according to statistics from the China Cement Association. However, both Jiangxi and Fujian will also exceed this limit, should they implement their proposed 2000 t of new capacity.

The Chairman of China Building Materials Federation, Zhang Renwei, has also suggested that the industry's major players should acquire smaller companies in order to reduce the number of cement producers in the country, reported to currently exceed 5500.

Meanwhile, several cement producers in Zhejiang province, the most depressed market in the country, have already embarked upon a cessation of operations period twice this year in response to oversupply problems, and a similar period is being considered later in the year.

Difficulties ahead

Though the government hoped to address the overcapacity problem through strict regulation, analysts said that new policies aimed to reduce overcapacity of cement production may not work for two or three years due to implementation difficulties and conflicts of interest among local governments.

Cement capacity totaled 300 million tons, but over 200 new production lines under construction will add 200 million tons. Although capacity is increasing, profits are declining. The average ex-factory cement price in July was about RMB 277 (US$40.6), down RMB 2.8 (US$0.4) from June. Most of the regions except those in the Northwest and Northeast had a price drop, according to MIIT.

What is more, China's economic planners are faced with a policy dilemma, which means that while monetary and fiscal stimulus has combined to support the country's growth levels around the 8% annual target in 2009, they've also helped accelerate excesses.

According to statistics from the State Council, some industries are awash with capacity. For instance, if all of China's planned cement projects were actually launched, annual output would rise to 2.7 billion tons per year, against domestic demand of only 1.6 billion tons.

The government is clearly aware of the problem, warning the excess capacity issue would lead to declining profits and, in turn, company closures and unemployment, which can be clearly testified by the fact that Chinese industrial company profits were down 10.6% on year to the end of August of 2009, with state-owned industrial companies, major beneficiaries of the stimulus efforts to date, seeing profits off 25.2%. To sum up, excess production and economic growth would be a dilemma the Chinese government faces in a relatively long period in the future.

Why Electrolytic Aluminum Overcapacity Lingering for Years

By Yan Manman

According to the Opinions on Restraining Overcapacity and Redundant Construction in Parts of Industries and Leading the Healthy Development of Industries" (Hereafter short for OPINIONS) promulgated by ten ministries and emphasized by the State Council, the electrolytic aluminum capacity in China is 18 million tons, accounting for 42.9% of the global capacity, and the capacity utility rate is only 73.2%. Electrolytic aluminum is still an industry of overcapacity, which needs to be regulated and controlled by the government. However, the overcapacity of this industry is not a new phenomenon. As early as in December 2003, the State Council did take some measures to redress the overcapacity of electrolytic aluminum, but till now when the OPINIONS came out, the redundant construction in this industry keeps building up rather than mitigate. Why is it so difficult to control the so-called electrolytic aluminum overcapacity though the government repeatedly emphasized the overcapacity issue?

Searching for the root cause beyond the industry

Actually the problem is not alone for electrolytic aluminum industry, and steel industry and cement industry also face the same problem. At present, the financial crisis caused great decline of the demand in the international market out of China and the domestic demand was also not strong, this was certain to project the overcapacity. However, it is an external reason which aggravates the existing overcapacity. The fundamental reason still lies in the economic system. According to Chen Yongchan, President of Heilongjiang Businesst Technology Institut, there are three causes.

First, it is attributed to the lagging reform of the government. As the approval of some projects and funds is still in the hands of the governments at all levels, it unavoidably offset some fundamental role of the market in allocating the resources. This hampered the sound operation of the market in channeling the resource flow. Though China has switched to market economy for almost 30 years, the legacy of the planning economy—strong government's intervention to the micro economy is too deep with too many procedures needing approval from the government. The start of many projects is still decided by the local government. So actually many redundant construction and capacity waste are stubborn diseases caused by this kind of mechanism. As long as this mechanism keeps working, the electrolytic aluminum overcapacity could not be eradicated.

Second, the excess monopoly of the central SOEs in the industry is the direct cause for the overcapacity. It is still a legacy of the planning economy. In finance, power industry, railway, coal, mining, oil and chemical etc, there still exist that the government monopolize power and the enterprise monopolize the market. Many government investment and bank loans always tend to flow to those monopolized central SOEs to help them grow larger. The overcapacity actually for some part is produced by these companies. In addition, sometimes due to the control of one link in one industrial chain by the monopolized company, it also could produce the overcapacity problem since that link is controlled by the monopoly but not by the market and the entire industrial chain could not adjust soundly to the balance. Figuratively, it is like of food retention in stomach. With the existence of those grand monopolized enterprises, it is also not so easy to redress the overcapacity problem.

The third cause is the existing government official appointment mechanism which leads the officials to strive for better performance, for which the GDP growth is the best embodiment.

Government regulation-only a palliative

So disregarding the general market trend, once one industry is likely to have large pull to the local GDP growth, nearly all the local governments would encourage to develop projects of this industry in their local areas. What they concerned is the GDP growth and fiscal revenue instead of the quality and efficiency of the economy.

Those major three reasons and other reasons combined resulted in a more severe overcapacity in China than that in other countries. The overcapacity is kind of spare capacity and resource waste, which also indicates a low efficiency of investment. After all, the overcapacity is produced by investment which is not oriented by the market. Admittedly, owing to the asymmetry of information and competition, overcapacity and insufficient capacity also occur to the market economy sometimes. The difference is just that the unbalance of the supply and demand is more severe and the frequency is higher in China owing to the above reasons. As for the measures taken by the government, they are more administrative adjustment rather than let the market play its roll to the full. Furthermore, the policies always tend to favor the SOEs and the afflicted are mostly middle and small sized private companies. Thus this kind of reversal and upheaval has repeatedly staged. As long as the allocation of the resources does not turn to market and the government's funds do not withdraw from the circulation domain, this kind of dysfunction and redress would repeat over and over.

Zhu Hongren, Engineer-in-Chief of the Ministry of Industry and Information Technology(MIIT) and Director of the Operation, Monitoring and Coordination Bureau of MIIT, also claimed that that the overcapacity is for part attributed to the economic system and mechanism. The performance and promotion is their motive for pursuit of the GDP growth, which would bring promotion of the local government officials. The existing taxation system which allows governments at different levels to manage their own finances and deal with their allocated funds independently lends objective conditions for the impulse of the local governments to increase their taxes revenue. Besides, he said that the pricing system is still not sound, which is another reason for the overcapacity in some industries. For instances, as the price for resources and the environmental are underestimated, so some high energy-consuming industries, though at low technological level and with obsolete facilities, still enjoy relative advantages in expanding capacity.

Zhu also thought that there were many reasons for the overcapacity of some industries such as electrolytic aluminum industry, including practical reason and also historical root, subjective motive and also objective conditions, problems of system and also disease in the mechanism. It is quite complicated. Therefore, it is still quite difficult to completely redress this problem. There is still a long way to go.

What's Hidden Behind the Overpacity of Polysilicon

By Yan Manman

Debate over the polysilicon overcapacity

Now the overcapacity of polysilicon almost has been a final conclusion in the document "Opinions on Restraining Overcapacity and Redundant Construction in Parts of Industries and Leading the Healthy Development of Industries" (Hereafter short for OPINIONS) promulgated by ten ministries and emphasized by the State Council. Nevertheless, there are still different voices. And according to the data collected by the reporter, the conclusion is indeed worth questioning. What's on earth behind the different voices? And what's the behind the debatable overcapacity? And what's the real intention behind the policy?

First let's see the argument from the two sides.

As for the supporting side, according to the Opinions, "Polysilicon, belonging to the category of high-energy consumption and high-pollution products, is the fundamental materials in the information industry and in photovoltaic industry. In 2008, the polysilicon capacity in China is 20,000 tons, the output is 4000 tons and the capacity under construction is about 80, 000 tons, so the capacity is obviously excessive. And for the slow development of photovoltaic power generation, 98% of the solar battery output in China is used for export, which means exporting large amounts of energy in shortage"

The China Electronics Materials Industry Association once submitted a report to the National Development and Reform Commission, which said, "by the end of June in 2009, 19 enterprises had polysilicon projects put into operation, with the capacity reaching 30,000 tons/y and there are another 10 enterprises which have polysilicon projects under construction and expanded. And the total planned capacity is predicted to exceed 100,000 tons in 2010. However, the total demand of polysilicon in China in 2008 was just 17,000 tons."

According to my personal understanding, in the first document, there are some questions: Whether the capacity is excessive should be decided relative to the demand, but there is no data providing the information on the demand, so how do we judge whether it is overcapacity? Can the photovoltaic power generation in China be developed? In that way, is the polysilicon production capacity still excessive?

Actually before the OPINIONS came out, though the overcapacity of polysilicon was the view held by most of relevant regulating institutions, the voices against or questioning the overcapacity existed.

According to Zhao Yuwen, Vice Chairman of China Renewable Energy Society, the 4000 tons of polysilicon output in China in 2008 could only meet a quarter of market demand, and the other demand had to be meet through import. There are three kinds of capacity: planned capacity, constructed capacity and real output. Zhao said that the constructed project was likely to stop production and the planned capacity may not be fulfilled. According to the domestic demand in 2008, there was a still of supply shortage of 15,000 tons. It is conservatively estimated that the demand for polysilicon this year is about 28,000tons, but the output this year is only 14,000 tons or so, therefore, the current real capacity is not excessive.

Shi Dinghuan, Counselor of the State Council and Chairman of China Renewable Energy Society, also questioned the criterion for making the judgment of overcapacity.

Peng Xiaofeng, Chairman of LDK Solar Hi-Tech in Jiangxi Province also remarked that "excessive polysilicon capacity" was a general misunderstanding. In terms of the effective demand, the demand in the solar energy industry is far more than the production capacity.

Wang wenjing, Director of Solar Battery Technology Research Office of CAS Electrical Engineering Research Institute doubt the trueness of the data used for calculation of the total capacity. Since the data were reported by the enterprises or the local governments, there was great suspicion of misreport which exaggerates the capacity in order to get more subsidies from the government. Say, some companies claimed to build a polysilicon plant with capacity of 15,000 tons, but actually the first stage project only started with 3, 000 tons and the rest was just kind of possibility. And then through various layers of statistics in the industry, the conclusion of 100,000 tons of capacity was finally drawn out.

Liu Zhibo, Assistant of the President of Suntech Power Holdings in Wuxi revealed the judgment of Suntech, "Superficially the photovoltaic projects are quite in numbers and the industry seems to face the crisis of excessive capacity. But through analysis, the evidence is not sufficient to prove the capacity is excessive." According to Liu, the current order of Suntech indicated that the production task of the third and fourth quarter next year is large which suggests that the restrained capacity in the first half of this year began to be released. And it is predicted that the total sales volume would be rebounded. In addition, the grid-connected PV market's share in the total PV market grows rapidly and reached up to 96% in 2008. It is reported that the solar battery output of Jiangsu Province in the first half of 2009 is 740 gw and the polysilicon output is 2,500 tons. 2/3 enterprises need to import polysilicon from other provinces or abroad. And Suntech's import is exceeding 90%. Such a large amount of import showed that at least the polysilicon capacity is not excessive.

To judge whether the capacity is excessive or not is really a hard nut to crack. First of all, there are some questions which need to be made clear. How to define the overcapacity? Since the judgment directly influences the policy orientation, so the debate is actually worth very noting. But as the 10 ministries had promulgated the regulations, it seemed to make no sense in discussing whether the capacity is excessive or not. Nonetheless, I wanted to propose some questions behind the debate and the policy.

Questioning what's behind?

I have no doubt about the government's purpose in making the judgment and issuing the policy, it is for the healthy development of the industry. But I just wanted to broach some questions:

Concerning the data, to what extent is the statistics reliable? In terms of the planned capacity and capacity under construction, how much would the claimed 100, 000 tons of polysilicon capacity finally be brought into real production in next few years?

"In order to enjoy more preferential polices such as occupying more lands for plant construction or raising more funds, some companies would deliberately exaggerate their capacity in reporting to the government" said Wang Wenjin. Of course it is not necessarily the answer to the question. On the contrary, it may be the cause to raise the above question.

Given the characteristics of overcapacity, why are enterprises are so blind to the overcapacity and swarming to build or expand production capacity since overcapacity finally would bring great loss or even bankruptcy? Given the profit-seeking nature of enterprises, why does the government just publicize the status quo of the entire industry to let the enterprises make judgment themselves? To what extent is the measure effective in preventing the so-called polysilicon overcapacity?

As the origin of polysilicon in China, Emei Semi-conductor Material Plant has to entertain numbers of observation groups. Looking at the start of the polysilicon projects in different areas, Ding Guojing, Vice Director of the Plant felt that it was not the simple competition among the enterprises to conduct polysilicon projects, but actually the competition among local governments.

Dong Xiangjun, Director of Ruineng Silicon Material Co.,Ltd told the media, "When the company was established, all the procedures were handled by the local government. The enthusiasm of the local government was much higher than the enterprisers and investors. The essential reason is that our expecting considerable contribution to the local GDP." This just provides a clue for us to find the answer for the question.

At the time when China's government encouraged the development of new energy and the polysilicon capacity is excessive, why did 3 quarters of polysilicon still need to be imported? And ironically, why was 98% of solar battery used for export instead of being used for power generation in China?

If the capacity could be brought into production, the photovoltaic industry could be in a shape of inverted pyramid. According to Han Xiaoping, Vice Secretary General of Finance Commission of Beijing Enterprises Investment Association, the power generation by new energy, including photovoltaic power, all confront the difficulty of connecting the grid. Since the grids are mainly monopolized by State Grid Corporation of China and China Southern Power Grid, they, as the central SOEs, are not willing to have their performance affected by taking onto the grid the high-priced power generated by new energy and thus end up with placing themselves at the tail of the performance ranking list. In view of the central SOEs controlling power over the industry and market, He remarked, without the cooperation of those SOEs, it is hard to formulate and implement some polices, and the legislation of the price for photovoltaic power connecting the grid is just one case. "It is more an aftermath of market being restrained rather than a so-called overcapacity of polysilicon." Said Han.

So the author could not help asking, "If the photovoltaic and grid connecting chain could be developed soundly, is there still the voice of polysilicon overcapacity?

Is the polysilicon production polluted industry?

The OPINIONS defined clearly that the polysilicon production is high polluting and high-energy consumption industry. But just at the Clean Energy Summit held in Beijing on November 2, Li Junfeng, Vice Director of Energy Research Institute of NDRC, which is the key department to formulate the OPINIONS, said, "it is a misunderstanding that the polysilicon production industry is with high pollution. By the end of this year, the total output of polysilicon in the world is likely to be 60,000 tons and about 50,000 tons are produced in Norway, Japan and Germany. It is known to all that these countries are strict with the standard of environmental protection, which doesn't need my explanation. If the polysilicon production is highly polluting, these countries would not produce them in their own counties." His view is contradictory to the conclusion in the OPINION.

So there is question. Are all the polysilicon production processes polluting? If not, what kind of polysilicon production could result in highly pollution?

Measures in the OPINIONS

The OPINIONS stipulated that new polysilicon projects construction is restricted in the districts with high price for electricity and short of energy. Approval is not given to the polysilicon projects lacking matched comprehensive utility facilities and not complying with environmental protection standard. The OPINIONS encouraged the polysilicon production companies to ally and cooperate with the solar battery production companies at the downstream to extend the industrial chain. According to the OPINIONS, the size of the new polysilicon projects must be larger than 3000t/y, with the occupation area less than 6 hectares per thousand tons of polysilicon and the electricity consumption for reduction of solar-grade polysilicon less than 60kwh per kg. And among the reduced exhausts, the recovery rate for silicon tetrachloride must not be less than 98.5%, for hydrogen chloride not less than 99% and hydrogen not less than 99%. The government shall support the polysilicon companies to achieve joint operation of polysilicon production, power plant and chemical companies, and encourage the development of solar-grade polysilicon technologies which are energy saving and environmentally friendly so as to reduce the production cost. By 2011, it is planned to eliminate the polysilicon capacity of which the electricity consumption is more than 200 kwh/kg.

No matter whether the polysilicon capacity is excessive or not, we look to a healthy future for the promising new energy sector. But what would the result be? Let's wait and see.

Waiting for A Recovery in An Embarrassing Situation

By Liu Yuzheng

At present, China has a shipbuilding capacity of about 66 million dead weight tons (DWT). According to Shipbuilding Industry Restructuring and Revitalization Planning, China is targeting at taking a share of more than 35% in global shipbuilding completions in 2011, meaning a total production of 35 to 40 million DWT per year, of which 70% plus will be exported and the demand in domestic market totals 10 million DWT or so. Till then, more than one third of the constructed shipbuilding infrastructure is of overcapacities. Meanwhile, the shares of China-made high tech and high value-added ships and marine engineering equipments in global market are still low, which come to less than 10% and 5% respectively. With an unmatched ship complementary equipments industry, local equipments only take a share of less than 50%. It is estimated that nearly 50% of ship deck machinery will be dependent on imports in 2010. As to other equipments, like cabin equipments, marine communication and navigation automation systems, which have outdated technologies, will have a larger gap. Since the economic crisis broke out, shipbuilding companies have been in an embarrassing condition. On one hand, there is no new order; on the other hand, ship-owners reduce the budgets. In this way, it seems that selling complete ships becomes the only logical choice for shipbuilders. To those newly-built private shipbuilders, they are facing a pressure on surviving in this narrower market.

Now shipbuilders are still fighting for a survival, as they have no many new orders or the new orders are being driven down.

Selling complete ships seems to be the only logical choice for shipbuilders. For those new private shipbuilding companies, they are facing great pressures on surviving in a narrowing market.

Shipbuilding companies can't bear idle capacities

Finding a buyer for a complete ship is a usual choice of shipbuilders in Taizhou, Zhejiang Province. It is learned that there are as many as 84 ships without buyers now in total in Taizhou, which ties several dozen billion Yuan of capital and takes one million Yuan of maintaining fee per ship every month. Due to lack of cash, some enterprises may have to leave some ships unfinished. "We haven't had any production for three or four months," principal of Zhejiang Hongsheng Shipbuilding Company said. Now the company has three 23,000-ton bulk ships in the dockyard, taking nearly 500 million Yuan.

Among the new ship orders at present all over the world, about 25% are taken by emerging shipbuilders. From a financial point of view, these new orders may not have a smooth end. Some participant experts said that this problem is coming to surface in a certain number of shipbuilders in South Korea and China, and will be worse. "Some shipbuilding companies are estimated to close without finishing the orders," he said. And it is confirmed by shipbuilding companies. According to Zhan Xilong, general manager of Oriental Shipbuilding, "It's estimated that there will be 30% shipbuilders close down. Now the competition between shipbuilders is so fierce, with many companies face financial difficulties, some even can't secure the cash flow."

Taking the tailwind of this firm shipbuilding market in recent years, new shipbuilders emerge one after another. Nearly all these emerging companies are private enterprises, and most use down payments of ships as start-up capital. When companies purchase raw materials with the capital, the risings in prices and unsecured refund of advance payment add the difficulties of cash flow. There are also reports saying that 75% of the ordered ships have not secured capital required for new construction. From a conservative view, there will be 30% ordered ships face financial difficulties, amounting to 150 billion US dollars or so. Jiangsu Mingyang Shipbuilding Industry Company only received one order of four 2,000-ton container ships. What is worse, "They can make almost no profit from these ships," a related source said, "This is prevalent, at least for those medium and small-sized shipbuilders."

"If they could not find a buyer, whether the private companies can bear the financial burden of building ships is a vital problem," Zhang Ruimin, director of Zhejiang Taizhou Economic Committee, said, "If they can't bear the burden, not only the market recovery, but also the social stability will be affected." To this, Tang Pinghua, an industrial expert and vice president of Adfaith Management Consulting, said that recovery in shipbuilding market depends on global trade, which is unpredictable, therefore local governments should give a hand to those private shipbuilders.

Ship-owners are "tied up" on new ship orders

According to the latest statistics issued by China Shipbuilding Industry Association, from Jan to July of this year, shipbuilding industry in China completed ships of 18.78 million DWT, including only 7.87 million DWT of new orders, down by 78% from a year ago. As the shipping industry had a high profitability in recent years, many new ships were built and delivered to the market. However, facing a falling market, ship-owners had to give up these new ships, even they are in half way. Iron and steel market was in a sharp decline, with the prices down by half from those early this year. When ships are completed, the prices have decreased, and the buyers have gone, meaning shipbuilding companies are tied up on those ships. "The price for the same ship, which would be higher than 3 million dollars last year, may be down to 1.8 million dollars or so this year. But now, we can not find a buyer," an experienced sale manager said helplessly.

Earn a living room after risks

According to the latest statics, new shipbuilding companies hold nearly half of the total ship orders at hand, which comes to 44.5%, including 11.5 percent at the hand of totally inexperienced shipbuilders. In another major shipbuilding country, South Korea, new shipbuilding companies only take 21.8% of the orders, while the ratio in Japan is down to 0.3%. From this point, new shipbuilders in China still can find a room for living.

Established in Jiantiao Port in later half last year, Zhejiang Haihang Ship Building and Repairing Company now is constructing 13,000-DWT common cargo ships. "Now there is oversupply in domestic shipbuilding market, but also undersupply. Judging from current shipbuilding market, there are demands of engineering ships and special ships in the market," Zheng Xu, vice president of the company, said, "We know shipbuilding industry has its periodicity, and it will have its recovery." The problem lies in how to adapt to the market, strengthen the core competitiveness, update the shipbuilding model, improve industrial structure and carry out an honest operation theory.

