

# CHINA'S

中国对外贸易

FOREIGN TRADE

The Export-Import Bank of China:  
Want to Be the Best in A Better World?

SPECIAL REPORT

Chinese Opportunity  
for Outbound Investment?

Sun Bingzhong  
Chairman of Wuxi  
Sunmart Holdings  
Pte Ltd.

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<http://www.ccpit.org>

2009.10



# **Jiangxi Changhe Motors Co.,Ltd.**

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## **I. The introduction of Changhe Motors**

Established on Nov. 26, 1999, Jiangxi Changhe Motors Co.,Ltd. is located in Jingdezhen, Jiangxi province, the famous city of China. It was sanctioned by National Economic and Trade Committee, Changhe Aircraft Industries Group is the main sponsor.

Jiangxi Changhe Motors Co., Ltd. (Changhe Motors) is one of the leading motor manufacturers, and the R&D and production base of small emission autos. The first microbus of China was manufactured here.

Changhe Motors has 6000 employees, with the registered capital of RMB 410 million. It has three bases of finished car manufacturing, including Jingdezhen, Jiujiang and Hefei, one engine manufacturing base in Jiujiang, and a industrial park of auto parts production. With a production pattern of crossing over two provinces and three cities, the company has developed an annual production capacity of 300,000 finished cars and 150,000 auto engines.

The company covers a wide business range of the series of mini cars, the design, development, manufacture, sales, aftersales services for economic vehicles, and the development, consultation and services of the relevant projects.

The company adheres to the concept of "Striving for the mission of letting cars drive into the average families". The company is devoted to the mission of boosting China's auto industry, making great contributions to the clients, shareholders and the society with the highest quality.

The government leaders have shown great concerns to Changhe Motor's development. Jiang Zemin, Li Peng, Wu Bangguo, Zeng Qinghong, Wu Guanzheng, Hui Liangyu, and some other national leaders, have visited the company, and given high praise to it.

## **II. The main products**

By adhering to the concept of safety, environmental protection, and energy saving, Changhe Motors has kept developing new family cars. Since 1982, when the company produced the first mini lorry, up to now,







it has developed and introduced in new products to meet the market demand. It has produced mini lorries, mini buses, mini aslooon cars, middle level saloon cars, etc. It has developed five platforms, and 8 major systems of a hundred kinds of vehicles, which are smoothly sold across the country.

The first generation of leading products was named series of CH1010, which took quite considerable market shares in the domestic mini car market. It has made quite a good foundation for the development of the company. Former Premier Li Peng gave it a pretty name "locust".

The products of the second generation was called series of CH1018 system, with a development rate of over 40%, marking the most splendid period of the company, the sales and production have topped the domestic car industry for many consecutive years.

The products of the third generation are named "Charles's Wain" and "Ideal".

**Jiangxi Changhe Automobile Co., Ltd.**

**Add:** No.208 Xinchangdong Road, Jingdezhen, Jiangxi 333002, P.R.China

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**Tel:** 86-798-8462884

**Fax:** 86-798-8462987

**E-mail:** dqzou555@gmail.com

**Web Site:** www.changheauto.com



# Lifestyle

## The Northern Life ~ Finnish Art and Design

**Duration:** April 25- June 25, 2009

**Venue:** Medium Art Centre, Haidian District, Beijing, China  
All 18 Northern Life Artists are from Oulu area, Finland.

**They are:** Visual art: Sakari Matinlauri, Moosa Myllykangas, Lauri Rankka, Anni Rapinoja, Riikka Soininen, Veikko Törmänen and Petri Yrjölä.

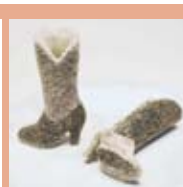
**Photography:** Anni Kinnunen, Antti Laitinen and Vesa Ranta.

**Design:** Sirpa Kivilompola, Päivi Mikola, Kimmo Nissinen ja Satu Pisilä.

**Architecture:** Ari Järvinen, Antti Lassila, Jukka Laurila and Lauri Louekari.



Anssi Lassila  
Kärämäen Kirkko



Anni Rapinoja  
warmshoes-2-2009



Veikko Törmänen  
Irtoaminen

**Sirpa Kivilompola** ~ The Paperivalo studio in the serenity of Lapland is where unique luminaires, cinerary urns and watermark paper cards take shape. I use natural fibres and ecological methods to make paper by hand. Using watermarks to decorate paper gives me a chance to realise my dream of combining light and paper. As handmade white paper already is expressive itself, the play of light and shadow as well as subtle differences in shades create an illusion that catches attention.



The watermark is a miracle hidden in a sheet of handmade paper and revealed by the light into stories and transparent images.

**Paperartist, designer,** born 1959 <http://www.paperivalo.fi/>



### Jukka Laurila

**Architect,** born 1949

Half of the designs of my studio have been renovating the old and the other half designing the new including single family houses, villas, multi storey buildings, office buildings and small public buildings etc. Using wood and wide range of it's surface finishings has become an essential element of architecture of these buildings. Finnish people have a strong history on

using wood as a construction material. Wood is an ecological material and especially important for me. When used in the right way it can carry Finland's strong tradition of forests to collaborate even with steel, concrete and glass.



### Lauri Louekari

Lauri Louekari is an architect and Doctor of Technology teaching at the University of Oulu's Laboratory of Contemporary Architecture. Louekari's doctoral research dealt with the analogical spatial relations between architecture and nature, and included a significant design component. Louekari has worked as

a practicing architect, running his own office since 1980 with his wife, architect Anna Louekari. Their work has been published in a number of foreign books and journals. Louekari's scholarly work has been covered in both domestic and international publications.

**Architect,** PhD, born 1952

<http://www.louekariarkkitehdit.com/>

**Moosa Myllykangas** ~ I mainly use diverse junk materials in my works incorporating copper thread, steel thread and line. Last two years I have work on acrylic and gold foil. I have noticed that the materials seek their way to me.

Many materials found by chance bring up me memory about events during life and eventually those events shape up to a piece of art. The significance of the work is very important for me but I try to leave things open also for the viewer so that everybody can create their own story around the work. I hope that the message of the artwork becomes the essential point.



**Visual Artist,** born 1960

<http://www.moosamyllykangas.net/>

**Päivi Mikola** ~ In my work I try to follow the star of simplicity, not forgetting warm human touch.

In design I find the values of ergonomics, ecology, economy, ethics and esthetics equally important – they are all complementary parts in a successful design project.

And, in design for every day life, the Nature materials, like wood, are the best companionship.

When everything goes together and functions, in an easy simple way, forming a complete whole – then the thing is most beautiful.