It is learned that the company has orders for three special ships, beside this 13,000-DWT cargo. Tang Pinghua said: "State-owned enterprises can favor national policies, and take advantages of leading technologies and high value-added ships, to earn a living on the base of orders at hand. For new shipbuilders, they can only win orders by cost advantages, meaning lower prices, to win a share in this falling market."

Rising shipbuilding market pushes orders to increase

Shanghai Jiahao Ship Engineering Design Company Ltd is one of the first GEM-listing companies. According to Hu Ying, CFO of Shanghai Jiahao, as shipbuilding market starts to recover, the company had new orders of 30 million plus RMB in July and Aug. Till Aug 2009, the company had won orders of 77.21 million RMB in total, with marine engineering contracts taking 58% and ship engineering contracts taking 30%. "Last Oct, the financial crisis began to affect shipbuilding market, especially to ship-owners and shipbuilders. Changes in industrial environment put the project operation period longer, leading to fewer new orders and less advance payments, putting pressure on the cash flow," she said, "In the first half, Chinese shipbuilding industry had ship orders 80% less than those in the same period of last year. Cargo orders had a sharp decline, while marine engineering ship orders increase fast."

(Author: from shipping China. com)

CHANGCHUN: Spring City of North China

Although Changchun has been more than 200 years old, it is still a young city compared with other historical cities in China. It is located at the central part of Songliao Plain, covering a total area of 20,571 square kilometers (about 8,012 square miles). Being the capital city of Jilin province, Changchun is the political, economic and cultural center.

The present Changchun is charming city with several fine names which can give you a general impression of this big city.

Spring City of Northland: Changchun is of monsoon climate, located in the transitional belt from wet area to sub-dry area. The four seasons varies a lot and the climate is rather pleasant, therefore Changchun is honored Spring City of Northland.

Forest City: Woods, forest, people, city interweave together to show you a distinctive characteristic of Changchun. 39% of Changchun ground has been clothed with greenage, which makes Changchun one of top cities in this aspect. Green plants in and around Changchun make the city become a big oxygen bar, providing people to enjoy real fresh air.

City of Automobiles: Changchun is the cradle of Chinese automobile industry, a famous auto city in China. On July 13, 1956, a truck branded with Jiefang was produced, which opened a new age for Chinese auto industry. This truck was the first automobile entirely made by Chinese. Famous and Changchun International Automobile Fair makes Changchun a real City of Automobiles.

First Automotive Works (FAW), one of the top three Chinese automotive manufacturers, can be found in Changchun, capital of Jilin province in which automotive is the pillar industry. Currently, FAW is cooperating with automotive manufacturers like Volkswagen and Toyota. During the 50 years of development from July 1956, a complete automotive industry system has been formed with as core company First Automotive Works in Changchun (FAW).

City of Films: Changchun Film Studio was the first one after the found of Peopl's Republic of China. It is praised as the cradle of Chinese film industry. For dozens of years, a great many excellent domestic films and dubbed films were produced here which gained a good fame for Changchun Film Studio both at home and abroad. As a calling card of Changchun, ceremonious Changchun Film Festival has enhanced its honor City of Film. Film is an intermedium. People outside Changchun have known more about this city through film; while Changchun has presented more of itself by films.

See

As the capital city of Jilin Province, Changchun is blessed with many fantastic natural and historical attractions and the most important of these are listed here:

Jilin Provincial Museum

Built on the palace site of the late emperor of the Qing Dynasty, Jilin Provincial Museum exhibits historic and cultural relics from the Paleolithic and Neolithic Ages through the Yuan Dynasty to the Qing Dynasty.

Museum of Imperial Palace of Manchu State

Although the history became the history, the Museum of Imperial Palace of Manchu State still reminds us of the darkness at that period. It was here that Puyi, the last emperor of China was installed as the nominal head of state by the Japanese. The Puppet Emperor's Palace is located in the northeast of Changchun City. It is a series of buildings that are totally different from modern styles. The palace bears witness to the Japanese invasion of Dongbei (northeast part of China) and the royal tragedy of Puyi and his concubines.

Culture Square

Starting north of the crossroads of Xinmin Dajie and Jiefang Dalu, is a pleasant urban hangout which offers a glimpse into Changchun's Japanese imperial past. The square is surrounded by several historical buildings from the Manchukuo era. On the north end of the square sits the majestic former New Palace of the Emperor of Manchukuo, which was intended to replace the

Puppet Imperial Palace mentioned below. On the south end of the square are the former Manchukuo State Council and Military Affairs buildings. These buildings, which are now affiliated with Jilin University, offer prime examples of early Twentieth Century Japanese architecture. On the square, vendors sell kites and various other products. Many people fly kites from this square, while others play traditional Chinese instruments or just sit and relax. More

formal performances are sometimes held on a temporary stage set up near the high school. For casual visitors to Changchun, this is probably a good place to visit by taxi. Crossing the street to get to this location is a skill and best done with locals.

Wen Temple (Confucius Temple)

If you go to the east side of Yatai Dajie of Dong Er Dao Jie in Changchun, you will find the old Wen Temple. Constructed in 1827 it is dedicated to Confucius, most famous and influential educator and thinker in ancient China. Therefore Wen Temple is also called the Confucius Temple.

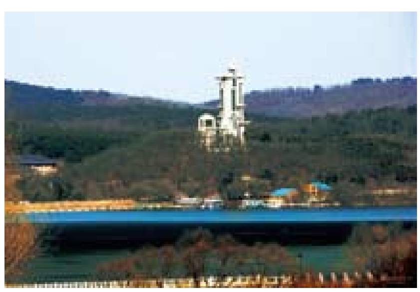
Nong'an Liao Tower

Nong'an Liao Tower (also known as the Buddha Tower) is in Nong'an County, about 60 kilometers (about 37.3 miles) from Changchun City. The records show that it was built between 983 and 1030 during the Liao Dynasty (916~1125). In view of its history spanning more that a thousand years, this ancient tower has become a must for those come to visit Changchun.

Jingyuetan National Forest Park

Jingyuetan National Forest Park

is located in the southeast part of Changchun City, about 18 kilometers (about 11.2 miles) away from the downtown area. Its name Jingyuetan



comes from its large crescent shaped lake. This national park is famous for its picturesque scenery; therefore it is revered as 'a tranquil place in a blatant city'. In addition Jingyuetan is also referred to as 'the sister lake of the Sun and Moon Lake in Taiwan'.

Changchun Film City

Located in the southwest suburb, Changchun Film City takes film art and culture as its main theme. It is a tourist attraction and a screen base of both movies and TV plays. Film World inside Changchun Film City is known as the 'Chinese Hollywood'. It is the core attraction of the film city, and has the largest indoor studios for dramas and MTVs in Asia. In addition Film World is also a first-class visitor attraction with sightseeing, dining and entertaining.

Nanhu Park (South Lake Park)

The largest park in Changchun, Nanhu Park is located in the south part of the city. In midsummer and early autumn of every year there will be lights festivals and other kinds of activities

involving folk customs. The cold winter period is the high time for Nanhu Park. Various kinds of activities, especially sledges pulled by dogs or camels, will give you a chance to taste a real winter and feel genuine happiness. The park almost feels like it is not part of a city, except that there is a good view of the skyscrapers in downtown Changchun across the lake. The park is a very safe place to wander around in the early evening.

Shengli Park

Shengli Park is the oldest park in Changchun. This park's great distinction is its collection of more than 5,000 rare water lilies.

Songhua Lake

Songhua Lake is in the east of Changchun, about 24 kilometers (about 14.9 miles) southeast of Jilin City. In fact Songhua Lake is a man-made lake, the largest lake and one of the most well known attractions in Jilin Province. It was formed in 1937 when Fengman Hydroelectric Power Station was built across Songhuajiang River. Surrounded by mighty mountains Songhua Lake is extremely beautiful and elegant.

shopping

There are three major shopping areas in Changchun: Chongqing Road (Chóngqìng Lù 重庆路), Guilin Road (Guìlin Lù 桂林路), and Hongqi Street (Hóngqí Jiē 红旗街).

Chongqing Road

It is the biggest selection of clothing shops and department stores in the whole city. The road intersects with Renmin Dajie (lit. People's Avenue 人民大街) and the shops continue for quite some distance to the west. There is a Wal-Mart and various other supermarkets at the far east end of the road as well as a Pizza Hut and Chartered, one of the most expensive shopping malls in Changchun.

Guilin Road

There are many restaurants in this area especially if you are interested in

Korean food. Be careful with Korean food in Changchun as many Korean restaurants specialize in "Dog pot" There is less overall choice than Chongqing Lu, but if you are looking for specifics, e.g. Korean fashions then is the best place in town, though the shops in this area are a little more expensive. This area can be extremely busy, and it is definitely a target area for younger shoppers.

Hongqi Street

It is to the west of Guilin Road and is the smallest of the three shopping areas. It is dominated by one of the better department stores in Changchun: Ouya. The 6th-8th floors of Ouya contain the largest electronics market in the city. You can find anything electronic here, from mp3 players to laptops, you name it.

INVESTMENT INFO

Investment Projects in Auto Industry

Project of passenger vehicle with annual production capacity 5000 sets of Changchun FAW Passenger Vehicle Co., Ltd.

1.1 Basic information of project undertaker

FAW Passenger Vehicle Co., Ltd. is a full-funded subsidiary of FAW Group in China and founded on September 30, 2002. The company headquarters is located at Changchun Economic and Technological Development Zone of Jilin Province with superior investment environment, covering an area of 12.6hm², with total assets RMB 1.03 billion Yuan.

1.2 Project construction content and scale

Products of the project include 8-12m complete frame passenger vehicles and 6-8m passenger vehicles, and 6-12m frame. Products are divided into urban passenger vehicles series and road passenger vehicles series. Annual production capacity for the 1st stage is 1250 sets, the 2nd stage is 2500 sets and the 3rd stage is 5000 sets.

1.3 Economic benefits forecast

Main economic benefits:

Year when the project reaches the full production capacity	Sales income	Total sales profit	VAT
2014	RMB 2960.0000 million	RMB182.9053 million	RMB 95.8018 million

Investment payoff period: 8.70 years(Including 2 years of construction period, after tax)Financial net represent value: RMB 219.8326 million (After tax)

Internal rate of return:18.43% (After tax)

1.4 Total investment and funds-raising of project

Total investment of the project is RMB 425.0388 million, wherein, the newly construction investment is RMB 263.8382 million, and initial working capital is RMB 161.2006 million Yuan.

According to the funds-raising plan, the newly added construction investment is RMB 42.5039 million, 16.11% of the newly construction investment; capital amount of the circulating fund (initial working fund) is RMB 161.2006 million, 30.00% of all circulating funds, and the total capital amount is RMB 203.7045 million, 47.93% of the total investment scale.

Of construction investment, the self-funding amount is RMB 221.3343 million, 83.89% of investment for newly added buildings (including interests occurred during construction). Of circulating funds, the debt capital amount is RMB 376.1348 million, 70.00% of all circulating funds.

1.5 Cooperative way

Joint investment and cooperation

1.6 What to be invested by foreign party

Investors can become shareholders with land, workshop, equipment, cash and etc.

1.7 Construction site of project

Changchun Economic and Technological Development Zone

1.8 The on-going condition of project

Pre-phase work has been completed.

1.9 Contact methods

Contact: Zhou Yiwen
Address: Room 1011, No.6188, Jilin Road, Changchun City, Jilin Province, 130031, China
Telephone No.: 86-431-8480 9296
Fax No.: 86-431-8480 9057
Mobile phone No.: 13353102767
Email: zyw9494@sina.com

Annual Produced 2.8-million Automobile Wheels Project of Gongzhuling City Zhongbei Wheel Manufacturing Co., Ltd.

1.1 Project Undertaker's Conditions

Gongzhuling City Zhongbei Wheel Manufacturing Co., Ltd., founded in September, 2008, originally called Gongzhuling City Beifang Wheel Plant and established in 1999, owns 1 light and heavy truck wheel production line, with the annual output of 30000 finished wheels and 0.9 million semi-finished wheels and the output value of RMB 35 million.

1.2 Main Construction Contents of Project

10000 m² of production workshop

The product plan of the project is the annual output of 2.8 million wheels of various automobile models.

1.3 Main Indexes of Economic Benefits Forecast

Table 1 Table of Main Indexes of Economic Benefits Forecast

No.	Name	Unit	Index	Remark
1	Business income	RMB 10,000 /y	56997.5	normal year
2	Total profit	RMB 10,000 /y	4916.8	
3	Taxes and duties	RMB 10,000 /y	4068.4	
4	Internal financial earnings ratio of the total investment	%	23.9	
5	Financial net present value(Ic=10%)	RMB 10,000 /y	3378.9	before the income tax
6	Repayment period of the total investment	year	4.8	incuding the construction period of 2 years (before the tax)

1.4 Total Investment and Fund-raising of Project

Table 2 Summary Table of the Total Investment of Project

Unit: RMB 10,000

No.	Name of the Expense	Amount of Investment	Proportion of the Total Project Investment%	Remark
1	Construction investment	13284.60	62.83	
2	Interests in the construction period	669.20	3.17	
3	Current capital	7188.30	34.00	
	Total investment of project（1+2+3）	21142.10	100.00	

Table 3 Fund-raising Table

Unit: RMB 10,000

No.	Capital Classification and Source	Capital Amount	Proportion in the Total Investment of Project (%)
1	Project Capital	21142.1	100
1.1	Construction investment	13284.6	62.83
1.2	Current capital	7188.3	33
1.3	Interests in the construction period	675.5	3.1
2	Debts	14331.1	67.78
2.1	Construction investment	9299.5	43.98
2.2	Current capital	5031.6	23.79
3	Total Investment of Project	21142.1	100.00

1.5 Cooperative Way of Project

Joint venture, cooperation or other ways, interviewed.

1.6 What to be invested by foreign party

Capital input.

1.7 Construction Site of Project

Hebei Village, Nanwaizi, Gongzhuling City

1.8 Project Progress

The project has been approved and established by the Development and Reform Commission of Jilin Province and the land requisition of the plant has been completed.

1.9 Contact Methods

Contact: Li Xiuzhong
Tel: 13331558863
E-mail: gzlzsbzs@163.com

Annual Produced 3-million Rare Earth Permanent Magnetic Closed Magentic Circuit and High-energy Ignition Coils Project of Liaoyuan Bofeng Automobile Electronic Manufacturing Co., Ltd.

1.1 Project Undertaker's Conditions

Liaoyuan City Bofeng Electronic Manufacturing Co., Ltd. is a nongovernmental new and high-tech enterprise mainly dealing with development, manufacturing and sales of the automobile electronic products. It has established the perfect automobile electronic engineering CAD development and design platform, with the powerful development and trial manufacturing capability of the new products. The company has passed the ISO/TS19649: 2002 quality management system certification and the ISO14001: 2004 environmental management system certification.

1.2 Project Construction Contents and Scale

The new building area for the project is 8988 m² and 183 main production equipments will be purchased. The construction scale is the annual output of 3 million rare earth permanent magnetic closed magnetic circuit and high-energy ignition coils.

1.3.1 Main Indexes of Economic Benefits Forecast

Table 1 Table of the Main Economic and Technological Indexes

No.	Name	Unit	Economic Index	Remark
1	Total Investment of Project	RMB 10,000	20924.5	
1.1	Construction investment	RMB 10,000	13269.70	
1.2	Interests in the construction period	RMB 10,000	867.9	
1.3	Current capital	RMB 10,000	6786.9	
2	Annual average sales income	RMB 10,000	39744	
3	Annual average added value tax	RMB 10,000	2388	
4	Annual average sales tax and extra charges	RMB 10,000	239	
5	Annual average total cost	RMB 10,000	30752	
6	Annual average total profit	RMB 10,000	6365	
7	Annual average income tax	RMB 10,000	1591	
8	Annual average net profit	RMB 10,000	4774	
9	Financial internal earnings ratio before the tax	%	31	
10	before the taxFinancial net present value	RMB 10,000	30076	
11	Investment repayment period before the tax	year	3.2	construction period excluded
12	Financial internal earnings ratio of the project after the tax	%	24	
13	Financial net present value after the tax	RMB 10,000	20473	
14	Investment repayment period after the tax	year	3.9	construction period excluded
15	Rate of return on total investment	%	35	normal year
16	Net profit rate of project capital	%	81	normal year
17	Loan repayment period	year	2.43	construction period excluded
18	Break even point	%	44	

1.4 Total Investment and Fund-raising of Project

Table 2 Summary Table of the Total Investment of Project

No.	Name of the Expense	Amount of Investment (Unit: RMB 10,000)	Proportion of the Total Project Investment%	Remark
1	Construction investment	13269.70	63.41	
2	Interests in the construction period	867.9	4.15	
3	Current capital	6786.9	32.44	
	Total Investment of Project（1+2+3）	20924.5	100.00	

Break New Ground on Storage of Carbon

By Audrey GUO

Under the 2005 EU-China NZEC agreement, the EU and China agreed to collaborate on CCS technology with the objective of demonstrating advanced, near zero emissions coal technology through CCS in China and the EU by 2020.

There is significant potential for carbon capture and storage (CCS) in China according to the findings of the first phase of the China-EU Near Zero Emissions Coal (NZEC) project which examined options for CCS in China and also built capacity and expertise. The key findings of the China-UK NZEC Initiative, and the China-EU 'COACH', 'STRACO$_2$' and 'GeoCapacity' projects presented today at a conference in Beijing were:

CCS in China could in the future provide a key low-carbon option for coal based energy supply and industry;

Once CCS is commercially established, the cost of deployment in China could lie in the range of €25-30 per tonne of CO_2;

There is potentially significant CO_2 storage capacity in saline aquifers and oilfields in Eastern and North Eastern China;

Appropriate regulation and standards on liability and safety will be necessary for CCS deployment.

Key findings of the China-UK NZEC Initiative included that once CCS is commercially established, the cost of deployment in China could be as low as £25 per tonne of CO_2 stored and that there is potentially suitable storage capacity for over 1,400 million tonnes of CO_2 in a saline aquifer and oilfields in the Songliao and Subei basins in North Eastern China. However, the oilfields are complex which will make injection more difficult and expensive. Further investigation of potential for saline aquifer storage in this region and aquifers and oil reservoirs more widely in China is needed.

The China-EU COACH project identified two demonstration scenarios for CCS in China using Integrated Gas Combined Cycle with pre-combustion CO_2 capture. Storage capacity for the Humin sub-basin saline aquifer was estimated to be 22 Gtonnes. The project identified an additional CO_2 storage capacity of 500 million tonnes in the oilfields of Dagang and Shengli, which have an estimated potential for oil recovery of 23-112 million tonnes.

The STRACO$_2$ project highlights that the regulatory framework that has been developed in the European Union can serve as a good example for ensuring an appropriate regulatory framework in China. One way forward could be to use a two-step approach providing sufficient legal certainty and flexibility for demonstrating CCS and then develop more comprehensive legislation on the basis of the experiences from the demonstration projects.

In the end of October in 2009, at the conference, EU Ambassador to China Serge Abou addressed: "No projections beyond 2020 give any realistic hope of stopping the climate crisis without applying CCS in the power sector. So it is time now for the EU and China to decide on the active promotion of carbon capture and storage. Last week the EU environment ministers asked us to take the NZEC project forward and confirmed that €57 million has been set aside as a contribution."

Serge Abou, EU Ambassador to China

In a video message to the conference, UK Secretary of State for Energy and Climate Change Ed Miliband said: "This collaboration is absolutely fundamental because it sends a message to the world about fifty days before the Copenhagen summit about the seriousness with which we are taking the issues of climate change and coal. NZEC is a crucial beacon for the world on how Europe and China can collaborate for the benefit of our environment and for prosperity, and I look forward to NZEC's success in future."

Director General Ma Yanhe of the Ministry of Science and Technology of China added: "China supports research, development and demonstration of CCS. It is a promising technology that can help achieve near-zero emissions from combustion of coal, although there are several outstanding issues. The Chinese government has taken an important step by establishing a leading group for cooperation with the EU on CCS. This group includes members of all relevant ministries."

The next phase of the China-EU NZEC project will help to design a CCS demonstration plant in China.

The two sides support acceleration of this goal, recognising the urgency to prove CCS technology. The European Commission is prepared to contribute €7 million to the next phase of the agreement which will conduct a feasibility study for a CCS demonstration plant in China with the intention to commence work in 2010. The UK has also pledged £6 million, providing that other European countries also contribute. Other EU countries are considering their participation.

The funding builds on the European Commission's contribution of approximately €5m to various CCS research projects including the COACH, STRACO$_2$ and GeoCapacity and the UK's support of up to £3.5 million to fund the China-UK NZEC Initiative. All comprised technical studies to explore options and scenarios for CCS in China and develop capacity and expertise.

CCPIT and USCBC, Bridging Sino-US Trade

Links

The US-China Business Council, Inc. (USCBC) is a private, nonpartisan, nonprofit organization of roughly 220 American companies that do business with China. Founded in 1973, USCBC has provided unmatched information, advisory, advocacy, and program services to its membership for more than three decades. Through its offices in Washington, DC; Beijing; and Shanghai, USCBC is uniquely positioned to serve its members' interests in the United States and China.

USCBC's mission is to expand the US-China commercial relationship to the benefit of its membership and, more broadly, the US economy. It favors constructive engagement with China to eliminate trade and investment barriers and develop a rules-based commercial environment that is predictable and transparent to all parties.

On November 4, Mr. Wan Jifei, President of CCPIT met the delegation of the US-China Business Council, Inc. (USCBC) led by Mr. Andrew Liveris, President of USCBC and chairman& CEO of the America's Dow Chemical.