Seeing it happen - I am happy.

**Interior Architect,** born 1949

<http://www.colmio.com/>





**ANNI KINNUNEN** ~ I'm interested in time in a picture- how a moment constitutes. How a photograph is in endless motion, though a picture originates from a moment. In my photographs time stops. Places, that I use in my pictures are empty or deserted. Usually I float in the air and I'm free from reality. The floating reflects an interval: I feel I'm always between two things - never ready."

**Photographer, born 1978**  
<http://www.annikinnunen.com/>



## LALAN



Shanghai, Shanghai Art Museum, may 2009

*Lalan, a woman artist of China from early days*

LaLan went to Paris with her first husband Zao Wou-Ki to study music and dance in 1948, and started to paint in the end of 1950's.

She incorporates many elements from music and dance into her painting and forms a special style of abstract painting.

Her work manifests both the influence of French abstract painting in 1950's and 1960's and that of oriental culture. In her painting, there is the dynamic beat and rhythm of the author's gestures as well as the serenity and lasting appeal which is typical of Chinese classic painting.

As a China's woman artist of early period, Lalan is of some representative importance in the history of China's abstract painting with the modernity of her painting.

Xiao Xiao Lan, the Director of the Academic and Re-

search Dept. of SAM is the curator of this exhibition and in charge of the editing of the accompanying catalogue.

The exhibits of over 80pcs will be provided by the French collector Mr. Beurdeley and the family of Lalan. Mr. Beurdeley will donate two of Lalan's work to SAM as her permanent collection.

After SAM, this show will later tour in the Museum of China Academy of Art, based in Hangzhou, Macau Museum of Art and Taiwan Museum of Art.

## Prague Biennale 4

### China Section

**ARTISTS:** Cui Jie, Li Chao, Li Qing, Li Wei, Qin Chong, Qin Qi, Tu Hongtao, Wang Guangle, Wang Yabin, Wang Yaqiang, Xue Jun, Ye Yongqing

**Curated by** Cecilia Freschini

**Opening:** May 14th-15th-16th (Thursday, Friday, Saturday) 2009

**Dates:** May 14 - July 26

**Venue:** Karlin Hall, Prague, Czech Republic

**Presented by** Prague Biennale Foundation, Iberia Center for Contemporary Art, International Art and Culture Foundation of Spain (IAC)

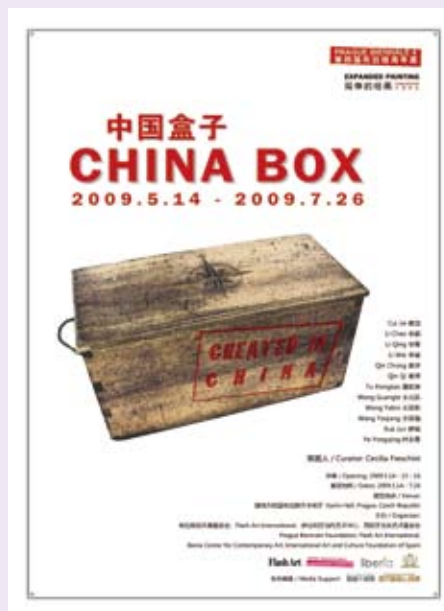
PRAGUEBIENNALE is already in its forth year. Having established itself as one of the most dynamic and interesting Biennale all around the world. This internationally acclaimed biennale in Czech Republic has become the international reference point, especially with regards to painting.

PRAGUEBIENNALE 4 (May 14 - July 26) is the biggest show focusing on young painting all around the world.

PRAGUEBIENNALE 4, as usually will present EXPANDED PAINTING, as the main project in the Biennial program. This is the hugest selection of the today young artists never been shown during an art biennale. Expanded Painting is dedicated to painting from all over the world with all its diverse connotations and in all its diverse conjugations. This year PRAGUEBIENNALE is proud to present the new section: "China Box", contemporary painting from China.

The curator Cecilia Freschini has introduced to this edition new contemporary paintings by twelve artists from China. The project is entitled "China box", which is a symbol of Chinese philosophy, wisdom and creativity. "China box" is a show that communicates to the audience how an independent curator beholds and understands Chinese contemporary painting today:

"'China box' is China. 'China box' is the basement of the social, economic and artistic structure. 'China box' is the weft, a de-sires' pix in which are hedged in ideals, thoughts and cultural creativity. 'China box' is the answer."





# Lifestyle

## ON STAGE

### Thumbelina by St. Petersburg State Children's Ballet

**Time:** May 29, Friday

**Venue:** Mei Lanfang Grand Theatre

**Price:** RMB 80/180/280/380/580

**Ticket Package:** RMB 600/1000

**Address:** 32 Ping'anli Xidajie, Xicheng District, Beijing

Performed by St. Petersburg State Children's Ballet

Tickets are available at 86-10-64177845

#### Plot summary

When the story opens, a woman receives a magic seed from a crone. Once planted, a tiny girl emerges from its flower. The woman names the child Thumbelina. One night, Thumbelina is asleep in her walnut-shell cradle and is carried off by a toad who wants the miniature girl as a daughter-in-law. Thumbelina escapes the toad and her son, and drifts on a lily pad until becoming the captive of a beetle. The beetle discards her when his friends reject her company. Thumbelina tries to protect herself from the elements but when winter comes she is in desperate straits. She is finally given shelter by a field mouse and tends the mouse's home in return. The mouse suggests Thumbelina marry her neighbor, a mole. Thumbelina finds the prospect of being married to a mole unattractive and escapes the situation by fleeing to a far land with a swallow she nursed back to health during the winter. In a field of flowers, Thumbelina meets a fairy prince just her size and they wed. Thumbelina receives a pair of wings to accompany her husband on his travels from flower to flower.

### Sleeping Beauty by St. Petersburg State Children's Ballet

**Time:** 2009/5/30

**Venue:** Mei Lanfang Grand Theatre

**Price:** RMB 80/180/280/380/580

**Ticket Package:** RMB 600/1000

Performed by St. Petersburg State Children's Ballet Troupe

**Address:** 32 Ping'anli Xidajie, Xicheng District, Beijing

Tickets are available at 86-10-64177845

#### Act I

It is Aurora's birthday. The palace gardens are decorated and the celebrations begin. Aurora receives four suitors who honor her with gifts of roses. During the festivities Aurora clutches Carabosse's flowers, pricks her finger and faints away. Carabosse reveals herself in triumph and vanishes. The Lilac Fairy returns to fulfill her promise. Aurora is carried inside the palace where she and the court will sleep until the arrival of the prince.



#### Act II

One hundred years later, Prince Florimund is out hunting with some companions. There in the forest he sees a vision of the most beautiful woman he has ever imagined; it is Aurora. Florimund dances with Aurora and falls instantly in love. When the vision disappears Florimund pleads with the Lilac Fairy to take him to Aurora. Florimund discovers the overgrown castle, but must first do battle with Carabosse, who would prevent him from entering. Once

inside the castle Florimund finds Aurora and awakens her with a kiss. Florimund declares his love for Aurora and the king and queen give their blessing for their marriage.

#### Act III

The palace must be prepared for the wedding. The dust of the ages must be cleaned, and a wedding dress must be made for Aurora. The Fairies return for the celebration along with the fairy tale characters of the Bluebird and Princess Florine, Puss in Boots and the White Cat. Everyone joins in a dance of celebration. Finally Florimund and Princess Aurora are married and receive the blessing of the Lilac Fairy.

### The Legend of Magic

**Time:** May 30- June 1, 2009

**Venue:** Chang An Theater

**Price:** RMB 100/180/280/380/500

**Ticket Package:** RMB 500/700/760/980

**Add:** 7 Jianguomennei Dajie, Dongcheng District, Beijing

Tickets are available at 86-10-64177845

Diversified magic tricks include "The Wonderful Magic Box", "Four Thousand Years of Legend", "Legend of Egypt", "Magic Crystal", "Dream of a Maid", "Night of Shanghai", "Sword Through the Neck", "Escape", "Night of Northern Europe" and "The Bed of Death" will bring you to a world of illusions. A captivating and breathtaking experience not to be missed!



### International Clowns Carnival 2009

**Time:** May 30- June 1, 2009

**Venue:** Poly Theatre

**Price:** 80/120/180/280/380

**Address:** Poly Plaza, 14 Dongzhimen Nandajie, Beijing

Tickets are available at 86-10-64177845

I bet your laughing this children's day is more crazy than ever, because, the international clowns are coming! Look out, or resist laughing so hard that soymilk squirts out of your nose as clowns will take over the stage from May.30 to June.1 in the Poly theatre. The grotesque facial appearances, the bizarre costume, the exaggerated movement, and the magic show that all make you feel fantastic. Come, bringing with your family, and join the clowns and learn their performing arts.

### Mayday Show Girl Party

**Time:** May 1-May 30, 2009

**Venue:** Renaissance Beijing Capital Hotel

**Price:** RMB 200

**Ticket Package:** RMB 500

**Add:** 61 Dongsanhuan Middle Road, Chaoyang District, Beijing, China

Tickets are available at 86-10-64177845

Put on your dressage to join the highest mayday show girl theme parties. Hot Hip, Mini Skirt, Net night for wire; charming eyes, beautiful trends, so many themes will turn round in Renaissance Beijing Capital Hotel. Liyanlong who is recommended by famous music manager Yaoqian, Dream China singer Lianjie will show you a pop, jazz, vision feast. That's just in mayday, every Saturday night, Show Girl Party will detonate an only top experience with fashion mainstream media.



## SCREEN

*Let's play music*

To celebrate the opening of music festivals season, French Cultural Centre invites you to discover a selection of movies focused on music.

French films with Chinese (and sometimes English) subtitles  
18 Gongti Xilu, Chaoyang District, Beijing

**Price:** RMB 20 (Students RMB 10)

**Tel:** 86-10-65532627

[www.ccfpekin.org/cinema](http://www.ccfpekin.org/cinema)



### Changement d'adresse

France, 2006, 85'

**Comedy – Director:** Emmanuel Mouret

**With:** Emmanuel Mouret, Frédérique Bel, Fanny Valette

David, a shy, awkward musician who has just moved to Paris, falls madly in love with his young student, Julia.

Wednesday 6/3 – 7:30 pm      Sunday 6/7 – 5:00 pm  
Friday 6/12 – 5:00 pm      Sunday 6/14 – 7:30 pm  
Saturday 6/20 – 5:00 pm      Monday 6/22 – 7:30 pm

### You and Me

France, 2005, 90'

**Comedy – Director:** Julie Lopes – Curval

**With:** Julie Depardieu, Marion Cotillard, Jonathan Zaccari, Tomer Sisley

Sisters Ariane and Lena both have beaux, but new men are piquing their interest. Lena is in love with Francois, but has met Mark, a talented violinist, who tries to sweep her off her feet. Ariane's been dating Farid for two years, but he won't commit, and she finds the charms of a Spanish construction worker hard to resist.

Saturday 6/6 – 7:30 pm      Monday 6/8 – 7:30 pm  
Sunday 6/14 – 3:00 pm      Saturday 6/20 – 7:30 pm  
Saturday 6/27 – 5:00 pm      Sunday 6/28 – 7:30 pm



### U

France, 2006, 75'

**Animation – Director:** Serge Elissalde

Mona is a princess but lives a life of misery, mistreated by an odious pair of rats. But one day an adorable little unicorn U appears and declares that she is there to help her through life and to assure her happiness. In the surrounding woods they

meet Lazare's family, the Wewes, a family of musicians living in a tree.

Friday 6/5 – 5:00 pm      Saturday 6/6 – 5:00 pm  
Sunday 6/7 – 3:00 pm      Sunday 6/14 – 5:00 pm  
Saturday 6/20 – 3:00 pm      Wednesday 6/24 – 7:30 pm  
Saturday 6/27 – 3:00 pm

### The Choir

France, 2004, 95'

**Drama – Director:** Christophe Barratier

**With:** Gérard Jugnot, François Berléand, Jean-Baptiste

Maunier

Mathieu becomes the supervisor at a boarding school that rehabilitates troublesome little boys. Through the power of song, Clement strives to transform the students.

Friday 6/19 – 7:30 pm      Sunday 6/21 – 5:00 pm  
Saturday 6/27 – 7:30 pm      Sunday 6/28 – 3:00 pm



### Melo

France, 1986, 110'

**Drama – Director:** Alain Resnais

**With:** Sabine Azéma, Fanny Ardant, Pierre Arditi

A concert violinist meets and falls in love with a stylish young flapper who's the wife of an old friend. Romaine instigates the affair with Marcel, and carries it forward even when her husband

Friday 6/19 – 5:00 pm      Sunday 6/21 – 7:30 pm

Friday 6/26 – 5:00 pm      Sunday 6/28 – 5:00 pm

Monday 6/29 – 7:30 pm      band Pierre, falls ill.



### Diva

France, 1981, 117'

**Drama – Director:** Jean-Jacques Beineix

**With:** Wilhelmenia Wiggins Fernandez, Frédéric Andrei, Richard Bohringer

A young French man is a peaceful postal worker, whose main passion is listening to an American diva, who refuses to record her songs. One day the young man secretly records her concert, but by some confusion ends up with the wrong tape.