President Wan remarked that over 30 years, the Sino-US trade cooperation has seen extraordinary progress. Many members of the delegation are old friends of China and the companies they work for also have made great success in trading with China. Even against the backdrop of the financial crisis, China is the highlight in the global operation of the American MNCs. As two big powers in the world, it is unavoidable to meet with some disagreement and dispute in the economic and trade exchange. Under this circumstance, it needs communication more between the two countries to search for the solutions to the problems by the means of dialogue and negotiation. Trade protectionism measures only would deepen the conflict. Anyway, the Sino-US relation keeps a steady momentum, which creates very good atmosphere for the economic cooperation between the two countries. Mr. Wan expressed his expectation that the enterprisers in the two countries could take the opportunities and focus on the future to contribute to the recovery and development of the economy of the two countries and even the whole world.

Mr. Andrew Liveris said that though there were some signs to show that the the American economy began to turn for better, the recovery was still not able to be accomplished in one stage and it needed the coordinated action of China and the US. USCBC has been supporting the Sino-US economic and trade cooperation and fighting against the trade protectionism, said Mr. Liveris. As for the problems arisen in the economic and trade exchange between China and US, the two countries could communicate through USCBC or the like mechanism to look for solutions.

At the meeting, Muhtar Kent, Chairman and CEO of Coca-Cola, Greg Brown, President and CEO of Motorola and other members of the delegation all presented their companies' operation and strategy in China and expressed their view on issues such as the national treatment enjoyed by the American companies in China as well as intellectual property protection and China further opening up the financial market, etc.

China-Esthonia Economic and Trade Cooperation Forum Held Successfully

On November 2, China-Esthonia Economic and Trade Cooperation Forum was held in Talinn, capital of Esthonia. Ansip, Premier of Esthonia, Zhang Dejiang, Vice Premier of China, Yu Ping, Vice President of CCPIT and Ruman, Chairman of the Esthonian Chamber of Commerce and Industry attended and addressed the forum.

In the keynote speech, Vice Premier Zhang pointed out that owing to the endeavor of business circles, the economic and technological cooperation between China and Esthonia kept broadening and the business circles in the two countries had increasingly close exchange. Mr. Zhang also proposed four suggestions on further deepening the bilateral trade cooperation between the two countries: deepening both the mutual understanding and practical cooperation; increasing the trade scale to promote balanced development; strengthening cooperation in investment and expanding cooperation fields; and utilizing efficiently the cooperation mechanism and building together the platform for closer cooperation.

Esthonia's strength lies in the information industry, shipping industry and the development and utilization of oil shale. In these fields, according to the address of the Premier, there is great potential and promising future for development. Premier Ansip extended his welcome to the Chinese enterprises to Esthonia for building up their businesses.

Mr. Yu Ping and Mr. Ruman also addressed this forum.

In this forum, the representatives from the business circles in the two countries respectively introduce the economic situation and investment environment in two countries. And in addition, more than 200 enterprisers from the countries had held about 150 matchmaking events, making agreement on multiple cooperation intention. This forum was proved to be a great success.

China Affirm Attendance at 2012 Expo in Yeosu Korea

By Guo Liqin

China has confirmed its participation in the 2012 World Expo in Yeosu, South Korea. On October 29, Wan Jifei, director of China's Council for the Promotion of International Trade, firmly handed over the affirmation document to the visiting 2012 World Expo organizing committee. This represents the beginning of China's preparations to attend the World Expo in 2012.

Wan said "The government of the People's Republic of China has decided to accept the invitation to participate in the 2012 World Expo in Yeosu, South Korea. China's Council for the Promotion of International Trade will be the organizer of the China Exhibition Hall. We sincerely wish them great success and would like better cooperation between the Shanghai Expo and the Yoesu Expo."

In the later news conference, Jiang dongxi, the commissioner of the Yoesu World Expo told China's Foreign Trade,"tThe Shanghai expo is a registered expo, just like a department store with comprehensive expos, while the Yeosu Expo is a recognized expo, like a specific store." A registered expo is unlimited in size and is normally open for half a year. Next year in Shanghai 70 million visitors are expected to see such an Exhibition. A recognized expo is a smaller exhibition which is limited to a size of 25 hectares and is normally open no longer than 3 months.

He continues, ",while tThe theme of the World Expo --Living Ocean and Coast- outlines the importance of sustainable development between human beings and the ocean. The most valuable thing we can learn from preparations for the Shanghai expo is its advanced green technology concepts, such as zero emissions. We hope the Shanghai expo will break people's stereotype of a world expo and we wish them every success."

Wan hopes that the 2010 Shanghai Expo and the 2012 Yeosu Expo will provide a platform for China and South Korea Both

countries aim to learn from each other and enhance mutual cooperation. "The affirmation dates back to early August 2008 when President Hu Jintao visited South Korea, the two parties signed the Memorandum of understanding for the cooperation and exchange between the Shanghai Expo and Yoesu Expo. More recently, during the Japanese and South Korean leader ministerial-level Trilateral Meetings held in October this year, Chinese premier Wen Jiabao reached an agreement on China's attendance at the Yoesu Expo in 2012. "said Wang jinzhen, Vice Chairman of CCPIT and chief representative of the Bureau of International Exhibition.

The 2012 World Expo in Yeosu will center on the subject "The Living Ocean and Coast - Diversity of Resources and Sustainable Activities". The event will last 93 days, starting from May 12th to August 12th in 2012. As of August 29, 2009, there are 29 countries and 3 international organizations that have confirmed their attendance. In Yeosu, 8 million visitors are expected to see this pageant, approximately 7% of which will come from outside South Korea.

The regularly held World Expos are among the largest events in the World. They are regarded to be the third largest event - after the Olympics Games and the World Cup in Football. The large registered Expo is - as a general rule - held every five years. A expo Next year in such an A rexpo is a smaller exhibition whichis .

Chinese Premier Wen Jiabao

Chinese premier says 2010 World Expo chance for China, world

The 2010 World Expo to be held in China is a chance both for the country and the world, said Premier Wen Jiabao at an international forum of the Shanghai Expo held in Beijing on November 12.

The forum, with the theme of "collecting global wisdom, jointly creating cities' future," is of great significance to enriching the meaning of the 2010 World Expo and promoting its success, Wen said. The premier said the Chinese expressed the wish to hold the World Expo in the country more than a century ago, but realized the dream only after the founding of New China and 30 years of rapid progress during the reform and opening-up drive.

To be held in the most populous developing nation in the world, the World Expo fully shows its strong vitality, Wen noted. He said China would continue to go all out for the event's preparations.

Wen also briefed on China's reaction on the global financial crisis and current economic situation. China has been active and responsible in coping with the global economic recession by earnestly dealing with its own business and comprehensively participating in international cooperation, Wen said.

China has always been paying great attention to comprehensive, coordinated and sustainable development and sticking to the expansion of domestic demand, especially consumption, as a foothold during the process of economic stimulus, Wen said. Facts show China's stimulus package is "timely, strong and effective," Wen said.

China will strike an appropriate balance between maintaining economic growth, restructuring the economy and managing the inflation expectations, Wen said. China will continue to implement active fiscal policy and moderately loose monetary policy amid the mounting evidence of consolidated economic recovery, Wen said. Chinese government unveiled a RMB 4-trillion (US$586 billion) stimulus package a year ago and industry stimulus and restructuring plans earlier this year for 10 sectors.

Hillary Clinton appeals for sponsorship for USA pavilion

US Secretary of State Hillary Clinton paid a visit to 2010 Shanghai Expo site on October 15th, when she appealed for sponsorship for the USA pavilion.

"I know there are some audience still contemplating sponsorship and maybe in negotiation with the USA pavilion team," she said. "Now it's the time to join this effort. We want to assemble the strongest team of partners possible."

Clinton addressed the sponsors in front of the USA pavilion, which finished topping-off last month. She extended her appreciation to sponsors including P&G, Honeywell, Intel and especially Boeing which agreed to double its contribution to US$2 million.

"We were grateful for your generosity and steadfast belief in the importance of the expo, in American role here and what this USA pavilion can do to strengthen the cooperation and partnership between the American people and people of China," Clinton said.

Jose H. Villarreal, US Commissioner General of Section of the US Exhibition to World Expo Shanghai 2010, said in September that the United States had raised about two thirds of its participation cost of 61 million dollars. Clinton said she was looking forward to returning to Shanghai next summer to see for herself what the pavilion would look like and tour the magnificent grounds.

Chile Pavilion is topped off

Visitors to the Chile Pavilion at the 2010 World Expo will look down a well and see, not their own reflections in the water, but scenes of Chilean life. That's because of a digital screen that will beam videos and pictures from the South American country. At the same time, Chileans at home will be able to see the curious faces of Expo visitors via cameras in the well. Chile released further details of its crystal cup pavilion structure on October 12th as workers topped the roof.

The country's president, Michelle Bachelet, attended the ceremony - the first head of a foreign state to visit the still-under-construction Expo site. "City of Relations," the 3,000-square-meter Chile Pavilion, is constructed of merging cylinders in silver and brown with a roof garden.

An artist's rendition of the Chile Pavilion

Hernan Somerville, commissioner general of the Chile Pavilion, said the pavilion is expected to have a daily attendance of 15,000 to 17,000."The Chile Pavilion in the 2010 World Expo is meant to establish a closer relationship between Chile and China, despite the long geographic distance," said Bachelet, the Chilean president.

"The pavilion aims at making China one of our closest national allies and enabling Chileans to benefit from exchange with this country." Bachelet visited the pavilion on October 12th and joined in the "Tijerales," a traditional end of construction celebration in Chile. With the last beam of the pavilion installed, Chile has become the first Latin American country to complete construction of its national pavilion.

Expo: EU unveils brainstorm

You will walk through a gigantic color-changing "brain cell" and then be dazzled by a spiral array of screens at the European Union Belgian Pavilion for the 2010 Shanghai World Expo.

The screens will show visitors the sights and sounds of European life as they head up a spiral path. The screens will allow visitors to see a 360-degree panorama of scenes from ancient European cities, their cultural diversity, wine and food and the latest science and technology.

The EU released details of its Expo exhibition as workers finished off the pavilion roof on October 13. "Intelligent Europe" has been chosen as the motto for the exhibition, which aims to create connections across national boundaries to achieve peace and prosperity.

"People are curious why the 27 member countries of the EU work together without any force that binds them," said Serge Abou, the EU Ambassador to China and Commissioner General of the EU Pavilion. "The answer is that we are all intelligent, so we work for the interests of everyone." The EU has a 1,000-square-meter exhibition area on the first floor of the EU Belgian Pavilion.

China Fairs & Expos

Building & Decoration Material

The 10th Beijing International Construction Machinery Exhibition & Seminar

Date: November, 2009
Frequency: Biennially
Year of the First Event: 1989
Venue: Beijing Jiuhua International Convention & Exhibition Center
Exhibits: excavating machinery, earth-moving machinery, industrial cranes, compacting machinery, road maintenance machinery, piling and underground construction machinery, concrete machinery, prestressed machinery, folklifts, logistics and industrial vehicles.
Web: www.e-bices.org
Host: China Construction Machinery Co., Ltd; China Council for the Promotion of International Trade Machinery Sub-council, China Construction Machinery Association
Organizer: China Construction Machinery Co., Ltd, China Council for the Promotion of International Trade Machinery Sub-council, China Construction Machinery Association
Add: No.46, Sanlihe Road, Xicheng District, Beijing, China, 100823
Tel: 86-10-68594982/68594939/68594979
Fax: 86-10-68594836
Email: kangwei@ccpitmsc.org
Contact person: Kang Wei

Economics and Trade

The 11th Fuzhou Spring Festival Goods Trade Fair

Date: November, 2009
Frequency: Yearly
Year of the first event: 1999
Venue: Fuzhou International Convention Center
Exhibits: food, beverage, liquid oil, Chinese famous old brands, native and special products, electronic appliance, furniture, kitchen ware, hair dressing, beauty, photography, etc
Web: www.nianhuohui.com
Host: Fuzhou Times Classic Convention and Exhibition Co., Ltd
Organizer: Fuzhou Times Classic Convention and Exhibition Co., Ltd
Add: F4, Building 6, Hongxing Industry Zone, No.15 North 2nd Ring East Road, Jin'an Fuzhou, China
Tel: 86-591-83268407/83100837
Fax: 86-591-83200614
Email: xie_wanghua@163.com
Contact person: Xie Wanghua

China (Guangzhou) International Franchise Exhibition

Date: November 11, 2009
Frequency: Yearly
Year of the first event: 1998
Venue: Guangzhou Jinhan Exhibition Center
Exhibits: Catering food, auto service, beauty health and other franchise projects, etc
Web: www.franchisechina.com
Host: China Council for the Promotion of International Trade
Organizer: Guangzhou International Exhibition Co., Ltd
Add: Rm 2318, Shimao South Road, No.371 Huangshi East Road, Guangzhou, Guangdong, China, 510095
Tel: 86-20-87318525
Email: gzfair@ccpit.org

Food & Beverage

Crossing Taiwan Strait Tea Expo

Date: November, 2009
Year of the first event: 2007
Venue: Wuyishan Scenic Golf Exhibition Center
Exhibits: tea, tea sets, tea drinks, tea food, packaging machinery, professional tea market, etc
Web: www.wyscbh.com
Host: People's Government of Fujian
Organizer: People's Government of Nanping, People's Government of Wuyishan
Tel: 86-595-22500137

2009 China International Food Industry Economic and Trade Fair

Date: November, 2009
Frequency: Yearly
Year of the first event: 2005
Venue: Zhongshan Huangpu International Convention and Exhibition Center
Web: www.foodonline.gov.cn
Host: Guangdong Economic and Trade Commission, China Food Industry Association, Zhongshan Municipal People's Commodity Market Committee of China General Chamber of Commerce, Guangdong Food Industry Association
Organizer: Zhongshan Economic and Trade Bureau, Zhongshan Tourism Bureau, People's Government of Zhongshan Huangpu, Zhongshan Huangpu Industry Development Co., Ltd, Convention and Exhibition Center
Add: China International Food Industry Demonstration Base, Huangpu Town, Zhongshan, Guangdong, China, 528429
Tel: 86-760-23300111
Fax: 86-760-23978838
Email: hpicec@126.com
Contact person: Xing Yukai

Machine Tool & Electric Equipment

China International All-in-glass Exhibition

Date: November 11, 2009
Frequency: Biennially
Year of the first event: 2007
Venue: Chinese Export Commodities Fair Pazhou Complex Center
Exhibits: glass manufacture and manufacture technology, glass processing and forming, tool and repair components, glass products and application etc
Host: China Foreign Tarde Center Group, Dusseldorf Exhibition (China) Co., Ltd
Organizer: China Foreign Trade Guangzhou Exhibition Corporation, Dusseldorf Exhibition
Add: Rm 615B, Building 15, No.117, Liuhua Road, Guangzhou, Guangdong, China, 510000
Tel: 86-20-83335853
Fax: 86-20-86680925-02
Email: glass@fairwindow.com.cn
Contact person: Ye Zhiqun

Petroleum & Chemical Industry

The 3rd China International Petroleum and Chemical Safety Facilities and Technology Exhibition

Date: November, 2009
Frequency: Yearly
Year of the First Event: 2007
Venue: Nanjing International Exhibition Center
Exhibits: explosion protection electronic products, security protction, individual protection, firefighting equipment, inspection apparatus, security production administration organization, consulting service, assessment, authentication, etc
Web: www.chemsafe.cn
Host: China Petroleum and Chemical Industry Association
Organizer: China Council for the Promotion of International Trade Chemical Industry Sub-Council
Add: Rm 466, No.16 Building, Hepingli Seven Community, Beijing, China, 100013
Tel: 86-10-64283093
Fax: 86-10-84292987
Contact person: Dong Qingli
Email: dongqingli@ccpitchem.org.cn

2009 China Yiwu International Fine Chemical Industry Exhibition

Date: November, 2009
Frequency: Yearly
Year of the First Event: 2008
Venue: Yiwu Meihu Convention and Exhibition Center
Exhibits: bamboo/wooden craftwork, bamboo toy, bamboo daily product, bamboo carbon product, forestry food, bamboo processing machinery,etc
Host: Forestory Office of Zhejiang Province
Organizer: People's Government of Yiwu, Zhejiang Forestory Industry
Add: Floor 16, Hepingli 7 District, Dongcheng District, Beijing, China, 10001328
Tel: 86-10-84292988
Fax: 86-10-84292988
Contact person: Mo Kai
Email: mokai@ccpitchem.org.cn

Shoes & Leather

2009 Putian International Shoemaking Technology, Equipment, Materials Show

Date: November, 2009
Frequency: Yearly
Year of the first event: 2006
Venue: Putian Arts & Crafts City Exhibition Center
Exhibits: shoemaking technology, equipment, materials, etc
Host: People's Governemtn of Futian, China Council for the Promotion of International Trade Fujian Sub-Council, Fujian Shoes Machinery Chamber
Organizer: Fujian Hualing Exhibition Co., Ltd
Add: Foreign Trade Center Building, No. 75, Wusi Raod, Fuzhou, Fujian, China, 350001
Tel: 86-591-8723561
Fax: 86-591-87513632
Contact person: Mr. Li

Transportation

The 4th China Guangzhou International Maritime Trade Fair (INMEX China)

Date: November 11, 2009
Frequency: Yearly
Year of the first event: 2006
Venue: Guangzhou Jinhan Exhibition Center
Exhibits: ship design and building, ship repair machinery and equipment, navigation and communication system, Maritime publishing, etc
Web: www.inmexchina.cn
Host: China Association of the National Shipbuilding Industry, Chinese Society of Navai Architects and Architects and Marine Engineers
Organizer: AuchExpo, IIR Exhibition Pte. Ltd
Add: Rm 1102, Guangzhou Trade Plaza, No.268. Dongfeng Middle Road, Guangzhou, Guangdong, China, 510030
Tel: 86-20-83391768
Fax: 86-20-83300152
Email: expoart@vip.163.com
Contact person: Zhang Qinghua

Sports & Leisure

International Sports Facilities Expo 2009 China-Powered by FSB

Date: November, 2009
Year of the first event: 2005
Venue: China International Exhibition Center
Exhibits: sports facilities, pools and wellness facilities
Web: www.isfe-china.cn
Add: Rm 1018, Liangmahe 2 Building, 8, North Dongsanhuan Road, Beijing, China, 100004
Tel: 86-10-65907766-736
Fax: 86-10-65906139
Email: h.chen@koelnmesse.cn
Contact person: Chen Han

Textile &Costume

The 13th China (Humen) International Fashion Fair

Date: November, 2009
Frequency: Yearly
Year of the first event: 1997
Venue: Yellow River Fashion City
Exhibits: various types of clothing, all types of fabrics and accessories, all types of garment machinery and equipment, etc
Web: www.humen.com
Host: People's Governemtn of Dongguan, Guangdong Clothing & Accessories Association; the association of fashion designers of Guangdong Province
Organizer: Humen Clothing & Accessories Association, The Association of Fashion Designers in Humen Dongguan, Humen Clothing & Textile Industry Association the Surface Material Branch
Add: 2F, Government Building, No.10 Humen Road, Humen Country Dongguan, Guangdong, China, 523902
Tel: 86-769-85505391
Fax: 86-769-85509289
Email: fashion@humen.com
Contact person: Ms. He

The 14h Guangzhou(Jinhan) Garment and Fashion Exhibition

Date: November, 2009
Frequency: Yearly
Venue: Poly World Trade Center
Exhibits: fashion, garment, household products, etc
Web: fair.tradepolywtc.com
Host: Guangzhou Poly International Trade and Investment Co., Ltd, Guangzhou Poly Jinhan Exhibition Co., Ltd
Organizer: Guangzhou Poly International Trade and Investment Co., Ltd, Guangzhou Poly Jinhan Exhibition Co., Ltd
Add: 19 F, North Block, Poly International Plaza, No.688, Yuejiang Mid Road, Haizhu District, Guangzhou, Guangdong, China, 510308
Tel: 86-20-89899606
Fax: 86-20-89899111
Email: lydia@jinhanfair.net
Contact person: Ms Zhu

2009 China (Yiwu) International Stock, Knitting and Dyeing and Finishing Maninery Exhibition

Date: November 18-20, 2009
Frequency: Yearly
Year of the First Event: 2000
Venue: Yiwu Meihu Convention and Exhibition Center
Exhibits: knitting machinery, dyeing and finishing machinery, garment machinery, trademark printing machinery, textile machinery accessories, yarn, fiber, textile accessocries, etc
Host: China Council for the Promotion of International Trade Zhejiang Sub-Council, Zhejiang China Commodities City Group Co., Ltd, Yashi Exhibition Service Co., Ltd
Organizer: Zhejiang Yiwu China Commodities City Group Co., Ltd; China Commodities City Meihu Convention International Exhibition Center; Zhejiang Economic and Trade International Exhibition Center Co., Ltd
Add: No.301, Binwang Road, Yiwu, Zhejiang, China, 322000
Tel: 86-579-85415801
Fax: 86-579-85415444
Contact person: Chen Guosong
Email: cgs@chinafairs.org

Survey on Current Conditions of and Intention for Outbound Investment by Chinese Enterprises (Part II)

China Council for the Promotion of International Trade

(April, 2009)

Executive Summary

After two preliminary trials in 2005 and 2006, China Council for the Promotion of International Trade (CCPIT) conducted the "Survey on Current Conditions of and Intention for Outbound Investment by Chinese Enterprises" from December of 2008 to February of 2009. We standardized the samples and enlarged the scale to present an in-depth landscape of the current conditions of and intention for outbound investment by Chinese enterprises as China adopts the "Going Global" strategy to encourage outbound investment, and the development of outbound investment by comparing the results of this survey and the previous two surveys. This survey was also intended to find out Chinese enterprises' opinions on and demand for the "Going Global" policies and service system adopted by the Chinese government.

The survey was organized by CCPIT and conducted by the 19 sub-councils of CCPIT, i.e. Jiangsu, Guangdong, Shenzhen, Dalian, Guangxi, Jinan, Sichuan, Shaanxi, Wuhan, Shanghai, Zhuhai, Henan, Hunan, Xiamen, Guangzhou, Yunnan, Hangzhou, Hebei and Electronics & Information Industry Sub-council. The survey covered member enterprises of CCPIT that have been engaged in import and export and whose annual revenues exceed RMB 1 million. However, because the samples were taken randomly, some enterprises which are not up to the requirements were also taken as samples.

The survey was taken in the form of questionnaire which consists of questions on the current conditions of and intention for outbound investment by Chinese enterprises, profile of Chinese enterprises and their opinions on the "Going Global" policies and service system of the Chinese government. The questionnaire was directly completed by the samples or under the assistance of the personnel of CCPIT sub-councils. The survey was conducted between December of 2008 and February of 2009. 46% of the questionnaires, 1,104 in number, were retrieved.

The similar surveys in 2005 and 2006 were jointly conducted by CCPIT and Asia Pacific Foundation of Canada (APF). APF also rendered much assistance for this survey. In addition, some local and industrial sub-councils of CCPIT helped the head office in distributing and retrieving the questionnaire. We hereby express our gratitude to them for their assistance.

* **Notes:** For more details of the survey report, please contact Mr. Lu Ning by +86-10-88075706, Economic Information Department of CCPIT. Or visit www.ccpit.org to update CCPIT's information and events.

Chapter III Region-specific and Industry-specific Comparisons

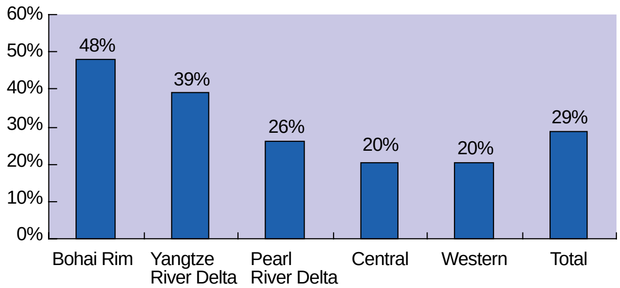
I. Region-specific comparison

We divide China into five regions, i.e. Bohai Rim, the Yangtze River Delta, the Pearl River Delta, Central and Western regions. The surveyed enterprises in these regions are compared in terms of current conditions of and future intention for outbound investment.

1. Proportion of enterprises and size of outbound investment

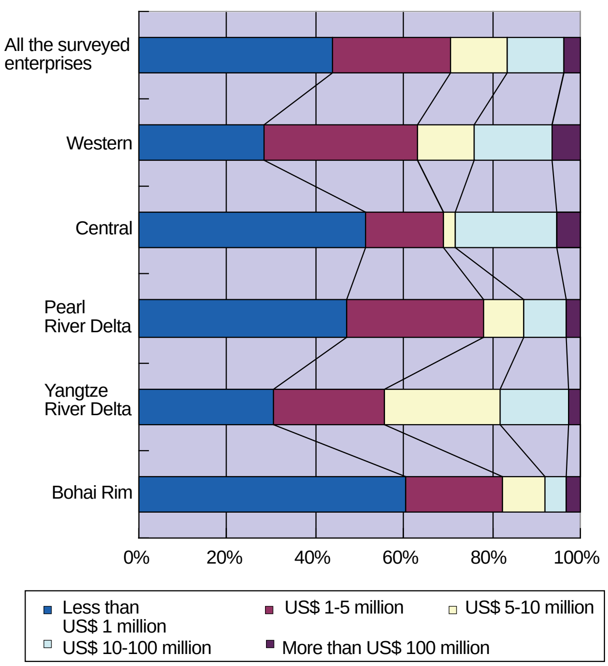
By region, Bohai Rim region reports the largest proportion, where nearly half of the enterprises invest overseas. The Yangtze River Delta region and the Pearl River Delta region come the second and third respectively. In contrast, only 20% of the surveyed enterprises in Central and Western China invest overseas. This is because the eastern coastal areas are more economically developed and open than the central and western regions.

Graph 3.1: Region-specific ratio of enterprises investing overseas to surveyed enterprises



When comparing the size of existing investment, we find that 80% of the surveyed enterprises in the Bohai Rim region invest less than US$ 5 million overseas. It is similar case in the Pearl River Delta region, where nearly 80% of the surveyed enterprises invest less than US$ 5 million. The size of outbound investment by enterprises in the Yangtze River Delta region is balanced, as nearly 45% of the enterprises invest more than US$ 5 million overseas. Interestingly, the proportion of enterprises in central and western regions that invest more than US$ 10 million overseas is higher than that in the Bohai Rim, the Yangtze River Delta and the Pearl River Delta regions.

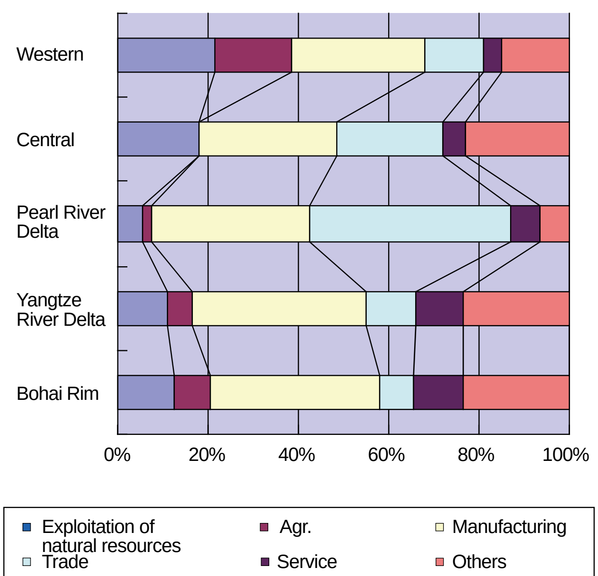
Graph 3.2: Region-specific investment size



2. Industry-specific comparison

In all the regions, over or nearly 30% of the surveyed enterprises invest in manufacturing. This shows that manufacturing is the first target industry for outbound investment from Chinese enterprises. Besides, the Bohai Rim region reports a larger proportion of enterprises that invest in service industry, but a smaller proportion of enterprises investing in trade and agriculture. Enterprises in the Yangtze River Delta region invest evenly in the development of natural resources, trade and service industries, with 10% of them invest in these industries respectively. Enterprises in the Pearl River Delta region mainly invest in trade and manufacturing. Less than 10% of them invest in other industries respectively. In addition to manufacturing, enterprises in the Central region mainly invest in the development of natural resources and trade. A very small proportion of them invest in agriculture. Enterprises in the Western region invest evenly in different industries. Investment from this region is diversified because except for service industry which sees a small proportion of investors, the development of natural resources, agriculture, manufacturing and trade industries attract a large proportion of investors.

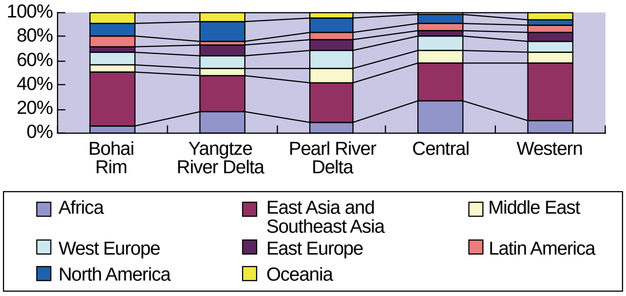
Graph 3.3: Region-specific target industries



3. Comparison of destination

East Asia and Southeast Asia are the first destinations for investment from the surveyed enterprises, which attract investment from over 30% of the enterprises in different regions of China. Investment from the Bohai Rim region mainly goes to East Asia, Southeast Asia, West Europe and North America. In addition to East Asia and Southeast Asia, enterprises in the Yangtze River Delta region invest more in Africa, America and Europe. Many enterprises in the Pearl River Delta region invest in East Asia, Southeast Asia, the Middle East, Europe and North America. Enterprises in Central region mainly invest in Africa, East Asia, Southeast Asia and West Europe which are destinations for investment from over 60% of enterprises in the Central region. In addition to East Asia and Southeast Asia, investment from the Western region is dispersedly distributed in other areas. Less than 10% of enterprises in the Western region invest in Africa, Middle East, Europe, Latin America and North America respectively.

Graph 3.4: Region-specific destinations



4. Comparison of transnationality

Table 3.1:

Region-specific comparison of transnationality

	FATA	FSTS	NI
Bohai Rim	20.1%	22.3%	1.69
Yangtze River Delta	24.0%	23.0%	2.22
Pearl River Delta	21.6%	22.6%	2.57
Central	21.3%	20.4%	2.02
Western	27.4%	20.9%	1.96

By FATA, enterprises in the Western region report the highest transnationality, followed by those in the Yangtze River Delta, Pearl River Delta and Central regions. The FATA of enterprises in the Bohai Rim region is the lowest. Because a larger proportion of enterprises in the Western region invest in the development of natural resources and agriculture than their counterparts in the Central region, their FATA is higher.

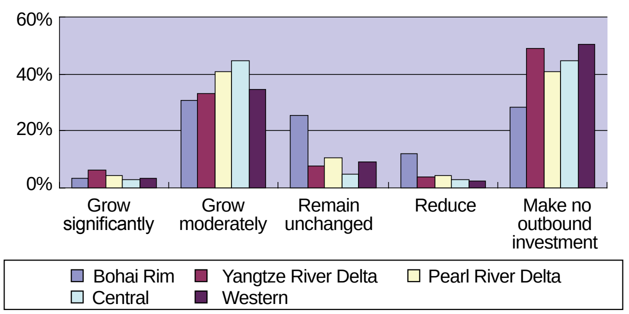
If measured by FSTS, enterprises in the Yangtze River Delta region register the highest transnationality, followed by those in the Pearl River Delta region and Bohai Rim region. Enterprises in the Central and Western regions report the lowest transnationality. This aligns with the region-specific level of economic development and openness.

If measured by NI, enterprises in the Pearl River Delta and the Yangtze River Delta regions register the highest transnationality, followed by those in the Central and Western regions. Enterprises in the Bohai Rim region report the lowest NI. This reflects the fact that enterprises in this region mainly invest in Korea and Japan.

5. Comparison of future investment intention

Over 40% of the enterprises in different regions are expected to reduce their outbound investment or will not invest overseas in the future. Comparatively speaking, enterprises in the Bohai Rim, Pearl River Delta and Central regions are more willing to invest overseas in the future. Over half of the enterprises in these regions will increase or maintain their overseas investment in the next two years. Less than half of the enterprises in the Yangtze River Delta and Western regions will increase or maintain their overseas investment in the coming two years.

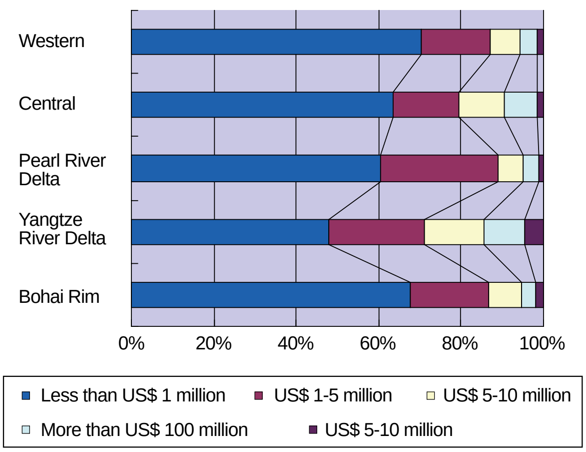
Graph 3.5: Region-specific investment intention



6. Comparison of investment size

The size of future investment by enterprises in different regions is expected to be small in the future. Nearly or over 70% of the enterprises in these regions indicate that their future outbound investment will be limited within US$5 million in the next three years. Comparatively speaking, more enterprises in the Yangtze River Delta region are expected to make large investment in the next three years. Quite a proportion of enterprises in the Central region will make large investment in the future.

Graph 3.6: Region-specific future investment size



II. Industry-specific comparison

The surveyed enterprises are widely distributed in many industries. There are 132 textile/garment, hat and shoe enterprises, 82 chemical enterprises, 238 machinery/equipment makers, 50 constructors, 84 agricultural and agricultural product producing enterprises, 100 IT enterprises and 72 natural resource developers. There are fewer samples in other industries. Therefore, we mainly surveyed the current conditions of and future intention for outbound investment in these industries.

1. Industry-specific number of enterprises that invest overseas

Over 50% of the surveyed IT enterprises, more than 40% in the construction industry and 30% in natural resource development and agricultural industries invest overseas. A smaller proportion of enterprises in the chemical industry invest overseas.

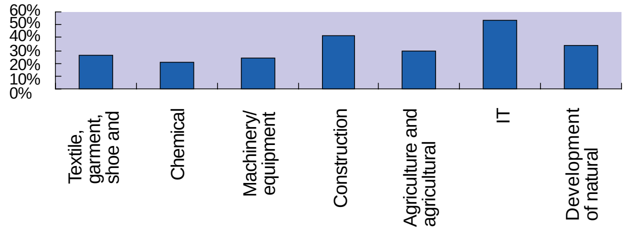
2. Industry-specific investment size

Among all the enterprises in different industries that invest overseas, more than 50% of them invest less than US$5 million. Comparatively speaking, investment made by enterprises in IT and natural resource development industries is larger.

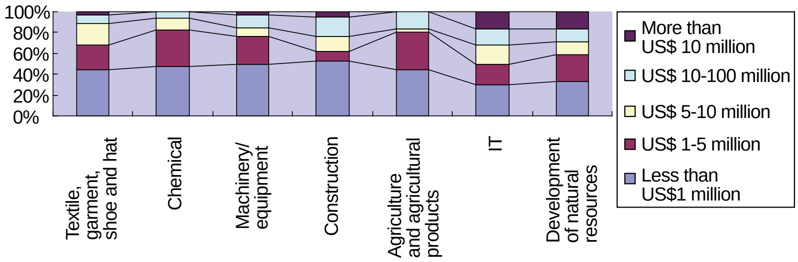
3. Industry-specific distribution of outbound investment destinations

Over 50% of the enterprises in all industries invest in East

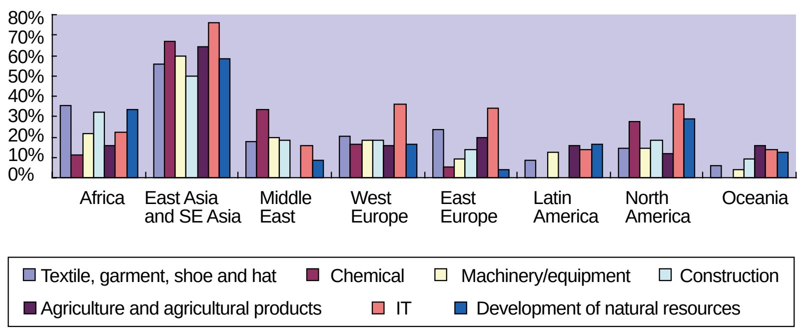
Graph 3.7: IT and construction industries register a larger proportion of enterprises that invest overseas



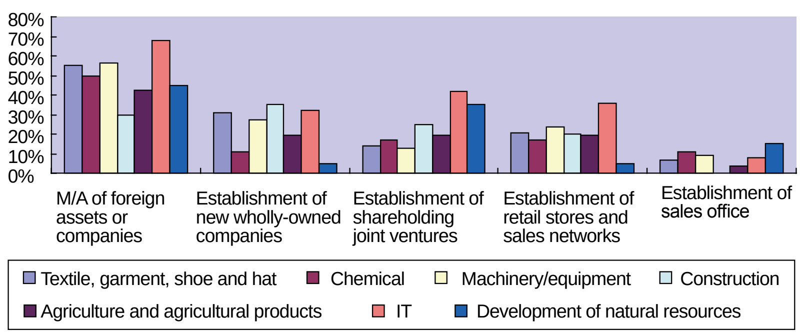
Graph 3.8: Industry-specific investment size



Graph 3.9: All the industries invest the most in East Asia and Southeast Asia. IT enterprises report more widely-distributed investment destinations



Graph 3.10: The establishment of sales offices is the first choice of mostindustries



Asia and Southeast Asia. In addition to East Asia and Southeast Asia, enterprises in textile, garment, hat and shoe industries make large investment in Africa and Europe, enterprises in chemical industry invest a lot in the Middle East and North America, enterprises in machinery/equipment and construction industries invest more in Africa, and agricultural and agricultural product producing enterprises make larger investment in Europe. The investment from IT enterprises is widely distributed. Over 20% of the IT enterprises invest in Africa, East Europe, West Europe and North America. Enterprises in different industries make smaller investment in Latin America and Oceania. The industry-specific distribution of outbound investment destinations accords with the industry development level and industrial appeal of different regions.

4. Industry-specific comparison of outbound investment models

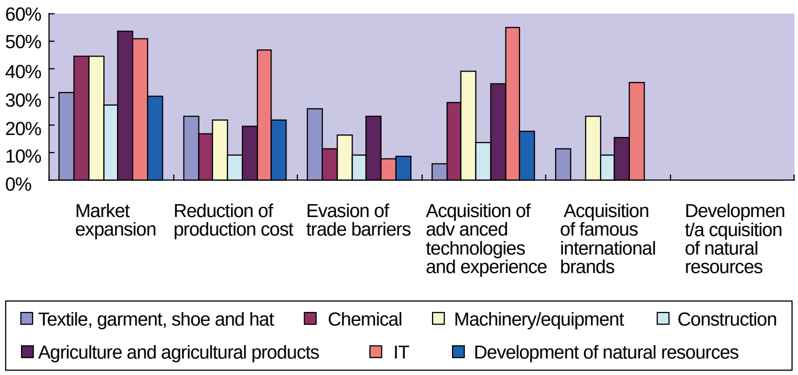
Except for construction industry, enterprises in other industries mostly choose to invest overseas by setting up overseas sales offices except for the construction industry where enterprises have diversified models of outbound investment. Quite a proportion of them choose to establish sales networks, sales offices, or set up joint ventures with local partners or wholly-owned companies. IT enterprises also have diversified outbound investment models. Except for M&A, each model is adopted by over 30% of IT enterprises. M&A is adopted more by enterprises in the natural resource development and chemical industries.

5. Industry-specific comparison of investment purposes

Market expansion is obviously a primary purpose for Chinese enterprises in different industries to invest overseas. But except for this, the investment purposes vary from industry to industry. Textile, garment, hat and shoe making enterprises invest overseas also for the purpose of lowering the cost and evading trading barriers, chemical enterprises for the purpose of acquiring natural resources, advanced technologies and managerial experience, machinery/equipment makers mainly to obtain advanced technologies, managerial experience and famous international brands, and constructors mainly to expand the market. Agricultural enterprises invest overseas for diversified purposes, including cost reduction, acquisition of technologies, evasion of trade barriers and acquisition of resources. IT enterprises invest overseas for three major purposes, i.e. cost reduction, acquisition of technologies and brands. The acquisition of natural resources is undoubtedly the main purpose for the investment from natural resource development enterprises. For these enterprises, market expansion is the secondary purpose.

Chinese enterprises basically follow the principle of bringing their advantages into full play and offsetting their weaknesses. This indicates that they have taken outbound investment as a long-term strategy, and make rational decisions on outbound investment.

Graph 3.11: The investment purposes vary from industry to industry



6. Industry-specific transnationality

By FATA, enterprises in resource development industry report the highest transnationality, followed by chemical enterprises and enterprises in machinery/ equipment manufacturing and construction industries. The transnationality of IT enterprises is the lowest.

If by FSTS, enterprises in textile, garment, hat and shoe making industry register the highest transnationality, followed by enterprises in agricultural and construction industries. The transnationality of enterprises in chemical and machinery/ equipment manufacturing industries is the lowest.

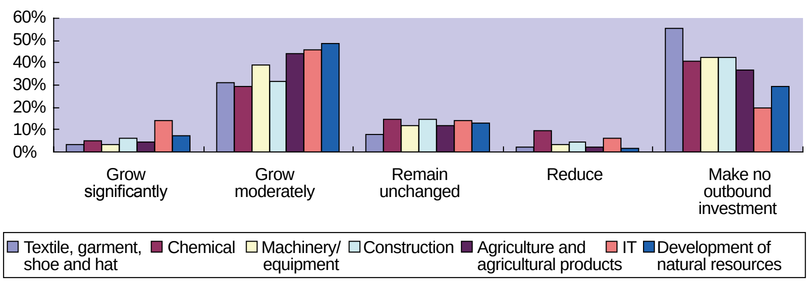
If by NI, IT enterprises report the highest transnationality. On average, each IT enterprise invests in over three countries. The transnationality of enterprises in machinery/ equipment manufacturing, textile, garment, hat and shoe making industries comes the second. The NI of chemical enterprises is the lowest, with each enterprise investing in less than two countries on average.