Monday 6/1 – 7:30 pm      Sunday 6/7 – 7:30 pm

Wednesday 6/10 – 7:30 pm      Monday 6/15 – 7:30 pm

Sunday 6/21 – 3:00 pm

### The page turner

France, 2006, 85'

**Drama – Director:** Denis Dercourt

**With:** Catherine Frot, Déborah François

Melanie, the young daughter of a butcher is a gifted pianist. Her parents put her forward to study at the famous Conservatory, but Melanie is distracted during the entrance exam due to a rude juror and fails.

Saturday 6/6 – 3:00 pm      Friday 6/12 – 7:30 pm

Wednesday 6/17 – 7:30 pm      Friday 6/26 – 7:30 pm







**24**

Overseas enterprises involved in manufacturing is their Chinese peers' first choice on the road to the outside world, followed by trade, and natural resources exploitation, transportation and processing. And this preference rank will remain the same for quite some time in future.



**34** Together with its mild climate, making it an available destination all year round, fertile landscape and abundance of produce, it is no wonder that Suzhou is called "paradise on earth".



**56**

It is significant in maintaining China-Japan high-level dialogue as well as in building trust between the leaders of the two countries and enhancing cooperation.

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国际投资促进网  
www.sino-investment.org

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# Bi-Weekly Watch

## Bank of China net profit: 14.41% ↓ Q1

Bank of China, the country's third largest lender by market value, said on April 28 its first-quarter net profit fell 14.41 percent from a year ago on write-downs of sub-prime-related assets.

Net profit in the first three months stood at RMB 18.57 billion (US\$2.73 billion), or RMB 0.07 per share, down from RMB 21.7 billion, or RMB 0.09, a year earlier.

The bank wrote down the value of sub-prime-related assets and other securities by US\$378 million in the first three months, bringing the funds set aside for toxic assets up to US\$4.84 billion, the bank said in its first-quarter report.

The bank still held RMB 2.2 billion in U.S. sub-prime-mortgage investments, US\$1.05 billion in securities backed by Alt-A home loans, US\$3.2 billion of "non-agency" mortgage investments and US\$3.4 billion of Freddie Mac and Fannie Mae securities, as of March 31.

Non-agency mortgage refers to mortgage-backed securities not issued by government sponsored enterprises (GSEs) such as Freddie Mac and Fannie Mae.

The lender's domestic institutions extended RMB 569.4 billion of RMB-denominated new loans in the first quarter, up 24 percent from the end of last year, as the country's banks have been instructed to make more loans in a bid to stimulate the slowing economy.

RMB-denominated customer deposits increased 18 percent from the end of last year to RMB 723.1 billion in the first quarter, it said. However, the bank's income from interest declined 9.74 percent from a year ago to RMB 36.84 billion in the first three months.

The bank said it adjusted its holding of foreign currency-denominated assets down by 6 percentage points to 29 percent of the total in the first quarter. The non-performing loan ratio was 2.24 percent at the end of March, 0.41 percentage points lower than the end of last year, with outstanding non-performing loans at RMB 85.13 billion.

The bank's shares closed at 2.76 HK dollars in Hong Kong, unchanged from the previous close. Shares in Shanghai edged up 0.29 percent to RMB 3.47. Trading in Shanghai ended before the lender's first-quarter results were announced. (*Xinhua*)

## China's retail sales: 9% ↑ during May Day holiday

China's retail sales climbed 9 percent from a year ago to about RMB 12 billion (US\$1.76 billion) during the three-day May Day holiday, the Ministry of Commerce said.

The estimate was based on sales from May 1 to May 3 at 1,000 major domestic retailers monitored by the ministry. The ministry said robust sales were reported for gold, jewelry, home appliances and autos, as retailers launched promotion campaigns.

Sales of gold and other jewelry rose 19.6 percent, the ministry said, without giving specific figures. However, it said the Beijing Caishikou Department Store, a major gold retailer in the capital, saw its sales nearly double to RMB 14.3 million on May 1 alone.

Sales of appliances, such as LCD TVs, air conditioners, refrigerators and laptops, increased 11.4 percent, while those of automobiles grew 9.2 percent. (*Xinhua*)

## China's registered urban jobless rate: 4.3% in Q1

From January to March, 2.68 million people joined the workforce in cities and towns across the country, which is 29 percent of this year's target of 9 million people, and the registered urban unemployment rate was 4.3 percent, lower than the 4.6 percent target for this year.

The employment and re-employment situation remained basically stable in the first quarter, said Yin Chengji, a spokesperson for the Ministry of Human Resources and Social Security.

In the first three months, 690,000, 930,000 and 1.06 million people joined the workforce respectively, in cities and towns, with the figure increasing month-on-month. The average number of people joining the workforce reached 890,000 per month amounting to a 51.4 percent increase over the fourth quarter of last year, a noticeable sharp rise.

Yin believes that at present the current employment situation still remains very grim, and demand for employment has yet to return to normal levels. (*People's Daily Online*)

## China's energy intensity: 2.9% ↓ in Q1

China's energy intensity dropped 2.89 percent in the first quarter, the National Bureau of Statistics (NBS) reported on April 29.

The decrease compared with 2.62 percent a year earlier. The NBS said the calculation, which reflects how much energy is used to produce a unit of gross domestic product (GDP), was based on a 3.04 percent increase in energy consumption and the 6.1 percent GDP expansion in the first quarter.

"The latest figure shows the central government's efforts to stimulate economic growth and reduce energy consumption are taking effect," said an NBS official.

Experts attributed the decrease to "a positive change in the country's economic structure." In the first quarter, the proportion of tertiary industry in GDP was up 1.6 percentage points while that of secondary industry dropped 1.9 percentage points. The increase in output of energy-intensive industries declined 12.5 percentage points from a year earlier.

Energy intensity in large-scale industries fell, with the steel industry down 7.51 percent, nonferrous metals 16.58 percent and power production 10.17 percent. (*Xinhua*)



## Assistance campaign to benefit over 6.8 million migrant rural workers



The All-China Federation of Trade Unions (ACFTU) revealed on April 24 that more than 6.8 million migrant rural workers will receive employment assistance this year. The organization will help 200,000 laid-off jobless and migrant rural workers enter the household management service industry.

Approximately 20 million migrant rural workers lost their jobs in the period before and after the Spring Festival holiday. According to data released by China's National Bureau of Statistics, the average cash income of rural households in the first quarter of this year stood at RMB 1,622, an increase of 8.6 percent compared with the same period last year. Of these, the average wage income was RMB 655 per rural household, an increase of 7.7 percent compared with the same period the year before. The average wage income from off-farm employment was RMB 383 per household, an increase of 8.2 percent.

In February, the ACFTU started an assistance campaign covering more than 10 million migrant workers, prioritizing employment assistance. The campaign plans to provide employment assistance and offer rights protection services as well as livelihood assistance to over 5 million people. The campaign also plans to acquire over 5 million new migrant rural worker members.

This year, 100 employment training (practice training) bases with names designated by the ACFTU will be established around China. At the same time, the ACFTU will finance the establishment of 10 bases for the training and demonstration of migrant workers' skills in provinces with high populations of migrant workers, in order to train a group of medium to high-level technicians. According to the plan, more than 2 million migrant rural workers will be trained this year. Over 500,000 of these are expected to obtain certificates for technical proficiency. More than 3 million migrant rural workers will be given help to find employment.

At the same time, the ACFTU is in active communication with China's Ministry of Commerce and Ministry of Finance, planning to train 200,000 laid-off workers and migrant rural workers to provide household services in 2009. The ACFTU will also launch a micro-credit program together with the China Banking Regulatory Commission, to solve issues such as venture capital bottlenecks for migrant rural workers and laid-off workers through communication and coordination to help them start their own businesses independently.

By the end of 2008, China's total number of migrant rural workers had reached 230 million. Of this 230 million, those working in cities amounted to 130 million, three times more than the total workforce of state-owned enterprises. To date, the number of migrant rural workers who have been a member of the ACFTU stands at 72.16 million.

The entire campaign requires a total fund of more than 800 million yuan, all of which will come from public funds. The funds will be issued through strict approval procedures, and the allocation and disposition of the employment training fund and assistance fund will regularly be announced to the public. (*People's Daily Online*)

## China announces US\$10b rural support



China's State Council, or Cabinet, on April 23 announced measures to support agriculture, given the negative impact of the global downturn. The measures were taken during a Council executive meeting, chaired by Premier Wen Jiabao.

The meeting was told that the global downturn was still worsening and its negative impact on agricultural production and the rural economy had become more obvious, with global commodity demand and prices slumping.

More should be done to stabilize agricultural production and increase farmers' income, according to the meeting. It said RMB 3 billion (US\$439.2 million) in central funding would be allocated to support building standard pig and dairy farms. Strong steps must be taken to boost rural employment by increasing training and financial support, it said.

The meeting urged better methods in the state purchase and reserve of farm staples and promotion of agro-processing companies. It also demanded greater effort to improve the agriculture product circulation system and quality and safety supervision.

It said RMB 65 billion (US\$9.5 billion) in central investment this year would go to fund the construction and improvement of rural infrastructure, including education, health care and irrigation.

Attendees also approved a draft regulation on lottery management. The regulation covers ticket issues and sales and fund management. The regulation would be publicly released after further revision, it said. (*China Daily*)



## China's pork prices continue to fall in April

Pork prices in China further dropped in April due to over market supply and falling demand, analysts said on May 8.

Statistics released by the National Development and Reform Commission (NDRC) showed pork prices in major Chinese cities averaged RMB 10.13 per kg (US\$1.5) at the end of April, down 10.4 percent from the same period last year.

The decline led the proportion between pork prices and grain prices to stand at 6.18 to 1, the lowest point since May 2007, gaining on the threshold for hog breeders to earn profit set by the NDRC, which is 6 to 1.

The government will enforce subsidies for the pork production industry if the figure falls below 5 to 1. Pork prices were also affected by the falling demand in summer, when people tend to eat fewer pork products, said NDRC in a statement posted online. The A/H1N1 flu was also a factor that made people more cautious when choosing meat for meal, according to Wang.

The continuous price fall has already aroused concerns for further drop in CPI (Consumer Price Index) later this year, as the prices of pork, a major meat on Chinese families' dinner table, is a main drive behind CPI changes.

"It will impose large pressure on the country's CPI if the downward trend in pork prices continues," said Wang. Food prices, a major component of China's CPI, fell 0.7 percent year on year in March, with pork prices down 23 percent. (*Xinhua*)



## Mazda increases stake in China sales ture

Japan's Mazda Motor Corp. said April 30 it has spent RMB 49.5 million (US\$7.2 million) to raise its stake in a joint venture sales company in China. The deal allowed Japan's third-largest car maker to increase its share in FAW-Mazda Motor Sales Corp. to 40 percent from 25 percent. Mazda's investment increased the joint venture's registered capital from RMB 100 million to RMB 125 million, according to China Daily in May 1st.

Analysts said an increased stake in the sales company will help Mazda become more profitable as it gears up expansion in China to offset slowing sales elsewhere due to the global recession. The Japanese auto maker sold a company record of 37,217 units in the first quarter, an increase of 22 percent from a year earlier, fueled by government stimulus measures for small car purchases and more dealerships, according to Noriaki Yamada, president and chief operating officer of Mazda Motor (China) Co..

Mazda had 125 dealerships in China at the end of March. The figure is expected to reach 140 by year end. Mazda also has a three-party venture with Chang'an Automobile Co and Ford Motor Co in China, producing Mazda 3 sedans and Mazda 2 compact cars. (Xinhua)

## China auto sales hit new high in April



Sales of China's domestically made vehicle set a record high of 1.153 million units in April, up 25 percent from a year earlier, the China Association of Automobile Manufacturers (CAAM) said May 8. This represents an increase of 3.91 percent from March. In March, sales rose 5 percent year-on-year to 1.11 million units.

Automakers produced 1.157 million motor vehicles last month, up 17.9 percent year-on-year, according to CAAM. It was 5.61 percent higher than March. CAAM said the April figure showed the country's auto industry had seen signs of recovery as the government's stimulus policies began to have an effect. The association said the continuous pick-up in passenger car sales was bolstered by government stimulus policies. China unveiled a support package for the auto industry early this year, cutting purchase taxes for cars with small engine capacities and providing subsidies to rural purchasers.