Table 3.1:

Industry-specific TNI

	FATA	FSTS	NI
Textile/Garment/Hat/Shoe	23%	25%	2.29
Chemical	26%	20%	1.61
Machinery/Equipment	24%	20%	2.32
Construction	24%	23%	2.17
Agricultural and agricultural products	22%	23%	2.03
IT	21%	21%	3.48
Development of natural resources	27%	21%	2.15

Graph 3.12: In the coming two years, quite proportion of enterprises in different industries decide to reduce their overseas investment or not to invest overseas at all



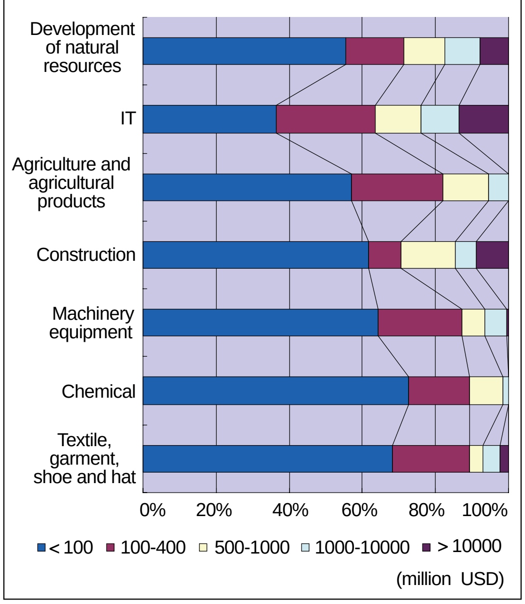
7. Industry-specific investment intention

In the next two years, quite a proportion of enterprises in different industries decide to reduce their overseas investment or not to invest overseas at all. Over 50% of the enterprises in textile, garment, hat and shoe making industries indicate that they will not invest overseas. This proportion in IT enterprises is much smaller, which is only 20%. A certain proportion of enterprises in different industries indicate that they will increase their overseas investment to an appropriate level. Only in the IT industry, more than 10% of the enterprises clearly indicate that they will increase their outbound investment. In general, IT enterprises are more willing to invest overseas, followed by resource development enterprises. Textile and garment enterprises are the least willing to investment overseas in the future.

8. Industry-specific investment size

In the next 3-5 years, the size of investment from all industries will remain small. IT enterprises are most likely to make large investment overseas, followed by enterprises in resource development and construction industries.

Graph 3.13: In the next three years, the outbound investment from different industries will remain small in size



(To be continued)

Insight of
The New Shipping Structure

By Wang Siyuan

Last year, the financial crisis sourced in USA caused shipping market to decline. All at once, global economy's environment, industrial structure, capital value and supply chain structure changed greatly, marking the beginning of world economic fission. Great fission brings chances of great consolidation. Just one year after the financial crisis broke out, shipping industry participants are standing at the point of consolidation, considering a light, strong, clear strategy for this new shipping and trade industrial trend.

On last global shipping summit, some experts expected shipping industry to recover at the end of 2009. Just on the day one year after the financial crisis, can we say shipping economy has bottomed out as the experts said? Different answers were given to the question during the 4th Global Shipping Summit by shipping industry participants from all over world.

Global economy still in "cold winter"

According Qian Yongchang, former Minister of Ministry of Communications PRC and chairman of China Communications and Transportation Association, now global economy had a certain recovery, but the future was still unclear. The latest predict by International Monetary Fund said that world economic growth rate may down to 1.5%, the lowest since World War Two. In the 2009 Trade and Development Report recently issued by United Nations Conference on Trade and Development, the financial had a largest influence in depth and width never seen before, affected almost all economic entities, and most countries and regions experienced declines in exports and increases in unemployment rate, which resulted in decreasing family income, millions of people fall back under the poverty line and worsening life of the population of extreme poverty.

During the speech, Li Zhen, president assistant of Sinotrans Changjiang Shipping Corporation, said that, in the first half of 2009, major economic entities in the world faced double-digit decline in both fixed capital formation and manufacturing industry output. In 2009, decline in global GDP is expected to be over 2.5%; USA would have a huger debt and the unemployment rate would come to a point of near record high; Japanese economy would falter at times, with a sure sharp recession; EU economy would continue to decline, and finish in negative growth this year.

At the same time, developing countries are having a stagnant or declining economy. India, Brazil, Russia and China, the BRIC have a slowing down economic growth rate in 2009, and manufacturing output has a sharp decline. The GDP in Latin America and the Caribbean may decrease by 2% or so in 2009, especially in Mexico, which is experiencing a severe recession. While East Asia and Southeast Asia maintain a GDP growth rate of 3% to 4% in 2009, the rate in West Asia will be negative, as some economic entities there have been affected by sharp decline in financial assets, fixed assets and oil prices. The dependence on finished products exports may bring Southeastern economy under the same downturn trend. According to the data from CIS Interstate Statistical Committee, the first half of 2009 saw industrial production and fixed assets investment in member countries of CIS decrease by 15% in average from a year ago, GDP down by 9% in average, quantity of shipments down by 20% in average and retail trade value down 4% in average. In 2009, CIS economy will down by 5.4% from a year ago, said in UN's 2009 World Economic Situation and Prospects.

Though global economy showed signs of recovery recently, the economic problems in USA are unsettled, leaving lots of bad debts to be cleared, banks closing down and also credit cards problem. Some large enterprises, such as GM, are still in process of bankruptcy and regrouping. All these problems put great pressure on domestic consumption in USA and global market. UNCTAD also pointed out that economic winter was not over, and sharp decreases in economic entities' profits, over-investments in real estate in the past and rising unemployment rate will continue to limit private consumption and investment in predictable future. As the crisis put an influence all over the world, any new expansion in trade will depend on the recovery of regional consumption and investment. In 2009, it is estimated that there will be a 11% decline in trade. And, it is expected that global GDP will bottom up till 2010, but still lower than 1.6%.

Judging from this, global economy is in a severe recession: international market shrinks and global trade growth rate slows down accordingly, and international financial crisis still worsens, without any signs of bottoming out.

"Shipping industry will have a later recovery than the whole economy."

It is no doubt that the unstable market will put shipping industry under a long and severer winter. Based on current market situation, Li Zhen had an analysis as follows;

Shipping industry is a periodic industry. In recent years, booming shipping industry induced ship-owners to place more ship orders and brought more ships to market, resulting overcapacity in shipping. Even leaving the decreasing demand aside, unbalanced supply and demand relation will cause the downturn period and structure adjustment in shipping industry. What's more, declining shipments caused by the financial crisis even worsens the performance of shipping companies.

The economic crisis has different levels of influence on three major shipping markets. First, as to the dry bulk market, the market had a rebound, better than market expectation and also better than oil and container transportation markets for many reasons. However, entering the third quarter, downturn trend took the predominant in the market. BDI index downed to 663 on 5th Dec 2008 from 3,000 at early Oct 2008, and stably rebound to 2,376 on 9th Oct 2009 from 772 on 5th Jan 2009, peaking at 4,291 on 3rd June. The main reasons for market fluctuating includes:

a. Due to the international financial crisis and a weak fundamental for international economic development, prices for bulk original commodities in global market are in the historical low level. Meanwhile, China central government carries out a series of economic stimulating projects, especially the investments in infrastructure, which will boost the increases in iron ores and coal greatly. Besides, prices for raw material products went down, causing more imports of copper, zinc, bauxite, graphite, and soybeans into China, which pushed up international dry bulk market.

b. Shipping capacity has a much less increase than expected, as fewer new ships are delivering to market and more aging ships are demolished.

c. International dry bulk market leading the rebound in Feb, attracting international speculative hot money and shipping hedge fund again took predominant of the market, leading a rapid switch from fluid tightness to fluid excess, especially those major international investment banks, including Morgan Stanley Investment Bank, Goldman Sachs and Merrill Lynch, who paid off the government's financial funding, and therefore escape the monitoring of US government and gain more space for speculation.

d. Due to the expectation on demand recovery around the world except China, prices for iron ores hike, but the weak imports of iron ores leading to a reduction in transportation cost.

Second, oil transport market is still in slump. As influence from the financial crisis on global oil demand gradually spreads, oil demand in developing countries began to decrease, and demand from in developed countries drops more quickly. Meanwhile, oil shipping capacity has an accelerated growth. According to the statistics by Clarkson, as of July 1st, the world's active tanker fleet (ten thousand DWT or above ships) totaled 5142 (425 million dwt), representing a growth of 4.5% than early this year. With a decline in shipping demand and expanded size of tanker fleets, transportation costs for crude oil downed to historical low. From Jan 2nd 2009 to Oct 9th 2009, index for crude oil freight averaged 560, with the highest of 849 on January 2nd, and the lowest of 453 on April 15th. 2009 to 2010 will be the peak of new vessels delivery. According to statistics by Clarkson, as of July 1, new ship orders totaled 146.9 million dwt, with 35.9 million dwt to be delivered in the second half, accounting for 8.4% of the total capacity. Of which, VLCC orders amount to 64.8 million dwt, with 10.7 million dwt to be delivered in the second half, accounting for 6.7% of total VLCC capacity. While the requirements for shipping in later half would be lightly higher than that of the first half, due to a rapid increase and overcapacity in oil transportation capacity, especially in VLCC, crude oil transportation market will maintain weak.

Third, container transportation market has been influenced the most. Since this international financial crisis broke out, demands for imported products from USA, Japan and Euro area and other main developed economic entities in the world shrunk greatly, causing a sharply decreased international trade. Meanwhile, increasing trade protectionism worsens the trade environment. For the reasons mentioned above, demand for container shipping weakened in the first half of 2009. According to the latest report from Drewry Shipping Consultants, in the first half, Asia-to-Europe westward line had the first half-year decline in shipping volume since 2003, meaning nearly 20% down from a year ago; Trans-Pacific eastward line decreased by 18% or so from the same period in 2008; most sub-artery lines also saw different decreases in shipping volume. Facing this over-supply situation in global container market, ship-owners and ship-operators have contracted the shipping capacity and achieved some effect, but contracted capacity is less than the new capacity, making overall capacity continue to increase. Due to oversupply in shipping capacity, shipping companies launched fierce price competition to secure a market share, leading to lower freight. According to the statistics, freights for three major lines in the first quarter decreased by 37% (Asia to Europe Westward Line), 12% (Trans-Pacific Eastward Line) and 17% (Trans-Atlantic Westward Line) respectively from those of last quarter, all marking the largest quarter decrease since 1993.

As the three markets are still weak, shipping companies had lower profits, with some companies even faced worsening performances. According to Drewry's analysis, the overall profits in the three major lines in the first quarter decreased by 57%, 20% and 23% respectively from a year ago, with some companies encountered losses. In the second quarter, shipping companies had even lower profits. Drewry estimated that some companies may have little cash flow, as the banks tighten the credit, leaving more companies to close down by year end. According to previous expectation of this consultant company, container transportation in 2009 would be 47.10 million containers in total, down by 10.3% from a year ago, marking a loss of 20 billion Yuan as an industry. A number of shipping companies have issued half-year performance results, with most have losses. On July 27th, three major liners in Japan all announced of losses in April to June, with a loss of 46.82 billion Yen (500 million US dollars) in total. In 2008, four small-sized shipping companies closed down. To date, several shipping companies have applied for bankruptcy protection and been in process of winding-up.

New structure will be formed in shipping market

Summing up the views and opinions on Global Shipping Summit, global shipping industry may show characters or trends as follows;

First, global shipping industry will experience a long-term M&A and regroup period.

At present, shipping industry is lack of driving forces for a recovery, which is decided by the over-capacity industrial structure and its own character in the industry. Before the financial crisis, shipping industry was in a boom, with new ship orders increasing greatly, resulting over-capacity now and in new future. Though new orders now decrease sharply, which avoids shipping crisis ahead of time, the number of newly delivered ships will have a clear increase in next three years, resulting a larger increase in capacity than demand when international trade market bottoms out, therefore restraining the reviving and booming of shipping market. Meanwhile, as shipping industry is an industry of dense capital and technologies and also an industry of high investments and high risks, its capital and technical feature decides that there will be a long period of assets upgrading and outdated assets washing-out. With outdated capacities predominant in the market, it is hard for global shipping market to recover. This financial crisis will cause a great change in international trade structure, leading a structure adjustment in shipping market. Outdated capacities will finally be washed out, and M&A and regrouping among shipping companies will come along with this process, leading to monopoly competition in global shipping market. In the Guiding Opinions of the SASAC about Promoting the Adjustment of State-owned Capital and the Reorganization of State-owned Enterprises, Chinese government clearly pointed out that state-owned economy should have absolute control on seven important industries including shipping industry. Under the environment of lifting Chinese shipping companies' international competitiveness and securing the Chinese transportation safety, integration of shipping industry in China is a certain trend in the future.

Second, cooperation and alliance will be popular in future shipping market.

Strengthening the cooperation on shipping can help to reduce costs and the risks on global economy and to improve the competitiveness. In a slump economic environment, shipping companies and logistics companies, shipping companies and cargo owners should join together and share the resources to find a joint development way. Even those shipping companies or logistics companies that are competing with each other should seek chances for cooperation, and find a win-win development way. At present, among the top 20 liners, except the top three who keep independent operation, others have established alliance in the major three east to west lines, including Maersk, MSC and CMA, who are cooperating with other container liners.

Third, shipping industrial chain will further extend.

In a broad way, shipping industry is a part of logistics industry. In fact, shipping industry and modern logistics industry are complementary. In a slump economic environment, shipping companies need to integrate along the downstream and upstream of supply chain, to make up the loss in main business and provide integrated logistics services. Establishing a modern logistics service system is a main target of shipping companies' business operation strategy. This is the result of global economic and trade development and requirements in the market, and also need for shipping companies' self-development. For this, shipping companies should extend shipping chain at both ends, boost inland site construction, optimize the integrated transportation of road, railway and waterway, and provide customized full-circle logistics service to specific clients.

Fourth, global shipping center is moving to China.

With global economic center is shifting, the shipping center of the world moved from Europe to America and now is moving to China and Asia. Since 1978 China launched reform and open policy, international products, capital and other production elements are transferring to Asia at a higher speed. China also maintains a high economic growth rate, and gradually melts into global economic integration and becomes one of the engines for global economic development. Under the boost of quick economic and trade development in Asian countries and regions, local shipping industry had a hike, with international shipping resources gather in Asia, especially in East Asia, China. Now China is constructing three international shipping centers based on three port groups in Bohai Bay, Changjiang River Triangle and Pearle River Triangle, meaning North China Shipping Center supported by Tianjin Port, Dalian Port, Qingdao Port and so on, Shanghai International Shipping Center centering on Shanghai and taking Jiangsu and Zhejiang as the wings, Hong Kong International Shipping Center supported by Shenzhen, Guangzhou and Hong Kong. The three shipping centers are just following the requirements of eastward global economic center and rapid growing Chinese economy.

Qian Yongchang answered questions from guests as follows. "Facing current crisis, we should first carry out favor micro economic policies to maintain a healthy financial system, as financial organizations' over innovation and maximum of profits were policy reasons for global financial crisis, so they acquire commitment and control of corresponding risks. Therefore, we need to improve financial environment, strengthen financial supervision system, make financial organizations more transparent and establish effective market discipline. However, this is not a simple question. Second, we need to strengthen international cooperation, reduce trade friction. Trade protectionism fierce the conflicts and hit international shipping industry. International shipping industry should establish a long and stable cooperation relation, to avoid the risks from trade barriers. This cooperation can stabilize international market while eliminate the risks from trade protectionism," he said.

(Author: from shipping China.com)

A Tangible Bridge

— An interview with Mr. Sun Ciyi, Secretary General of Shanghai Pudong Medical Device Trade Association

On January 21, 2009, the State Council has approved *The Opinion on Further Reform of Medicine and Sanitation System*. This new proposal pointed that the government will invest RMB 850 billion for 5 medical reforms during 2009 to 2011. According to relevant statistics, the total sales value of the medical devices in the world in 2008 was about RMB 336 billion with an increase rate of 12%, which occupies 50% of the whole medicine market. Due to the economic depression in USA and Europe, the markets of China, Japan and India become more important. It is expected that China will still keep an increase rate of 8% in 2009. To be further informed about the medical device industry in China, *China's Foreign Trade* conducted an interview with Mr. Sun Ciyi, Secretary General of Shanghai Pudong Medical Device Trade Association.

Q: As the Secretary General of Shanghai Pudong Medical Device Trade Association (referred as "the Association"), you have worked in the medical industry for many years. Could you tell us your opinion about the current situation of medical device market in China?

A: The development of the medical device market in China still has a long journey. Currently, about one-fourth of the medical device in our country is for export, but these products are mainly mid-and low-end level which lack of technology. We still have very strong dependence on import of high-end medical devices including the key technology and spare parts. Now the three biggest medical device markets in the world is USA, the EU, Japan, but China is the most potential one. Although China has many reforms these years in the medical field; however, from the entire medical hardware instruments, we still have a very big gap with the developed countries. Furthermore, in China, there is a big difference between the coastal cities and inland cities. Currently, many medical institutions are under the updating of medical devices, together with the new reform measures from the government, the potential of China's medical device market is quite obvious.

Q: Shanghai Pudong Medical Device Trade Association is a newly established social association, what are the main functions of this Association?

A: Our association was founded on December 18, 2008 with the great support from Shanghai Waigaoqiao Free Trade Zone Administration Committee, Shanghai Municipal Food & Drug Administration Pudong District Office and Shanghai Waigaoqiao Group Co., Ltd. The Association is the unique group member of Shanghai Medical Instrument Association (SMIA), voluntarily formed and composed by leading multinational medical device corporations including Siemens, GE, Johnson & Johnson, 3M, BD, Fresenius, Zimmer, Boston Scientific, Synthes, Terumo etc. We undertake relevant functional missions in Shanghai area like strategic plan of the industry, compliance education, international communication and cooperation.

Q: Recently we heard that the Association is setting up a medical instrument exhibition and trade center in China International Commodity Center. Could you release more details on the exhibition and trade center?

A: This center is named as International Medical Instrument Trade & Exhibition Center, which is a platform to help foreign companies to enter the medical instruments market of China. Through the platform, they can demonstrate their new products and look for opportunities to sell them in China. Meanwhile, they can follow up the after-sale service here. As a matter of fact, this center is co-founded by three parties: Shanghai Waigaoqiao Modern Service Trade Development Co., Ltd. (referred as "SWMS") who is the operation company of the CICC; Shanghai Pharmaceutical Distribution Co., Ltd. (referred as "SHPDC"), who is jointly invested by Shanghai Pharmaceuticals Group and SWMS; and the third party is our association.

We aim to establish a professional platform. To be "Professional" means through this platform, our clients can enjoy the professional services and supports related with medical devices. That's why this center is co-founded by three parties as each one has its advantages.

Firstly, the SWMS is the operation company of this center who has successful experience to help foreign investors to enter the Chinese market. It owns a strong and professional team with rich experience in international trade and bonded exhibitions.

Secondly, the SHPDC is engaged in sales and distribution of pharmaceutical products with matured sales network all over the country. The third party is our association, what we do is to (offer related services and help the investors solve problems in their business development in China), like business consulting, training and coordination with relevant government departments etc.

Q. Why did the three parties cooperate to form such a center?

A. The meaning of the center for the three different parties is different. For SWMS, who has already set up two successful centers (machine tools center, wine & beverage center), the medical instrument center is the trade platform. Shanghai Waigaoqiao Free Trade Zone has many companies who are dealing with the medical devices business in China. The government of Waigaoqiao has already the plan to build a platform to better serve these companies. Developing and establishing the professional platform can be regarded as the mission of SWMS. For SHPDC, who has the strong basis in the medical devices industry, this center can be used to improve and expand our comprehensive services to our member companies As for the Association, we exist by providing the services for our members, but we need a platform to deepen our services offered by the government. We need to transform our intangible platform into a tangible platform.

Q. What's the advantage for China International Commodity Center to be located in Shanghai Waigaoqiao Free Trade Zone?

A. We all admit that China is a very big market; however, it still has risk for foreign investors to enter a new market. Before the imported medical instruments enter the Chinese market, there is still a pretty long process for getting importing permits and some time to follow up the necessary import procedures. However, even you have got the permits and licenses concerned, and paid import customs tariff and VAT, and warehousing cost etc, you still have to undertake potential risk of market . If you cannot find buyer, you are not able to refund import tariffs if you want to return the products back to original country. Based on the bonded exhibition function of CICC, you can begin to demonstrate your products to potential buyers before you get the import permits, you can look for your clients, and meanwhile deal with the applying permit procedure. If you find your products are not fitful Chinese market, you can return it back without paying the customs duty or VAT, so you can avoid huge potential risk and cost.

On Aug 12, 2009, Shanghai Waigaoqiao Free Trade Zone was just awarded the "Shanghai Waigaoqiao International Trade Model Area". The recent goal is that Waigaoqiao will occupy 50% of the import volume of Shanghai. The middle goal is that Waigaoqiao will become the distribution center in Shanghai and Yangtze River Delta region. The future goal is that Waigaoqiao will be built as the international trade city with the convenient trade process and international conventions in the world.

Q. Now it is the initial process of the establishment of this center. Do you have any plan or process of the development of this center?

A. The first phase of this center is 2000 square meters which includes showrooms, the test & training space, the maintenance warehouse of spare parts, the commercial areas, etc. This area is mainly provided for the medium and small sized foreign companies, which may entrusted their products to us. The phase II is also about 2000 square meters, which is mainly provided for those companies who want to set up its own company and operate by themselves). The total space of the center will be 15,000 sq.m.

Q. If a foreign investor choose the center to set up its China branch, what benefits the investor can obtain from it?

A. I think the main benefits we may offer to our foreign clients are: low space cost, flexible demonstration mode, convenient import process and all-round import services. For foreign investors, they want to minimize the initial investment, particularly in the special economic depression period. They are not familiar with the local laws, regulations and operation modes. They need the most convenient operation mode and the supporting services. That's why this professional center of medical instruments will be founded. Here, they can enjoy the unique preferential policies and measures to facilitate their international trade in China. We help them to enter China's market, faster and easier. What we built is a tangible bridge to guide our customers to China.