In the first four months, motor vehicle sales hit 3.832 million units, up 9.4 percent year on year, while a total of 3.725 million units were produced, up 6.4 percent, according to CAAM. Passenger car (sedans, SUVs and MPVs) sales in April rose 37.37 percent from a year earlier to 831,000 units. The March figure stood at 772,000 units. While commercial vehicles (busses, trucks and pick-ups) fell 4.53 percent from March to 322,100 units in April, but rose 1.38 percent from a year earlier. Passenger car sales in the first four months climbed 15.09 percent from a year ago to about 2.83 million units. Production totaled more than 2.69 million units, up 9.75 percent year on year. (Xinhua)

## Auto Shanghai 2009 takes the spotlight amid global slump



The Auto Shanghai 2009 kicked off at the International Expo Center in Shanghai on April 21, boasting a record high of 1,500 carmakers worldwide. Since its debut in 1985, the event, held every other year, has become one of the most influential auto exhibitions worldwide. The show has caught up with the Frankfurt, Geneva, Paris, Tokyo, and Detroit shows, after being added to the international Class-A auto show list.

Earlier this year, both the Detroit and Geneva shows saw smaller numbers of participants compared to previous years, with some major auto players absent. But now, the Shanghai show might have overtaken them as it is putting on a brave foot forward, providing a great platform for global players amid the lingering financial turmoil. Quite a number of those, like Japan's Nissan, have shown up in Shanghai with all they have. Huo Jin, the Nissan's PR manager explained that the company will present 17 car models in Shanghai, 11 under the name Nissan, while another six under the sub-brand Infinity. The scale is equivalent to last year's and hasn't shrunk in Shanghai.

Despite the recession back at home, America's top three automakers, General Motors, Ford and Chrysler, showed up to the show with all they have. The three auto giants sustained their position at the Expo Center by jointly occupying 5,000 square meters. Teaming up with its Chinese partner of Chang'an Motor, Ford plans to present 37 car models. Several domestic automakers chose the Shanghai show as a good chance to renew their images through brand restructuring. Cherry, one of the major independent automakers in China, will present its productions in four sections, each with an independent sub-brand, namely Chery, Riich, Rely, and Karry. Two of the newly set up sub-brands, Riich and Rely, will be used on luxury cars and high-end MPVs.

"This is the first time that Chery will display its four sub-brands in a show," the company's spokesman Jin Yibo said. Jin believes the Shanghai Auto show will be a key platform for domestic auto makers to promote themselves and inject more vitality to the country's auto market. Similarly, Zhejiang-based Geely Auto showed up with a slogan of "New Geely," and three new sub-brands on display at the show - GLEAGLE, EMGRAND, and SHANGHAI ENGLON, each targeting different sectors of the market. (CRIEnglish. com)

## China FAW, Volkswagen plan 5-billion-yuan auto plant in Chengdu

China First Automobile Works (FAW) and Europe's auto giant Volkswagen said May 8 they would jointly invest RMB 5 billion (US\$735.3 million) to build an auto plant in Chengdu, capital of southwest China's Sichuan Province.

The plant is expected to create 4,500 jobs. It will have a planned annual output of 150,000 and will make the Volkswagen Jetta. The firms didn't announce how the investment would be divided.

Xu Jianyi, FAW's general manager, said the new investment was made in an effort to support reconstruction of Sichuan, which was hit by a strong earthquake on May 12 last year.

Volkswagen China CEO Winfried Vahland said the Chengdu plant would serve as an important production base to achieve its 2-million sales target in China by 2018. Europe's largest auto producer, Volkswagen, entered China in 1984 and has invested 6 billion euros (US\$8 billion) in China so far, according to the company. The European auto maker has 13 joint ventures in China, including one between FAW and Volkswagen in Changchun, capital of northeastern Jilin Province, which was established in 1990. Volkswagen sold more than 1 million vehicles in China last year. (Xinhua)



## Australia approves Ansteel's additional stake in Gindalbie



Australian Treasurer Wayne Swan announced on May 8 his approval on the Chinese steel maker, Anshan Iron and Steel Group Corporation (Ansteel)'s acquisition of an additional stake in Australian iron ore miner Gindalbie Metals Ltd.

Ansteel had agreed on a number of undertakings that would support Australian mining jobs and protect Australia's investment participation in the Chinese resources market, Swan said. "My approval under the Foreign Acquisitions and Takeovers Act 1975 is conditional upon Ansteel supporting the wider development of infrastructure in the Mid-west (of Australia), and maintaining agreed levels of Australian participation in a green fields joint venture in China's Liaoning Province," Swan said in a statement.

Swan said this foreign investment decision has allowed Ansteel to have a stake of up to 36.28 percent in Gindalbie, conditional upon legally enforceable undertakings by Ansteel. Ansteel was also a 50 percent partner in a joint venture with Gindalbie to develop the Karara Iron Ore Project. The Karara Iron Ore Project has been a 1.8 billion Aust dollars (US\$1.4 billion) development in the Mid-west region of Western Australia. (*Xinhua*)

## World Steel Association: China's steel use to go down 5%



China's apparent steel use, predicted to see a five percent decline in 2009, will lead the recovery for the whole world with a total steel use decline of 14.9 percent, the World Steel Association said here on April 27. The World Steel Association (Worldsteel), which represents 180 steel producers, national and regional steel industry, forecasted that worldwide apparent steel use is expected to decline by 14.9 percent to 1,018.6 million metric tons (mmt) in 2009 after declining by 1.4 percent to 1,197 mmt in 2008.

However, steel demand is expected to stabilize in the latter part of 2009 leading to a mild recovery in 2010. China is expected to witness a negative growth of minus five percent in the apparent steel use in 2009 as the ongoing global economic crisis hits China's exports, in addition to the effects of a slowing domestic economy, Worldsteel said. The last time China's apparent steel use recorded a negative growth was in 1995 when the apparent steel use fell by 17.2 percent following the real estate bubble burst. "China's stimulus policy which put more emphasis on infrastructure development will give a boost to its steel industry, while more mature economies are still trying to stabilize its bank industry," said Ian Christmas, director general for the World Steel Association.

Emerging economies are being affected by the economic crisis, but to a lesser degree, Christmas said. India, whose economy focuses more on software and textile, is projected to have a positive growth of two percent for the apparent steel use in 2009, while BRIC countries as a whole are forecasted to contract by only minus 5.9 percent, according to the Worldsteel prediction. While the projected apparent steel use for the world, excluding BRIC, is down 22.3 percent in 2009, the world excluding China is expected to decline by 20.4 percent in 2009.

Within the NAFTA (North American Free Trade Agreement) region, the U.S. is expected to show the largest decline in steel demand in the post-war period. In 2009, the apparent steel use is expected to fall by 36.6 percent. Europe will be the most affected region outside NAFTA. The EU will have a 27 percent decline. Other part of Europe and CIS regions are expected to show a decline of more than 25 percent in their apparent steel use in 2009.