Hu Huafeng:
Building Chinese Clothing Brand in Italy

With the pursuit of enterprise's healthy and rapid development, Hu Huafeng has set a clear strategic goal for his company, making Hengsheng one of the well-known Italian local enterprises and creating a Made-in-Italy Chinese clothing brand. He is now aiming at digging the business value more deeply to achieve full breakthrough as a Chinese in this field.

On June 5, 2009, an old castle located in the outskirts of Rome, Italy gathered thousands of people, including Italian celebrities in business circles, politics, film and television industry, fashion industry, as well as a multitude of mass media. On that day, the old castle would be holding the release of the clothing brand called EIGHTH SIN's fall and winter collection. The host of this release is Hu Huafeng and Hu Huadong, brothers from Wencheng, Wenzhou, China.

Hu Huafeng is the chairman of Rome Hengsheng Trading Group, vice president of the Rome Overseas Chinese Trade Federation, vice president of Wenzhou Chamber of Commerce in Guangzhou, and the executive vice president of the Clothing Branch of the Wenzhou Chamber of Commerce in Guangzhou. Hu Huafeng was born in a family of educational background, with his parents both being teachers. Fine family atmosphere cultivated Hu's virtues of uprightness, diligence, wisdom, and responsibility. In the past two decades, he has been regarding clothing as the whole meaning of his life, and working selflessly and wholeheartedly to challenge new heights and set new goals constantly. His success confirms the saying "hide one's ingenuity in clumsiness". It also explains the national virtue which reads "As heaven maintains vigor through movements, a gentle man should constantly strive for self-perfection. As earth's condition is receptive devotion, a gentle man should hold the outer world with broad mind."

The clothing factory earned by ironing

In 1990s, after graduating from Wenzhou University, Hu Huafeng had been engaged in educational work for six months. With Wenzhou people's courage and determination of "dare to be the first", Hu quit his job and came to Italy. When he ar-

rived, Hu worked in a local Chinese restaurant as a waiter and began learning the language at the same time. With the dream of creating his clothing career, he of course would not stay in the restaurant for long. After mastering Italian, Hu went to his cousin's clothing company and started with the ironing clothes.

While working as a presser, Hu Huafeng began to pay attention to the overall operation of the clothing company. Hu's wife recalls, "He was following his boss all the time, and asked the boss to let him go to the company and communicate with workers and practitioner in this industry. At that time, he already decided to open a clothing company of his own."

In 1996, Hu Huafeng finally opened his own clothing factory. He started all that from scratch, and began his business road with multi-roles as boss, worker, and driver.

Early days were always difficult, and Hu often had to run up the clothes overnight till 5 or 6 in the morning and then delivered them to client companies more than 100 kilometers away. Sometimes he even had to help ironing and control the quality. But it was just such things he did by himself that earned him a solid business foundation. Through the cooperation with the Italian counterparts, Hu humbly learned from them fashion design techniques and management experiences. During this process, he had completed the original capital accumulation.

Building the Chinese clothing brand in Italy

From the 1990s, the overseas clothing wholesale market became extremely booming. Many Chinese earned high profits through buying low-grade clothing in China and selling them at high price abroad. Piazza Vittorio in Rome was such a place for "making quick money by doing wholesale". Located near the Rome train station, Piazza Vittorio brought together nearly 600 large and small Chinese clothing wholesale companies, of which 90% were Wenzhou enterprises.

"Many companies were not stable. They may be good in one or two quarters, but they were also vulnerable when being subjected to the impact of other companies. Their competitiveness disappeared easily." Hu Huafeng said, "In 1999, we were doing processing business with an Italian company. At that time, Italians began to import more jackets directly from China, because processing cost is much higher in Italy."

"Then I realized that there might be a crisis. If the Italians all went to China to import clothes, the Chinese companies in Italy would have the problem of insufficient volume of business." With the sense of crisis about the future of clothing wholesale market, Hu Huafeng decided to create his own clothing brand. However, his decision had met with unanimous oppositions from his friends and family.

Hu's relatives and friends thought that the wholesale business and clothing brand were completely different.

For wholesale, the profit counts on the volume. If the price is reasonable, cash will immediately be withdrawn. However, creating a brand would take a lot more time in making patterns, examining the designs and manufacturing. In wholesale business, if you use air transportation, you can make turnovers at least four times per year. But for creating brands, the turnovers are at most two times. Thus, the loss of profit is enormous.

Although there were many dissenting voices and the reality of profits going down, Hu Huafeng still thought that the way the wholesale companies earn profits was not stable. It was fast to make money from the price differences at home and abroad, but it was also vulnerable to the impact of the international environment, especially in the context of financial crisis.

In addition, perhaps because his parents are both teachers, and he and his wife had also been engaged in educational work, apart from making money, Hu Huafeng has a pursuit of achieving in-depth business value, i.e. to create the Chinese clothing brand in Italy. In 1999, Hu rented a wholesale clothing store in Piazza Vittorio in Rome to found Hengsheng Trading Company and began his career of clothing trading.

Since the beginning, Hu Huafeng had regarded the creation of the brand as the only way for company's development. He set up his own production base in Wenzhou, Zhejiang to maximize the advantage of abundant labor resources in the hometown. Besides, on the brand building, he insisted hiring local Italian designers, marketing personnel and promotional planners. This is because Hu wanted to create a local business in Italy.

Marketing Director Salvatore's remarks praised Hu Huafeng's business strategy, "Chinese clothing companies have huge market in Italy, and Italian workers have the high quality and high standards in making garments, as well as the ability to communicate and develop the market. Therefore, the cooperation of the Chinese boss and Italian staff will surely give the company a promising future."

With flexible mode of operation and human-friendly concept of cooperation, Hu Huafeng was always able to grasp the trend of fashion, avant-garde, and leisure in product design. He continued to explore innovation in fabric, design, workmanship, and packaging, etc., along with the pursuit of unique style, excellence, and perfection. Depending on his forward-looking decisions, sensitive awareness, and unique understanding of the clothing industry, Hu quickly made his brand "YES! MISS" get popularity in Rome, and then in the European clothing market. This brand has won him high international profile and reputation.

Europe is the most cutting-edge palace for fashion, and the design talent born with the Italians makes the Apennine peninsula flow with latest fashion elements everywhere. The environment as well as his keen observation and understanding of clothing fashion enabled Hu Huafeng's success. Based on the digestion and absorption of the local fashion elements, he blended his life experiences, personal virtue, cultural accumulation, fashion sense, and even national sentiment into his own design concepts. After the success of "YES! MISS", he released the high-end consumer-oriented women's brand "EIGHTH SIN", and men's brand "WARREN WEBBER". These two brands rapidly won a good reputation in Europe, America, Middle East, and Southeast Asia. The designing for three different styles of clothing brands is a challenging task, and it is particularly difficult to successfully operate the company and be recognized by consumers. So Hu's remarkable achievements have earned the respect and admiration from his Italian counterparts.

However, it is also not an easy task for the Chinese to succeed in a foreign country. Many seemingly invisible resistances come from all sides.

"There are many similar companies in competition with us. Some Italian brands, especially those which have received relatively large impact, sometimes will write letters to the Trade and Industry Bureau, the tax department, and customs. So we are inspected by those government departments every now and then." Recalling his business career in Italy, Hu Huafeng still has mixed feelings, "you may feel nothing about this situation, but we indeed have huge stress. We have to deal with trademark preemptive registrations and lawsuits. But at the same time, we have also learned the operation mode of the Italian companies, and gradually made standardization in all aspects of our company."

Timely shift to the domestic market

As the market continues to expand and the product continuously enriched, the production base in Wenzhou gradually became unable to meet the needs of development. In 2002, Hu Huafeng set foot on the vast and vibrant land of South Guangdong. Guangzhou, adjacent to Hong Kong, has got the right sense of fashion elements. There are many clothing companies scattered in a circle of 150 kilometers away from Guangzhou. The complete industrial chain, advanced technology, and strong production capacity let Hu decide to make reconfiguration of his domestic production and switch his base to Guangzhou.

The beginning is always a difficult and lengthy process. From examining product design drafts, placing orders, verifying patterns to shipments, Hu Huafeng had to do everything on his own. Life then was busy and compact, and sometimes he had to work 17 or 18 hours a day. With exceptional working ability and the spirit of endless pursuit, Hu completed the almost impossible task. Those years were also the golden age for the foreign markets, and his business in Italy was thriving. Hu was not intoxicated of the excellent performance at that time, but often thought about the future patterns and direction of the company's development. In 2006, he seized the opportunity and set up a branch in Guangzhou. After several years of development, the team has been increasingly expanding and has laid a solid foundation for the company.

During the global financial crisis, Hengsheng was inevitably being affected. However, with building the brand as the company's strategic goal at the beginning of the venture, Hu Huafeng increased the enterprise's ability to resist risks and managed to have a steady and healthy development in the context of the financial crisis.

Hu Huafeng knows an entrepreneur should assume social responsibility. While building his career, he has also been actively participating in public welfare undertakings for many years in order to contribute to society and serve the country. From 2005 till now, he has donated a total of RMB 2 million, and received the seventeenth session of the Green Leaf Award in Zhejiang Province.

God helps those who help themselves. Ten years of hard work finally pays off. To realize the business vision of becoming "the leader of Chinese clothing companies in Europe and the achiever in the domestic market", Hu Huafeng has always been firmly adhering to the principle of clothing industry as the dominant and other industries as the supplementary. In his continuing pursuit for excellence, common development, and mutual promotion, he has led Hengsheng Trading Company from the original single trade of clothing industry towards becoming a large-scale economic entity in trade, investment, industrial and many other areas.

Im/Ex Drop 10.7% in Oct.

On October 14, General Administration of Customs of the People's Republic of China released the profile of China foreign trade import and export in October and the first ten months of this year.

The statistics from customs show that, the total import and export value for October amounted to US$197.54 billion, 10.7% drop year-on-year. Among the total value, the monthly export continued to exceed 100 billion USD for a fourth straight month this year, amounting to US$110.76 billion, 13.8% drop year-on-year, while the import US$86.78 billion, 6.4% down year-on-year. (See Table 1)

Table 1 Brief on China's import and export in Oct. 2009

Unit: Billion USD

Item	October		Jan. – Oct.	
	Absolute Value	Increase y-o-y ±% *	Absolute Value	Increase y-o-y ±%
Total Import and Export Value	197.54	-10.7	1755.49	-19.9
Total Export Value	110.76	-13.8	957.36	-20.5
Total Import Value	86.78	-6.4	798.13	-19.0
Import and Export Balance (surplus is +; deficit is -)	23.99	-	159.23	-

* Note: The figure for the value of total import and export, total export, and total import after the seasonal adjustment is 2.6%, 9.1%, and 7.3% separately in terms of month-on-month decrease.

According to the customs' statistics, the total import and export value for the first ten months amounted to US$1755.49 billion, 19.9% decreasing compared with the same period last year. Among the total value, the export value amounted to US$957.36 billion, down 20.5% year-on-year, while the import US$798.13 billion, 19% decreased year-on-year. And the accumulated trade surplus in the first 10 months of the year yielded US$159.23 billion, 20.5% fall year-on-year. (For more detail, see Table 2, Chart 1 &2)

Table 2 Brief on China's import and export from Jan. to Oct., 2009

Unit: Billion USD

Month	Item	Absolute Value	Increase ±%
Jan.	Total Import and Export Value	141.79	-29.1
	Total Export Value	90.39	-17.5
	Total Import Value	51.41	-43.1
Feb.	Total Import and Export Value	124.93	-25.0
	Total Export Value	64.86	-25.7
	Total Import Value	60.07	-24.1
Mar.	Total Import and Export Value	162.02	-20.9
	Total Export Value	90.29	-17.1
	Total Import Value	71.73	-25.1
Apr.	Total Import and Export Value	170.73	-22.8
	Total Export Value	91.94	-22.6
	Total Import Value	78.80	-23.0
May	Total Import and Export Value	164.13	-25.9
	Total Export Value	88.76	-26.4
	Total Import Value	75.37	-25.2
Jun.	Total Import and Export Value	182.57	-17.7
	Total Export Value	95.41	-21.4
	Total Import Value	87.16	-13.2
Jul.	Total Import and Export Value	200.21	-19.4
	Total Export Value	105.42	-23.0
	Total Import Value	94.79	-14.9
Aug.	Total Import and Export Value	191.7	-20.6
	Total Export Value	103.7	-23.4
	Total Import Value	88.0	-17.0
Sept.	Total Import and Export Value	218.94	-16.2
	Total Export Value	115.94	-20.1
	Total Import Value	103.01	-11.4
Oct.	Total Import and Export Value	197.54	-10.7
	Total Export Value	110.76	-13.8
	Total Import Value	86.78	-6.4

Chart 1 Monthly comparison of China's export value between 2008 & 2009

Unit: Billion USD

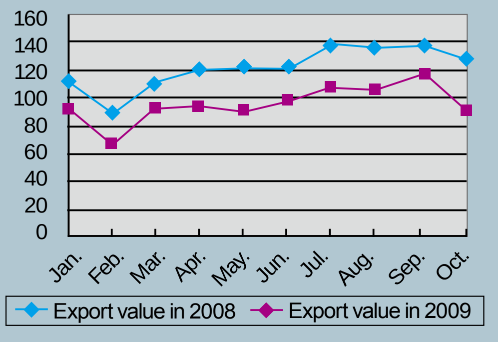
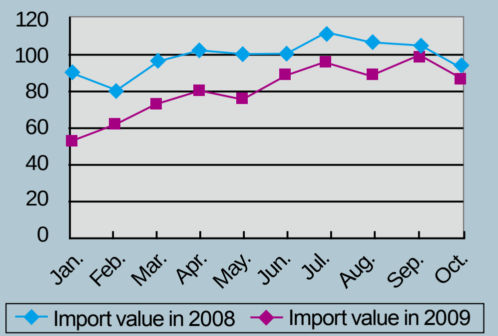


Chart 2 Monthly comparison of China's import value between 2008 & 2009

Unit: Billion USD



Trading partners

In the first ten months of 2009, E.U., U.S., and Japan remain the top 3 as China's trading partners. (See Table 3) In this period, the bilateral trade volume between China and E.U. amounted to US$260.05 billion, falling 19.4% y-o-y. Sino-American bilateral trade value was US$211.88 billion, 15.8% decline y-o-y. China's trade volume with Japan in the 9 months this year accounted for US$162.22 billion, 20% decrease y-o-y.

Table 3 Bilateral trade value of China's top trading partners in Jan.- Oct. 2009

Unit: Billion USD

Rank	Partner	October	Jan. – Oct..	Increase ±% yoy
1	EU	32.37	292.42	-18.7
2	US	27.49	239.36	-14.9
3	Japan	20.12	182.34	-19.3
4	ASEAN	18.75	165.76	-16.8
5	Hong Kong	15.75	136.66	-20.7
6	South Korea	14.11	124.64	-23.2
7	Taiwan	10.00	83.64	-27.1

Export & Import mix

Export

For export, the export of labor-intensive products was better performed than the average 20.5% decrease this month. (See Table 4).

Table 4 Export value of main labor-intensive commodities from Jan.-Oct. 2009

Unit: Billion USD

Commodities	Export value	Increase ±% yoy
Apparels and accessories	87.9	-10.9
Textile yarn & fabric	48.39	-12.9
Footwear products	23.05	-6
Plastic Products	11.48	-8.4
Trunk and Bag	10.2	-10.2
Toys	6.52	-11.3%

In the same period, Chinese exports of mechanical and electronic products accounted for US$564.64 billion, 18.6% decline year-on-year, 59% of the total export. Among them, electrical and electronic products were exported by US$236.72 billion, drop 18.1%; machinery and equipment US$187.44 billion, 17% down.

Import

In terms of China's import commodities, main bulk import increased variously in terms of volume. In the first ten months this year, China's import value for primary products amounted to US$227.21 billion, 29.4% drop year-on-year.

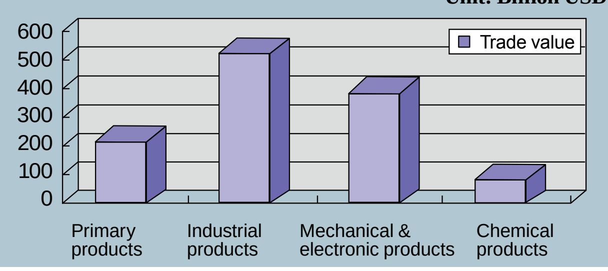
Among them, iron ore was imported 510 million tons, 36.8% increased yoy. The average import price was US$78.4/ton, 45% drop. 170 million tons of crude oil was imported by China in the first 10 months this year, 9.4% growth yoy. The average import price was US$412.8.1/ton, 46.5% fall. China's import of soy beans had increased by 13.2% yoy, reaching 34.88 million tons in the 8 months, with average import price of US$434.1/ton, 27.9% decrease.

Meanwhile, from January to September 2009, China imported industrial products for US$570.92 billion, 14 % falling down yoy. Among them, mechanical and electronic products were imported by US$389 billion, 15.8% drop yoy. Chemicals and Related Products were imported by US$90.38 billion, 13.7% down yoy. (See Chart 3).

305 thousand units of automobiles and vehicles were imported in the period, 10.6% decreased year-on-year. The import amount for steel achieved 14.86 million tons, 10.3% increase year-on-year.

Chart 3 China's main import commodities from Jan. to Oct. 2009

Unit: Billion USD



(Notes: All the data referred in the article are based on the statistics from China Customs)

Recovering China's Foreign Trade in 3Q

China's import and export are facing the most difficult challenge beyond expectation, due to the dramatic world economy recession. However, China has been doing its best to minimize the negative effects, and explore new and potential markets. For the first three quarters of 2009, the basic profile of China's foreign trade turned out some features according to the analysis by the Ministry of Commerce.

Gradually expanding Im/Ex

In the first three quarters, the total amount of the nation's import and export value amounted to US$1.5578 trillion, a decrease of 20.9% compared with the same period last year.

Among the total value, the export value amounted to US$846.7 billion, 21.3% decline year-on-year; the import value was US$711.2 billion, 20.4% slump year-on-year.

The detailed data for each quarter of this year could be referred as the following Table 1.

Table 1 Brief on China's import and export in the first 3Q, 2009

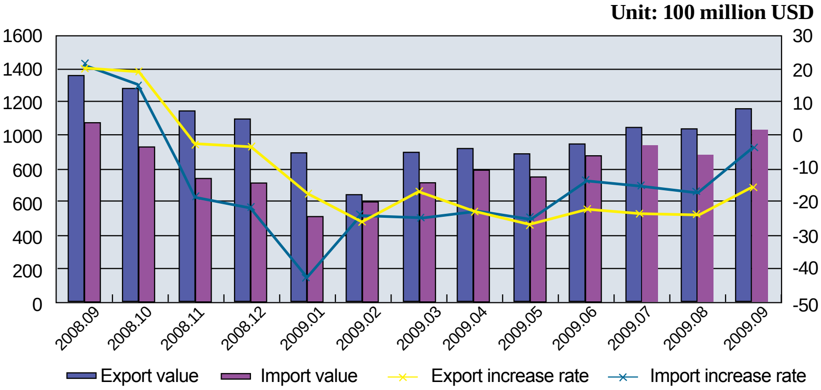
Unit: Billion USD

Quarter	Item	Absolute Value	Increase ±%
Q1	Total Import and Export Value	428.9	-24.9
	Total Export Value	245.6	-19.8
	Total Import Value	183.3	-30.9
Q2	Total Import and Export Value	517.9	-22.1
	Total Export Value	276.1	-23.5
	Total Import Value	241.8	-20.4
Q3	Total Import and Export Value	610.9	-16.7
	Total Export Value	325.0	-20.5
	Total Import Value	285.9	-11.8

Since the third quarter of this year, China's export has witnessed a relatively pleasant result from the stable favorable policy, as well as the slowly recovering international market (See the Chart 1). For three consecutive months, the export value exceeded 100 billion USD monthly since this July. In September, the figure achieved 115.9 billion USD, the highest monthly record this year, and the decrease rate year-on-year also narrowed to 15.2% in the same month.

Chart 1 China's monthly import and export from Jan. to Sept., 2009

Unit: 100 million USD



Meanwhile, thanks to the domestic demand expansion, China's import value in September also exceeded 100 billion USD for the first time of the year, reaching US$103 billion, merely 3.5% decline year-on-year, also the first time of the year for this figure in single digital number.

In terms of the trade surplus of the first three quarters, it reached US$135.5 billion, 26% drop year-on-year.

Sharp drop of resource products' import price

The import and export goods prices keep continuous decline, influenced by the shrinking international market demand, more fierce competition, and also the dramatic fall of bulk commodity price. In the first three quarters, the export commodity price fell down by accumulative 6.1%, and import 17.5% decline. After the adjustment in price elements, the real decrease rate stood by 16.2% and 3.5% in terms of export value and import value respectively.

The price of China's main import resources products dropped at double digital rate in the first nine months. Table 2 shows the detail of the major commodities.

Table 2 The import price drop rate of China's major resources commodities in 3Q, 2009

Commodities	Increase ±%
Crude oil	-48.6
Iron ore	-45.5
Plastic of primary shape	-29.5
Soy beans	-28.6

Increasing bulk commodities import volume

In the first three quarters, the import volume of bulk commodities kept a rapid growth. The import volume of main products, namely iron ore, plastic of primary shape, soy beans, and crude oil, increased 35.7%, 30.6%, 12.8% and 8.2% respectively. However, the hiking trend of soy beans import switched since July, and hit the

Table 3 Major import commodities of China in 3Q, 2009

Item	Volume (10,000 ton)	Value (100 mln USD)	Unit price (USD/ton)	Increase (%)		
				Volume	Value	Unit price
Iron ore	46936	364.8	77.7	35.7	-26.1	-45.5
Crude oil	14607	586.0	401.1	8.2	-44.4	-48.6
Soy beans	3236	140.7	434.8	12.8	-19.4	-28.6
Plastic of primary shape	1810	252.9	1397.3	30.6	-7.9	-29.5
Mechanical and electronic products *	—	3459.3	—	—	-16.8	—
High-tech products *	—	2173.9	—	—	-18.1	—
Total import and export	—	7111.8	—	—	-20.4	—

Note: * Commodities in Mechanical and electronic products and High-tech products include a part of same catalogue.

Table 4 Export value of major commodities from Jan.-Sept. 2009

Unit: 100 million USD

Commodities	Value	Increase (%)
Toys	56.0	-11.3
Suitcases and bags	91.5	-9.7
Furniture	177.3	-8.5
Footwear products	208.9	-5.6
Textile yarn & fabric	431.0	-13.7
Apparels and accessories	785.4	-10.2
Mechanical and electronic products *	2558.4	-17.7
High-tech products *	4963.7	-19.6
Total import and export	8466.5	-21.3

Note: * Commodities in Mechanical and electronic products and High-tech products include a part of same catalogue.

Table 5 Profile of China's trading forms and operating enterprises in 3Q, 2009

Unit: 100 million USD

Item		Export		Import	
		Value	Increase (%)	Value	Increase (%)
Total amount		8466.5	-21.3	7111.8	-20.4
Trading forms	Conventional trade	3785.0	-24.5	3811.9	-16.4
	Processing trade	4085.1	-19.7	2243.0	-23.9
	Other forms	596.4	-8.9	1056.9	-26.0
Type of enterprises	State-owned enterprises	1375.2	-30.2	2044.9	-28.0
	Foreign-funded enterprise	4701.8	-21.1	3841.9	-20.6
	Other types	2389.5	-15.5	1225.0	-2.1

Table 6 Bilateral trade value of China's major trading partners in 3Q, 2009

Unit: 100 million USD

Country/Region	Value			Increase (%)		
	Import and Export	Export	Import	Import and Export	Export	Import
World total	15578.2	8466.5	7111.8	-20.9	-21.3	-20.4
E.U.	2600.5	1674.6	926.0	-19.4	-24.1	-9.2
U.S.	2118.8	1573.1	545.7	-15.8	-16.9	-12.4
Japan	1622.2	697.7	924.5	-20.0	-18.8	-20.8
ASEAM	1469.9	731.1	738.8	-18.6	-16.1	-20.9
Hong Kong SAR	1207.1	1144.6	62.4	-21.8	-20.6	-38.5
South Korea	1105.3	377.5	727.8	-24.4	-34.0	-18.3
Chinese Taiwan	736.3	139.2	597.1	-29.7	-31.6	-29.2
Australia	427.7	143.3	284.4	-7.1	-12.7	-4.0
India	309.7	211.6	98.1	-26.5	-13.6	-44.3
Brazil	304.9	93.6	211.3	-21.1	-37.3	-10.9

biggest decline in September, which was 33.5%.

Benefited from the enlarging domestic demand, the import for mechanical and electronic products and high-tech products turned to climbing since the second quarter, after sharp decrease at the beginning of the year.

For the first three quarters, China had imported mechanical and electronic products by 345.9 billion USD, 16.8% decline year-on-year, and high-tech products 217.4 billion USD, 18.1% drop year-on-year, both lower than the average decline rate. (See Table 3)

Slower decline in labor-intensive products export

Benefited from the raised export rebate rate, and less flexibility in demand, China's export in labor-intensive products was obviously lower than the average in the first three quarters this year. (See Table 4)

Recovering processing trade

China's export commodities by processing trade mainly are in mechanical and electronic products, with relatively shorter producing-chain. At the beginning of the world financial crisis, the performance of processing trade in China in the first 5 months this year was worse than that of the conventional trade. Since June, gradually increased orders warm up the export in processing trade.

The export value in conventional trade in September was 1.7%, the first positive increase in the year of 2009.

Private enterprises less influenced

In the same international economic down turn, China's private enterprises were less affected compared with other types of enterprises' suffering. The flexible operating and managing system gains competitive strength for the private enterprises. At the same time, the major exporting commodities of these enterprises are labor-intensive goods, which benefited from state's favorable policy and relatively stable demand. In the first three quarters, the export value of China's private enterprises amounted to US$239 billion, 15.5% decline year-on-year, and for import value, US$122.5 billion, 2.1% decline. (See Table 5)

Trade partners: narrowing and enlarging

Among the top ten trade partners, China's export decreasing rate maintained lower than the average. In the three quarters, China's export value to U.S. amounted to 157.3 billion USD, 16.9% drop, while to Japan, China yielded 69.8 billion in export value, 18.8% decline. However, the trade decline was felt more obviously in the market of E.U. and emerging markets like Russia and Brazil, standing at 24.1%, 48.9% and 37.3% respectively.

Meanwhile, the import from E.U. and U.S. was increasing, with decline rate of 9.2% and 12.4% respectively, much lower than the average. Another kind of import increasing regions are due to China's domestic resource and energy demand. For example, China's import decease rate of Australia and Brazil was merely 4.0% and 10.9% year-on-year. (See Table 6)

Zeng Peiyan, Honorary President of China Industrial Overseas Development & Planning Association, as well as the former Vice-Premier of the State Council, attended the meeting and delivered speeches.

Capital Power: From Input to Output

By You Wanlong, Alice

After thirty yeas "going out" of China overseas investment, we learn from our failed lessons and also successful experience. Chinese enterprises are now standing at a new starting point of "going out". China is transforming from "capital input power" to "capital output power". With the approval of the National Development and Reform Commission of P.R.C., the first China Overseas Investment Fair hosted by China Industrial Overseas Development & Planning Association was convened on November 3rd-4th in China World Trade Center, Beijing. With forceful and orderly preparation since the beginning of 2009, "COI Fair" aims at providing professional service for Chinese enterprises overseas investment, in forms of both exhibitions and forums.

Highlights of COI Fair

It is the first authoritative and professional exhibition held regarding to China overseas investment in China. The area of exhibition is 5,500 square meters with 300 international standard booths. The COI Fair not only invited developed counties and emerging economies but also the underdeveloped nationsin the way of volunteer financial aid. The exhibition project includes overseas merger and acquisition, green field investment, project financing and cooperation.

The forum contains one main forum and eight sub-forum. The subject of the main forum is "create a win-win situation and promote China's overseas investment cooperation". The subject of sub-forum involved in strategy and plan in China overseas investment, the trend in financial crisis, influence of international politic, culture thought, the coordinate between financial and non-financial industries, overseas merger, survive and development of overseas enterprises and precaution and solution of overseas assets risk.

The framework of "China overseas investment project", and a series of international direct investment reports, official data, authoritative investigation results were released on the COI Fair.

Increasing China's overseas investment

Against the background of international financial crisis, international capital flow, transnational investment and merger decreased very fast while China's overseas investment rose and developed rapidly.

Firstly, the Chinese enterprises have accumulated a great amount of capital during the thirty-year fast development of Chinese economy, and when investment overseas can gain much more profit than investment domestically, these capitals will flow overseas. This is the basic rule of overseas investment.

Secondly, with the global development of economy, China has already been involved in transnational production net, but the research, resource, energy and components as well as physical distribution, wholesale and retail which China is disadvantaged in tend to take place overseas. In order to ensure the stability of market, Chinese enterprises raise the needs of investing overseas in their fields.

Thirdly, against the background of international financial crisis, many countries face the difficulty of capital shortage which form the deep need of capital from outside, lots of enterprises look for buyers in China and the price is lower than ever. The limitation to foreign capital is loosening in many countries and political risk level is also lowered down. The capital of China's bank is also plenty and the USD 2000 billion of foreign exchange reserve reach the top of world. So it provides opportunities for Chinese enterprises to invest overseas and it is possible to purchase high quality assets from overseas at a relative lower price, especially resources and high technology assets which China is lack of.

Fourthly, the strong RMB is also an important reason for China to invest overseas. According to estimate, till January 2009,the exchange rate of RMB increase by 8.6% on a year-on-year basis, and accumulated increase by 17.5% since 2005. Adding to the stable exchange rate of USD recently and USD rise in value relative to other money, the Chinese enterprises' purchasing power in international market is also increasing, and so many goods and assets are cheaper than before.

According to the Chartered Bank, China overseas investment in 2009 will reach US$50 billion to US$180 billion, and

China attracts investment in 2009 of about US$80 billion to 100 billion. So, it is probably the first time that the overseas investment will surpass foreign capital introduction. According to this, China overseas investment sees its fast development and China will act from "product producer" to "capital exporter" which is a historic turning.

Challenges facing

At the time of the fast development of China overseas investment, the challenger is also very complicated or very austere. If observed in macro-economy view, the situation of China overseas investment has several obvious functions:

Firstly, all level governments, state-owned enterprises and private enterprises have recognized "going out" strategy, although this strategy need further develop, but with the coming out of a series of policies made by NDRC, MOFCOM and Ministry of Finance, there will form a perspicuity and forward-looking strategy plan. For example: The advice of encouraging and standard enterprises' overseas investment by State Council, the 11th Five-year Development Program of overseas investment and guiding list of overseas investment industry by NDRC all reflect well about this side.

Secondly, China overseas investment in the first, second and third industry all developed rapidly. But among industries especially between financial and non-financial industries there is still a lack of strategic coordination.

Thirdly, the research and discuss of China overseas investment are all concentrated in economic field, and there is still a lack of discussion in the political, cultural and technological perspectives. Most of Chinese enterprises lack knowledge in overseas investment. The lack is not only in knowledge, but also in value and skill, such as the lack of understanding in culture, commercial environment and law of investment host country.

Fourthly, the asymmetry between investment need and investment capability of Chinese enterprises is obvious. To some extent, Chinese enterprises lack capability of overseas investment in talented person, knowledge and experience. And in order to solve these problems, China has to invest overseas. And how to solve these problems and promote the healthy development of overseas investment has also to be taken into consideration.

China's Formula, Go!

By Li Yinghong, Yang Wei

On the first day of November, when Jenson Button cheered his first Formula 1 World Championship 2009 at the final race of the season in Abu Dhabi, Chinese young university students were busy preparing for their own Formula event. According to a press conference on October 19, 2009 in Beijing, the first Formula SAE – China (FSAE) event has set off, and will be officially launch its final race next year from October 14 to October 17 at Shanghai International Circuit, where will also be the Formula 1 2010 China stop again in next April.

Can China have its own Ferrari in its own Forumla racing?

Organized by Society of Automotive Engineers of China (SAE) and BitAuto Group, FSAE is the first try in China, based on the experience of U.S., Japan, Germany, and other western countries, facing the automobile major students in Chinese university. Fu Yuwu, Standing Vice Director and General Secretary of China SAE expressed that, the event of Formula SAE – China aims at supplying a platform for Chinese university students who major in automobiles to fully develop their creativeness and innovation. From theory to practice, the competition process will cultivate more elites for the talent pool in Chinese automobile industry, bridging the technology gap between China and the western countries.

All the racing cars in small single block type for FSAE will be designed and manufactured according to the event's regulations and standard by college and university students in automobile engineering major, to cultivate the student's ability in auto design and manufacture, cost control ability and team cooperation. The number of racing teams for the first FSAE will be within 20, also members for each team no more than 20, according to the contest rules.

It will take about ten months time to design and manufacture the racing car and then submit the report. The racing evaluation rules focuses on the racing technology, energy-saving, environmental friendly and safety performance of the racing car from each team. The final score will be composed both of the report and car technology test and also the racing performance.

The Secretariat of FSAE Rules Commission is the Automobile Institute of Tongji University in Shanghai, which boasts a New Energy Vehicles Engineering Center with an investment capital of 400 million yuan.

Improving Chinese Auto Manufacturing and Production Facility

By Alice Young

2009 China (Beijing) International Automobile Manufacturing and Production Facility Exposition (CIAMPFE) was held on November 11-13 at Beijing International Exhibition Centre, approved by China Council for the Promotion of International Trade, sponsored by China International Economic and Technical Cooperation Consulting Company and hosted by Dongdu International Exhibition (Beijing) Co., Ltd. This event is carried out every two years alternately with "Beijing International Automobile Exhibition", which is sponsored by China International Trade Promotion Committee, forming a complementary, mutually reinforcing automotive industry exhibition market.

"Product", "Technology" and "Property Right" were the three keywords of the 2009 CIAMPFE, whose theme was set to be "Technology Leads Manufacture, Green Creates the Future". This fair focused on trade and exchange on the base of forums and exhibition, which had attracted thousand of professional audience in the three lasting days. The forums contain International Forum on Modernization of China Automobile Industry Equipment, discussing cutting-edge technological updates in the automobile industry, such as Furnaces for Aluminum Castings and Forgings; Auto Source & New and High-Tech Auto Manufacturing Technique and Facility Prime Forum; as well as Alibaba Network Business Forum special for B2B talks.

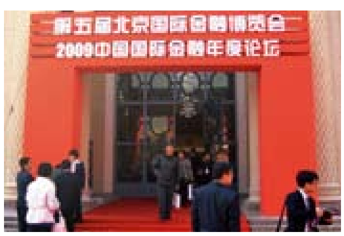
Over 300 exhibitors from home and abroad presented in the Exposition, such as Shenyang Machine Tool (Group) Co., Ltd, Beijing Research Institute of Automation for Machinery Industry, ShinWoo (Shanghai) Trading Co., Ltd, BBK Testing Co. Ltd. And local industrial zones, such as Guan'an Industrial Park in Hebei province, German Industrial Park in Qingdao, Shangdong province, also joined in the Exhibition. A

special engineers visiting delegation composed of nearly 50 members from Israel conducted fully-informed exchange with their Chinese peers on the Exposition. This most influential international exhibition China's automobile manufacturing industry's has become a trading platform and a display window for automotive industry products and technology in China, Asia-Pacific region and the whole world.

The 5th Beijing International Finance Expo Opened

By Li Zhen

During November 5 to 8 of 2009, the 5th Beijing International Finance Expo was successfully held in Beijing Exhibition Center. At the opening ceremony, Guo Jinlong, governor of Beijing, made a welcome speech. He pointed out that it was of tremendous importance for Beijing to host the expo under the current brightening economic situation. Guo said that, under the brilliant leadership of the Party and the State Council, Beijing has maintained a 9.5% GDP growth rate in the first three quarters, proving that policies released by central government for coping with the international financial crisis were absolutely correct. Following the opening ceremony was China International Finance Forum 2009 which started in the afternoon of November 5, a platform that a lot of officials and academics shared their wisdom with audiences.



With an exhibition area of more than 23000 sqm, the size of the 5th Finance Expo has reached a new high. All 12 exhibition rooms of Beijing Exhibition Center have been fully used for the expo, divided by commercial bank exhibition area, fund and equity exhibition area, insurance exhibition area, foreign financial institution exhibition area and so on. More than 130 financial institutions from home and abroad participated in the expo, including 30 banks, 40 fund companies, 20 stock and future companies and 30 comprehensive financial service institutions.

The theme of this year's financial expo is that finance should serve for the economy, enterprises and the general public. It is estimated that more than 3000 fund managers and financing consultants from various financial institutions had been providing advices for enterprises and the general public. In addition, a series of lectures about how to make the most of our money was delivered and attracted tens of thousands of people to attend. In the meantime, some localities from Jiangsu, Henan, and Liaoning also showcased their financial achievements in the expo.

In accordance with the Regulations on the Foreign Exchange Administration of the People's Republic of China and the Measures for the Administration of Domestic Securities Investment by Qualified Foreign Institutional Investors, the State Administration of Foreign Exchange has formulated the Provisions on the Administration of Foreign Exchange in Domestic Securities Investments of Qualified Foreign Institutional Investors, which came into effect on the date of its promulgation.

Provisions on the Administration of Foreign Exchange in Domestic Securities Investments of Qualified Foreign Institutional Investors

Chapter I General Provisions

Article 1 Pursuant to the Regulations on the Foreign Exchange Administration of the People's Republic of China and the Measures for the Administration of Domestic Securities Investment by Qualified Foreign Institutional Investors (Order No. 36 of 2006 of the China Securities Regulatory Commission, the People's Bank of China and the State Administration of Foreign Exchange), the Provisions is enacted to regulate the administration of foreign exchange of the qualified foreign institutional investors (hereinafter referred to as QFIIs) in the domestic securities market of China.

Article 2 A QFII shall entrust its domestic custodian (hereinafter referred to as custodian) to go through all the procedures stipulated in the Provisions on its behalf.

Article 3 A QFII and its custodian shall comply with relevant regulations and rules on foreign exchange administration in China.

Article 4 The State Administration of Foreign Exchange, its branches and foreign exchange administration departments (hereinafter referred to as the SAFE) shall implement according to law supervision, administration and inspection on quota, fund accounts, payment and exchange of domestic securities investment by QFIIs.

Chapter II Administration of Investment Quota

Article 5 The state implements the administration of quota on domestic securities investments by QFIIs. The SAFE shall approve the investment quota of an individual QFII and encourage medium and long-term foreign investment.

Article 6 A QFII, applying for investment quota and opening a foreign exchange account and a special Renminbi account, shall provide the SAFE with the following documents:

(1) A written application of a custodian and a QFII, including the basic condition of the QFII, an explanation of the source of funds and investment plan and a commitment of no repatriation of investment during the approval period, with Registration Form of the State Administration of Foreign Exchange for Qualified Foreign Institutional Investor attached (see appendix I for sample form);

(2) Photocopies of Securities Investment Business Operation License for QFII issued by the China Securities Regulatory Commission (hereinafter referred to as CSRC);

(3) A notarized warrant authorized a QFII to a custodian; and

(4) Other documents required by SAFE

Where a QFII applies for increase of investment quota, it shall, apart from the above documents, supply the Foreign Exchange Registration for QFII (Hereinafter referred to as Foreign Exchange Registration) and an explanation of existing investment quota in China, including assets allocation and alteration, profit and loss on investments, performance of compliance and average turnover rate in stock dealing.

Article 7 The investment quota applied for by a QFII shall be worth no less than USD50m each time, with the accumulative investment quota no more than USD1b. The SAFE may, based on the economic and financial situation, supply and demand of foreign exchange market and the international payment, adjust the aforesaid quota.

A QFII shall not file another application for increase of investment quota within one year after the approval of the previous investment quota.

Article 8 A QFII should remit deposit within 6 months upon the approval of investment quota, and overdue remittance of deposit shall not be allowed without authorization. Where full deposit fails to be remitted in the prescribed time but is worth more than USD20m, the actual remitted deposit shall act as investment quota.

A QFII shall refer to the chart of the conversion rate of currencies to US dollar on the current month of remittance promulgated by SAFE to compute the remitted investment quota equivalent to dollars in value while remitting non-dollar deposit.

Article 9 The lock-in period for deposit for the QFIIs of such types as pension fund, insurance fund, common fund, charity fund, donation fund and government and currency administration and the open-ended Chinese fund established by QFIIs shall be 3 months; and that of deposit for other QFIIs 1 year.

The lock-in period of deposit for a QFII shall be computed as of the date when full deposit is remitted; for that of deposit that fails to be fully remitted in the prescribed time, it shall be computed 6 months as of the date when investment quota is approved.

The aforesaid "open-ended Chinese fund" refers to the open securities investment fund that is initiated and set up overseas in the form of public offering and at least more than 70% of which is invested in China. A QFII should submit the original copy of the fund prospectuses and Chinese translation of its core content to the SAFE for filing.

The above-mentioned "lock-in period of deposit" refers to the period limit beyond which a QFII shall not remit the principal of investment to foreign countries.

Chapter III Administration of the Account

Article 10 A QFII shall, in accordance with the investment quota approved by the SAFE and the reply document of opening account, open a foreign exchange account and a corresponding special RMB account for self-owned fund where a custodian is domiciled or the client fund for which the custodian provides service of assets administration separately.

Where a QFII establishes open-ended Chinese fund, a foreign exchange account and a corresponding special RMB account should be separately opened for each open-ended Chinese fund.

A custodian should go through a filing in the foreign exchange bureau where the custodian is domiciled within 5 working days upon the opening of the QFII foreign exchange account and the special RMB account, submit the official custody agreement to the SAFE and receive the Foreign Exchange Registration for the QFII.

Article 11 The scope of the revenues of a QFII foreign exchange account covers: principal and interest income remitted by the QFII from outside China, the fund transferred from the special RMB account, and other incomes verified by the SAFE; and the scope of the expenditures of a QFII foreign exchange account covers: the fund transferred through settlement of the special RMB account of a QFII, fund expatriated outside China through the original route and other expenditures verified by the SAFE.

The incomes of the special RMB account of a QFII covers: fund remitted through settlement of a QFII foreign exchange account, price of selling securities, cash dividends, interest incomes and other incomes verified by the SAFE; the expenditures thereof covers: the price paid (including stamp tax and commissions) for purchase of prescribed securities products, payment of tax, custody fee, audit fee, management expenses and other relevant expenses, fund remitted into the QFII foreign exchange account for purchasing foreign exchange and other expenditures verified by the SAFE.

Funds in the QFII foreign exchange account and the special RMB account shall merely serve as domestic securities investment in China.

Article 12 The QFII's self-owned fund account, the client fund account and its open-ended Chinese fund account shall not conduct the transfer of fund from each other, and nor shall open-ended Chinese fund accounts of the same QFII.