Japan has also been affected by a sharp decline in the exports of its steel-using industries, especially automotive and machinery. The apparent steel use is expected to fall by 20.4 percent in 2009. "The progression of the U.S. financial crisis into a global economic crisis brought about a massive and regionally synchronized global decline of steel demand in late 2008. For most of the world this trend has continued into the first quarter of 2009," said Daniel Novegil, chairman of the World Steel Economics Committee. Improvement in steel consumption for the second half of 2009 will depend on the effects of government stimulation packages, the continued stabilization of financial systems and a return of some consumer confidence," Novegil said. The Board will review a Short Range Outlook for 2010 at its Board Meeting in October 2009 in Beijing. (*Xinhua*)

## China has no intention of giving up setting iron ore benchmark price

Luo Bingsheng, vice chairman of China Steel Industry Association, said April 28 that China had no intention of giving up the "initial pricing power" of the ongoing iron ore price negotiations. Chinese steelmakers are asking for price cuts of more than 40 percent for annual contracts of iron ore. Rio Tinto and Vale have accepted a 20-percent price cut.

There were reports that if Japan and the Republic of Korea (ROK) settled the iron ore price earlier this year in the negotiation, steelmakers in different countries might get a better price, as the steel output in the two countries was declining sharply in the first quarter despite an output increase in China. Crude steel output rose 1.74 million tonnes year on year in the first quarter to 124.7 million tonnes in China, while large and medium-sized producers lost RMB 3.31 billion (US\$ 484.9 million) in the first quarter as steel prices returned to 1994 levels.

Japanese steel output in March fell 46.7 percent year on year to 5.74 million tonnes, dropping for the sixth straight month and that of the ROK was down 21.2 percent to 3.7 million tonnes as global demand for cars and electronics slowed. "If the iron ore price was in line with our requirements, we would accept it. If others' agreements are not in line with our requirements, we will stick to our own claim," Luo told reporters April 28. He said various miners and steel producers had come to the agreement that the global steel industry would generally see an over-supply this year, so miners should cut iron ore prices for the 2009 annual deal, but there was no agreement on the scale of the cuts.

In the similar development, Michael Zhu, Vale's China president, said April 28 at an industry conference in Beijing that the Brazilian mining giant would cut iron ore output by 25 percent this year. The 65-percent price rise of iron ore agreed last February between Japanese, ROK steelmakers and leading Brazilian iron ore supplier Vale set the 2008 benchmark price. China's leading steelmaker Baosteel in December 2006 beat other buyers in setting the iron ore price for fiscal 2007 with a slight 9.5-percent price rise. The lower-than-expected increase was deemed a success for Chinese buyers. (*Xinhua*)



## PetroChina sets up joint venture with Venezuela national oil company

PetroChina and PDVSA, the national oil company of Venezuela, have established a joint venture on oil exploration and development, said Jiang Jiemin, Chairman of PetroChina Company Limited on May 12. PetroChina held 40 percent of the new company's shares, Jiang told Xinhua at the annual shareholders meeting.

According to Jiang, a joint venture transporting oil and two joint refineries would also be established. PetroChina would hold 50 percent stake in the former and 60 percent in the latter two.

One of the refineries would be located in eastern Guangzhou Province, Jiang said. PetroChina is expected to produce 40 million tons of crude oil from Venezuela annually. He also noted that construction of the China part of the pipeline transmitting crude oil from Russia to China will be started this month and the transmission capacity is expected to expand from the current annual 15 million tons.

Taking advantages of the decreased prices of oil and gas, PetroChina would expand its overseas business, and strengthen cooperation with both energy producers and international energy giants such as ExxonMobile, BP and Shell, Jiang said.

PetroChina is the Hong Kong and Shanghai-listed subsidiary of China National Petroleum Corporation, China's largest oil producer. (Xinhua)

## PetroChina to raise 100 bln yuan for major business



The financing plan was approved at the annual shareholders meeting held on May 5.

The fund will support major strategic projects such as oil exploration and development in north-western basins, oil refining business, natural gas pipeline construction between Central Asian countries and China as well as crude oil pipeline building between China and Russia, according to PetroChina.

The company would also focus on overseas expansion this year, as falling oil prices on the international market have presented a rare chance for going out, PetroChina president Zhou Jiping told Xinhua at the meeting.

The oil producer would strengthen cooperation with both resources-rich countries such as Kazakhstan, Qatar and Venezuela and oil giants such as Exxonmobile, BP and Shell, Zhou said.

With China's producer price index (PPI) declining and the domestic demand for energy expected to rise, PetroChina will lower costs to strengthen the development of major business, said PetroChina chairman Jiang Jiemin.

According to Jiang, the company will cut 10 percent of the investment in projects already launched, but the total investment scale will be kept at the same level as that in 2008. PetroChina's capital expenditure in 2008 exceeded RMB 232 billion. The 100-billion yuan financing would not upset the company's balance sheet, said Zhou Jiping. (Xinhua)

## Chinese ministry rules out sudden fuel price hike



The government ruled out any immediate increase in fuel prices on May 8 despite increasing market speculation about a possible hike, top pricing officials said. Officials at the National Development and Reform Commission (NDRC) said the recent oil price rise on the global market indicated that the domestic fuel prices should be raised.

But Xu Kunlin, deputy director of NDRC's pricing department, told a news briefing on May 8, that the authorities would only increase prices after further careful consideration.

According to the fuel pricing mechanism announced on Friday, China will adjust its fuel prices when global crude oil costs fluctuate more than 4 percent over 22 straight working days.

The global crude oil price has been increasing since March, rising from 35 U.S. dollars a barrel to around US\$58 on May 7. This was the first time the government made public its fuel pricing mechanism since it announced last December that it would link domestic gasoline and diesel prices to the international market.

Xu said many oil traders had engaged in speculative dealing in recent days amid rumors of a price hike. "To prevent speculative trading, we will not adjust oil prices exactly in line with the benchmarks set in the regulation." "And of course, we will not increase the prices on May 8, they can profit from speculation," Xu added.

The government raised the benchmark retail price of gasoline by RMB 290 yuan (US\$42) per ton, or 5 percent, and diesel by 180 yuan per ton, or 3.7 percent, on March 25.

Xu said the price revisions show the new pricing mechanism that took effect on Jan 1 means the government can respond accordingly to international oil price changes. He said the government would take the global economic situation into account when deciding the adjustment of oil prices. "For example, if the U.S. economy continues to worsen and oil prices come down, we will not increase prices in the short term."

To prevent speculation, Xu ruled out announcing the timing of oil price adjustment in advance. "I don't think we need transparency in this regard." Cao Changqing, director of the NDRC pricing department, said the Chinese government has tracked the trend of several oil markets worldwide. China only monitored the oil price in Singapore in the 1990s. "We've learnt a lesson from that because that created many massive profit-making opportunities for speculators," he said.