Article 13 Deposit interest rate of a QFII foreign exchange account and a special RMB account is subject to the relevant provisions of the People's Bank of China.

Article 14 A QFII shall liquidate assets and close down the foreign exchange account and the special RMB account where its custodian is domiciled within 1 month and its corresponding investment quota shall be simultaneously invalid in the following situations:

(1) CSRC has confiscated its securities investment operation license;

(2) A QFII remits deposits equivalent in value of less than USD20m within 6 months upon the approval of the first investment quota;

(3) The domestic sum of remaining deposit equivalent in value of less than USD20m for a QFII's withdrawal of investment;

(4) The SAFE revokes the original investment quota of a QFII according to the Provisions herein; and

(5) Other situations as prescribed by the SAFE.

A custodian should conduct a filing to the foreign exchange bureau where it is domiciled within 5 working days upon the closing of a QFII foreign exchange account and a special RMB account and return the Foreign Exchange Registration to the SAFE.

Chapter IV Administration of Remittance and Exchange

Article 15 A QFII may, in accordance with the investment plan and relevant explanation while applying for investment quota, inform the custodian to directly remit the foreign exchange deposit for investment into its special RMB account within 10 working days prior to actual investment.

Where a QFII remits accumulative deposit equivalent in value of less than USD20m, it shall not conduct foreign exchange settlement and investment.

Article 16 A open-ended Chinese fund may, according to the monthly net offset balance of fund purchase and redemption, handle relevant inward and outward remittance monthly upon the end of the lock-in period.

For net fund redemption, the remitted-outward deposit shall be calculated according to the proportion of a QFII deposit and profit and loss of fund on the last trading day of the last month before the outward of remittance confirmed by the custodian, which acts as the quota of another remitted-inward deposit in future.

Where one open-ended Chinese fund has net fund purchase and each remitted-inward amount for settlement equivalent in value is no more than USD50m (including USD50m), the custodian may directly handle related formalities and submit the foreign exchange bureau where the custodian is domiciled for filing; for that equivalent in value of more than USD50m, the custodian shall, within 10 working days ahead of time, hold the photocopies of the Foreign Exchange Registration to file an application to the foreign exchange bureau where the custodian is domiciled, and may handle related formalities after the approval of the bureau.

Where one open-ended Chinese fund has net fund redemption and each remitted-outward amount for purchasing foreign exchange equivalent in value of no more than USD50m (including USD50m), the custodian may directly handle related formalities and submit to the foreign exchange bureau where the custodian is domiciled; for that equivalent in value of more than USD50m, the custodian shall, within 10 days ahead of time, hold the written application, the photocopies of the Foreign Exchange Registration and the explanation related to investment profit and loss to handle relevant formalities after the approval of the foreign exchange bureau where the custodian is domiciled.

Article 17 Apart from the open-ended Chinese fund, other QFIIs, if it is necessary to remit deposit outward for purchasing foreign exchange after the expiration of the lock-in period of deposit, should file an application to the SAFE with the following materials:

(1) A written application;

(2) The original copy of Foreign Exchange Registration;

(3) Explanation related to deposit of inward of remittance and the condition of previous investment; and

(4) Other materials required by the SAFE.

The SAFE issues the reply document and accordingly adjust to reduce the investment quota of a QFII after examination and approval. The custodian handles the formalities of purchasing foreign exchange and the outward of remittance based on the reply document of the SAFE.

Article 18 Apart from the open-ended Chinese fund, other QFIIs, if it is necessary to purchase foreign exchange to remit the realized accumulative incomes, should first acquire the special auditor's report issued by the Chinese Certified Public

Accountant and entrust the custodian to file an application to the foreign exchange bureau where the custodian is domiciled with the following materials:

(1) A written application and relevant certification documents of profits of outward of remittance;

(2) The original copy of the Foreign Exchange Registration;

(3) The special auditor's report on the return to investment issued by the Chinese Certified Public Accountant;

(4) Tax payment certificate for incomes; and

(5) Other materials required by the SAFE.

The custodian may handle the formalities of purchasing foreign exchange and outward of remittance for the QFII based on the reply document issued by the foreign exchange bureau where the custodian is domiciled after examination and approval.

Article 19 The custodian shall accurately and timely record the fund remittance and payment of a QFII in the Foreign Exchange Registration.

Article 20 The SAFE may, in accordance with Chinese economic and financial situation, supply and demand of foreign exchange market and the international payment, adjust the time of fund outward of remittance, amount and the period limit of a QFII.

Chapter V Statistics and Supervision

Article 21 A QFII should go through the formalities of the foreign exchange registration alteration and submit a written report in and to the SAFE within 5 working days in the following situations:

(1) The alteration of such basic condition as title, responsible person, major shareholder or actual controller of a QFII;

(2) A QFII or its major shareholder and actual controller is severely punished by other supervision authorities (including overseas ones), which may cause significant impacts on investment operation of the QFII or its relevant business qualification is suspended or revoked;

(3) Alteration of the custodian or domestic entrusted investment agency (agent) or alteration of its relevant material information;

(4) Alteration of account title and information of opening bank;

(5) Alteration of open-ended Chinese fund prospectus; and

(6) Other conditions required by the SAFE.

Where a QFII changes a custodian, the new one should also provide the newly-signed custody agreement draft, the basic condition of the new custodian and relevant content of assets custody, and the new notarized and authorized letter, and submit the official custody agreement within 5 working days as of the date when a foreign exchange account and a special RMB account are opened.

Article 22 The custodian shall timely and accurately submit the relevant report forms of a QFII fund remittance and domestic securities investment in accordance with the following provisions:

(1) Fill in the Detailed Form for QFII Funds Remittance (see Appendix II for sample form) within 2 working days after funds remittance or settlement and purchase of foreign exchange by a QFII;

(2) Report and submit the Monthly Reform Form 1 and 2 of Domestic Securities Investment of QFIIs (see Appendix III for sample form) within 8 working days monthly; and

(3) Report and submit the last year's Annual Finance Reform Form 1 and 2 of Domestic Securities Investment of QFIIs (see Appendix IV for sample form) audited by the Chinese Certified Public Accountant within 3 months after a accounting year is over.

Article 23 A QFII shall be punished by the SAFE in accordance with the Regulations on Foreign Exchange Administration of the People's Republic of China and may be adjusted to reduce the investment quota until the quota is revoked in the following situations:

(1) Illegally utilize foreign exchange by transferring or reselling investment quota;

(2) Provide false information or materials for a custodian or the SAFE;

(3) Handle settlement of payment or purchase of foreign exchange not according to the provisions herein;

(4) Provide the relevant information or materials of fund remittance and domestic securities investment not according to the requirements of the SAFE; and

(5) Other acts in violation of the administration of foreign exchange.

Article 24 The custodian shall be published by the SAFE according to the Regulations on Foreign Exchange Administration of the People's Republic of China; if the situation is serious, the SAFE will revoke the qualification of a QFII with CSRC in the following conditions:

(1) Investment quota exceeding that approved by the SAFE or handling deposit inward of remittance for a QFII beyond the time limit;

(2) Handling the formalities of deposit and profit outward of remittance for a QFII not according to the Provisions herein;

(3) Opening or closing a foreign exchange account and a special RMB account for a QFII not according to the Provisions herein or handling the formalities of funds remittance and transfer not according to the prescribed scale of account balance;

(4) Submitting the report form and relevant documents to the SAFE or reporting relevant situations to the SAFE not according to the Provisions herein;

(5) Conducting statistics declaration of the international payment not according to the Provisions herein; and

(6) Other acts in violation of the Provisions on Administration of Foreign Exchange.

Chapter VI Supplementary Provisions

Article 25 The materials submitted to the SAFE according to the Provisions shall be in Chinese. In case foreign language and Chinese translation are available, the Chinese version shall prevail.

Article 26 The SAFE shall be responsible for interpreting the Provisions.

Article 27 The Provisions shall come into effect as of the date of its promulgation. The Interim Measures on the Administration of Foreign Exchange of Domestic Securities Investments by Qualified Foreign Institutional Investors (Announcement No. 2 of 2002 of the SAFE) and the Circular of the General Department of the State Administration of Foreign Exchange on Operation of Administration on QFII Foreign Exchange (Hui Zong Fa [2003] No. 124) shall be repealed simultaneously.

Appendix I: Registration Form of the State Administration of Foreign Exchange for Qualified Foreign Institutional Investor (omitted)

Appendix II: Detailed Form for QFII Funds Remittance (omitted)

Appendix III: Monthly Reform Form 1 of Domestic Securities Investment of QFIIs and Monthly Reform Form 2 of Domestic Securities Investment of QFIIs (omitted)

Appendix IV: Annual Finance Reform Form 1 of Domestic Securities Investment of QFIIs and Annual Finance Reform Form 2 of Domestic Securities Investment of QFIIs (omitted)

State Administration of Foreign Exchange
September 29, 2009

hàn yǔ xīn cí
汉语新词
New Chinese Expressions

1

山寨 shān zhài

Means: fake, pirated one.

In ancient China, this word means a mountain villa built by robbers. Now it mostly used to describe those fake or pirated products.

Example:

What the bloody hell is this? It looks like an I-Pod but with a brand name I-Pot! It's just so 山寨!

2

雷人 léi rén

Means: being shocked or very surprised, like getting hit by a thunder.

Example:

Ken is considered overweight compares to other kids. A guy come from behind and said to him, "Excuse me, but your fat just blocked off the signal of my phone." This is a 雷人 saying.

Ken cuts almost every class. One day he decided to show up, the professor said to him, "Long time no see, look how you have grown!" This is also a 雷人 saying.

3

谁怕谁呀 shéi pà shéi ya

Means: Who am I afraid of. I am afraid of no one.

Example:

Jack is a boxer, and in today's match he is facing the previous world heavy weight champion. Before the match, reporters asked if he feels nervous, and he replied, "谁怕谁呀. I am afraid of no one. Bring it on."

4

囧 jiǒng

Means: The character "囧" looks like a face with down-cast eyes. The youngsters use it to express feelings of embarrassment or response to silliness. The character "囧" originally means "bright", but it is rarely used nowadays.

Example:

In a football game, Mike got the ball into the wrong gate. One can say Mike just got himself into a very 囧 situation.

5

恐龙 kǒng lóng

Means:

The word's meaning is dinosaur, on internet it could mean ugly girls. In cyber age, you never know who you are talking to. So someone you thought to be pretty could be really ugly instead.

Example:

How to identify a 恐龙 on internet:

#1: always online. (because pretty girls go out dating instead)

#2: use beautiful photos as profile picture.

#3: nice to you.

#4: easy to ask her out.

#5: claim that she is not a 恐龙.

6

跩 zhuǎi

Means: It can be used as both praise and censure. When used as praise, it means awesome; or it could mean that someone is over confident about himself, showing off. People can also use the expression of 跩什么跩 (zhuǎi shén me zhuǎi) to mean not appreciate the flaunting behavior.

Example:

James and friends went out to the hottest club in town. They saw a guy dressing in fancy suits getting out of a really crapy old car, acting like a VIP. James turned to his friends: "Look that guy, way too confident. 跩什么跩! "

7

宅 zhái

Means:

It literally means the house, or the residence. Now it is used to describe people who obsess about internet and stay at home all day long. 宅男 (zhái nán) is to mean the male who keens on staying at home; 宅女 (zhái nǚ) for female.

Example:

Joe: Hey mate, would you like to go out for a drink after dinner?

James: Thanks but I prefer to stay at home. Don't you know that I am a 宅男?

8

520 我爱你 wǒ ài nǐ

Means: I love you. It started in the generation which was born in the 1980s, at the time when mobile phone wasn't that common in China, and instead Beep Pager was really popular. Young people used set of numbers to express different meanings.

Example:

"520", in Chinese pronounced as "wǔ èr líng", which is quite close to "我爱你" (wǒ ài nǐ), I love you in Chinese. "7456" pronounced as "qì sǐ wǔ liù" indicates "气死我了" (qì sǐ wǒ le), means "Piss me off". "88" is "bā bā" which means "拜拜", Bye-bye.

SUPPLY INFO

2009 China Market Suppliers List

Company Name: Fuzhou Changhua Power machinery Co.Ltd.
Company Profile: We are professional electric machinery manufacturer in china, which specializes in producing diesel and gasoline engine, diesel and gasoline generator, as well as diesel and gasoline water pump. Our company has obtained ISO9001 certification and Chinese national CCC certification, most of our products now have passed CE certification. Our products have been exported to more than 30 countries and regions, mainly in Europe, Southeast of Asia, America and Middle East.
Contact Person: Kate
Tel: 86-591-88071392
Fax: 86-591-83845608
Post Code: 350001
Email: kate@changhuapower.com
Website: www.changhuapower.com

Company Name: Shenzhen YONAN Air Conditioning Co., Ltd
Company Profile: Shenzhen YONAN Air Conditioning Co., Ltd is one of the largest specialized air conditioner enterprises that contain R&D, manufacture, sales and service in China and all over the world.

We are a large high technology enterprise with a sales office located in Shenzhen CBD and a factory situated in Dapeng town Shenzhen city China. Our factory possesses a hi-tech industrial park with land coverage of 800,000 square meters, dozens of modernized production lines with an annual production capacity up to 10 million units of air conditioners.

In the last few years' rapid development, YONAN achieved a lot, and had become a leading brand in air conditioner industry. Its sales network for household AC and commercial AC covers over 150 countries and regions. Now YONAN become one of the most important manufacturers in China, and the fastest developing enterprise in air conditioner industry. Especially during the world financial crisis, YONAN adjust the sales policy timely, share the losses with customers in crisis, and stick together with customers in difficulty, which had been highly appreciated by customers worldwide.

The reason why YONAN can keep a rapid, stable and efficient development is its corporate spirit. Relying on human resources and managing by trust, and we hold the business principle of "quality is the basis of enterprise's existence, science and technology is the guaranty of enterprise's benefits and the brand is the power of enterprise's development" emphasizes the science and innovation. After making efforts in many years, YONAN has accomplished lots of research results and owned many core technologies. Up to now, YONAN Air Conditioner has passed over 200 global authoritative certifications.

YONAN believes: Success comes from efforts, prospect goes with challenge. YONAN staff will constantly pursue trust and efficiency to increase overall management skill and maintain high speedy development, tomorrow, YONAN will keep innovation constantly, YONAN will definitely be acknowledged as a famous brand at home and abroad.
Contact Person: Maggie
Tel: 86-755-83154276
Fax: 86-755-83154275
Post Code: 518040
Website: http://www.yonanac.com

Company Name: Zhongshan Eastech Electrical Appliance Co. Ltd
Company Profile: Zhongshan Eastech Electrical Appliance Co. Ltd develops and manufactures electronic home appliances and health products. We target the growing health-conscious market worldwide. Our mature product wine cooler has won great credit for several years, which enjoys a great market share. Our focal product, vegetable washer/disinfector has got appearance patent and international priority patent, and our company is ranked the first in the world for developing it.

Our product range includes fruit and vegetable washers/disinfectors, wine coolers, and other healthy products. The quality of wine cooler is very stable and improved each year. The new product vegetable washer/disinfector has got more than 10 patents, and it's innovative in releasing ozone to decompose the poisonous chemical leftover on the fruits and vegetables, and also kill bacteria during washing process. Elimination rate of bacteria and pesticide reaches 99-percent (CNAL test report). Our wine coolers feature elegant design, with non-frost function and stable refrigeration temperature.

In addition to our 25 ready models, our 10 R&D engineers add 10 more new designs every year. Backed by more than a decade of experience, and the background of working in Haier and Keloon, they can get your customized ideas into sample within one month.

Monthly production capacity in our 10,000-square-meter factory reaches 2,500,000 units. 20 QC technicians conduct thorough inspection to ensure that every piece you receive is CE-, CB- and ETL-certified. Clients in Europe, the US, Asia and the Middle East are benefiting form our health-conscious products; you can too. Contact us now.
Tel: 86-757-28315389
Fax: 86-757-28315098
Post Code: 528427
Website: http://www.zseastech.com

Company Name: Ningbo Tieda Industry Co., Ltd
Company Profile: Ningbo Tieda Industry Co., Ltd was established in 2002, It is located in a economically developed area Cixi, Ningbo. Ningbo Tieda Industry Co.,Ltd manufactures Brass/steel fittings, Valves, Sanitary wares, Bathroom accessories, Cistern parts, Hardware products, and so on.

Over the years Ningbo Tieda Industry Co., Ltd established a integrated QC and customer service system. With over 200 highly skilled and experienced workers in our factory provide us constantly reliable quality and good reputation. Perfect Services and abundant experiences also provide us sufficient self-confidence on expecting better future.

Ningbo Tieda is committed to a high standard of performance to meet the expectation of our customers. Ningbo Tieda has developed over 200 items for your selection. Meanwhile we create at least 18 new products each year to keep your stock up to date. Ningbo Tieda exports US$5 million of merchandise to Europe, the US, North Africa and Asia.

We sincerely hope to welcome you as our customer at Ningbo Tieda for fruitful and long term collaboration.

Contact Person: Simon
Tel: 86-574 - 63925255
Fax: 86-574 - 63925256
Post Code: 315300
Website: http://www.nbtieda.cn

Company Name: Shanghai Golden Peas Electric Trading Co., Ltd
Company Profile: Shanghai Golden Peas Electric Trading Co., Ltd. was founded in 2008, the company formerly known as Hong Yong Electric traders row, in the electrical industry with 10 years of experience in production and sales, quality of survival, innovation as a driving force, to the credibility of development for the purpose of to more sophisticated technology, superior quality and perfect service for you.

The main production and operation of lamps, LED flashlights, work lights, mosquito swatter, mosquito lamp, hair dryer, perking device, electric kettle, sockets and other types of household electrical appliances. Welcome customers come to buy. The company can support small and wholesale, for more entrepreneurs to provide more comprehensive service, your satisfaction is our eternal pursuit.

Add: F4-17203/17204, Yi Wu International Trade City, Zhejiang
Tel: 86-579-85183203
Fax: 86-579-85199280
Post Code: 322000
Website: http://www.hongyingdianqi.cn

Company Name: LAMO Electrical Appliance Group CO., Ltd
Company Profile: LAMO Electrical Appliance Group CO., Ltd. established in 1992, and now LAMO have been rapidly developed and being a leader in manufacturing and selling refrigerator, water dispenser, washing machine and water purifier etc.

There are more than 2000 workers in our factory, the total covering area of LAMO is 173,334,00 square meter. The fixed assets amount to US$6 billion. Now we have the production capacity of refrigerator and wine cooler 1,000,000 sets, the chest freezer and ice-maker 300,000 sets per year. Meanwhile, we also supply water dispenser water purifier and washing machine and the annual capacity water dispenser and washing machine are 3,000,000 sets and 1,500,000 sets respectively. Most of products have gained GS/CE/EMC/CB/UL/ETL approvals. Furthermore, we are the first manufacturer passing the ROHS certificate for the entrance into European markets. Experienced staff, advanced machinery and a strong technical force, we have established a comprehensive quality control system according to ISO 9001:2000 standards.

Bing a forerunner of Chinese exporter to land European and US markets. Win 20 patents in our country. LAMO as a name brand in domestic market has great potential of development, stepping to goal of being a worldwide famous brand.

In the competitive market LAMO has great exploitation team. Every year we develop more than 10 new models, and have established long and steady business relationship with some famous companies. Our quality system has greatly strengthened.

Our factory located only 60 kilometers away from Ningbo Port, the second largest container port in China. And aside Hangzhou Bay Bridge the longest bridge in the world, it only takes 1 hour to Shanghai, the biggest open city of China.

Contact Person: Lisa
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Post Code: 315322
Website: http://www.lamo-china.com

Company Name: Ningbo Yuanda Electrical Appliance Co., Ltd
Company Profile: Ningbo Yuanda Electrical Appliance Co., Ltd was established in 1980, located in Cixi city, Ningbo, China. It is a prosperous city enjoying the convenient transportation as well as information communication. It is 50 kms away to the harbor city Ningbo.

Our company is becoming a leading manufacturer of household appliance since it engaged in this field in 1997. Enterprise specializing in producing kitchen machine, the main products are hand mixer, blender, egg boiler, juice extractor, food processor. The company covers an area 30000 square meters, and has more than 500 employees, 20 engineers and technicians. The total assets are US$4.8 million, and the annual output is around 3 million pieces. The exporting quantity excesses 2.8 million pieces per year (US$10 million).Most of our product has CE, GS, ROHS, UL, ETL approval. In August, 2001, our company acquired the authentication of ISO9001:2000 quality system. Our products are well marketed in the Europe, Asia, America, etc.

Contact Person: Joe Xu
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Website: http://www.nbyuanda.cn

Company Name: Cixi Yuyang International Trading Co., Ltd
Company Profile: Launched by China Siberia Group, Cixi Yuyang International Trading Co., Ltd. is located in Cixi city, Ningbo China. Specialized in overseas sales of household appliances, we provide global customers with high quality commodities at competitive prices, and excellent logistics, marketing and after-sales services.

The products we cover include refrigerators, freezers and washing machines. Since its incorporation, our company has become a fast growing and reputable Chinese supplier, exporting to nearly 50 countries around the world.

Following our distribution and marketing success, we also extend to promote our SIBERIA brand for those products, and expect a brilliant prospect of enhancing the brand awareness.

The quality of products is the first priority of Cixi Yuyang. The company has obtained ISO 9001 system recognition as well as CCC, CE, CB, SASO, ETL and Rohs certifications. To facilitate the payments by our customers, we established coopeation relationship with SINOSURE (China Export & Credit Insurance Corporation) in 2008, which will undoubtedly help expand our global business network.

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