PetroChina said on its website that China's ex-factory gasoline and diesel prices are linked to the prices of Brent, Dubai and Cinto crude oil, and it will also take into account transportation, processing, tax and refining costs. (China Daily)





## Textile sector will bottom out very soon – Ms Lilin, CCA



The just completed cotton season played havoc and spared neither the farmer nor the trader in the initial months of the new cotton crop arrivals in the market. Despite the fact that prices ruled at four year lows, there was minimal demand from the textile mills for want of liquidity. China fared no better, but was saved by the market intervention of the government which procured huge amounts of cotton from the farmers and ginners.

With the objective of a getting a clear picture in the current market situation, Fibre2fashion spoke to Ms LiLin, Director (Public Relations), China Cotton Association, who said, “China is the largest cotton producer, consumer and importer in the world. In 2008, China’s cotton output reached 7,490,000 tons and imports registered 2.11 million tons; yarn production completed 21.49 million tons, giving it the number-1 rank in the world”.

She added by saying, “China’s cotton imports from India marked 610,000 tons, accounting for a 29 percent share of China’s total imports due to which India is the second largest exporter of cotton to China, but impacted by the financial crisis, demand from international market is in the doldrums, textile and clothing products are overstocked and exports are disrupted, creating a direct impact on cotton demand”.

She continued by saying, “In October last year, China’s domestic cotton price fell by a larger margin when new cotton arrived in the market and the Chinese government introduced provisional procuring measures in time and purchased 2.7 million tons of cotton for state reserves in total, which effectively protected the interests of farmers and stabilized cotton prices in domestic market”.

The present difficulties are temporary, in the long run, China’s textiles and clothing are still relatively competitive in international market, and China has great potential lying in domestic demand. At present China’s economy has shown signs of warming-up. Meanwhile, China has implemented a series of plans to revitalize the textile industry, it is believed that China’s textile industry will bottom out very soon”, she concluded by saying.

We next asked her, if she visualizes the market bending towards the man-made fibre industry, to which she replied by saying, “No matter, whether at home or abroad, cotton products have occupied a stable market share both in China and other countries in the world and with the improvement of living standards, as well as enhanced awareness of returning to nature and environmental protection, people will always have a attachment for cotton made products”.

We concluded the interview by asking her about the consumer demand for organic cotton to which she replied by saying, “As regards organic cotton, we have not conducted any special study or research related to organic cotton, since, China has very small production and even less consumption”. (*Fibre2fashion News*)

## Pak textile industry may get benefit from fine quality Chinese chemical fibre



Pakistan may boost its textile production by using fine quality Chinese chemical fibre at competitive cost, said a major Chemical Fibre concern Saturday. “We have good trading terms with some Pakistani entrepreneurs and wish to export our product in large quantity there”, said Ms Hu Chen the Chief Executive of Jiangsu Huaxi Group Bao Chang while talking to APP.

Hu runs a large Chemical Fibre group in Hauxi, one of the four richest villages in China. She exports products to various countries as well as in international market at competitive cost. Hu said that last year her group exported around one thousand tonnes of finished Fibre to Pakistan.

Meanwhile, the former Secretary of NPC Huaxi village and longest serving Chairman We Ren Bao while talking to mediapersons at Huaxi said that his village will enthusiastically participate in the Shanghai World Expo 2010, as its theme is “Better City, Better Life”, and his village has all the facilities that are prerequisite for a better living. He said that “we have made elaborate arrangements to ensure excellent environment, while establishing over 60 various kinds of factories with zero environment hazard”.

According to officials of the Huaxi Group, the group has provided employment opportunities to over 20,000 workers in various fields. Besides imparting vocational training to over 6000 working including migrants with handsome stipends. The average annual income per head is US\$1,000, besides other financial facilities, they said. (*ctei*)

## Himfr.com analyzes textile and clothing trends in 2009

Himfr.com, one of China’s leading B2B search platforms with more than 30 B2B industry websites to its name, including Frbiz.com (<http://www.frbiz.com/leather-goods/>), analyzes textile and clothing trends in 2009.

Himfr.com believes that in the long run, China’s foreign trade depends on improvements in the current global economic situation; however, with the decline of the domestic retail sales growth rate in the United States, the short-term suggest the possibility of improvements in exports for Chinese manufacturers.

Compared to the uncertain foreign trade situation, Himfr.com is more optimistic about the domestic market: the main reason comes from the confidence of China’s economic development. Himfr.com estimates that if China relies on the advance of urbanization and demographic changes brought about by China’s clothing market, the annual capacity will be at least a 10% growth, and if you consider economic growth brings increased spending power to residents, the expansion of the market capacity would far exceed the rate of 10%. Of course, in the short-term, the slowdown in economic growth on income levels and spending power is inevitable. We believe that the slowdown in domestic sales is due, in large, to lower prices that have mainly resulted from the falling stock prices seen in clothing enterprises. In the future, the domestic retail sales growth rate is expected to recover.

Seeing price indexes fall one after the other is of great significance, showing that enterprises further reduce production to offset cost pressures. Himfr.com believes that this will help re-establish the use of a temporary price advantage to deal with economic difficulties.

New policies in China have now set the export tax rebate rate to 16 percent. Himfr.com believes that the government has been so careful in its adjustment of the industry for the export tax rebate rate to prevent the idea of trade protectionism. Due to weak overseas demand, solely relying on the increase of the export tax rebate rate to stimulate exports is not the reality. The tax rebate rate adjustment is of more important significance for the foreign trade enterprises to set aside space for price cuts to ease the pressure on enterprises exports. (*About Himfr.com*)



## Wal-Mart China revises streamlining plan after trade union steps in

Wal-Mart China headquartered in south China's Shenzhen City has agreed to revise a plan on payroll cut involving 2,000 mid-level managers in its outlets nationwide, after a trade union stepped in to mediate, a union official said here April 22. "The company will give a one-off reward of RMB3,000 (US\$440) to those who agree to be transferred to work in other stores, or receive training offered by the company," said Wang Tongxin, vice chairman of the Shenzhen Federation of Trade Union.

The federation became involved after trade unions representing Wal-Mart workers reported on April 11 that senior management at the US-based retailer planned to relocate some mid-level managers to new stores in other Chinese cities under threat of demotion or even dismissal. "After talks with the employee representatives, Wal-Mart has taken the concerns of the employees and made big revisions to its plan, which finally reached a win-win situation," said Wang. China Daily also reported that the managers will be promoted to a higher position if their current positions have been cancelled in the new stores and they will not see a drop in salary.

Wal-Mart also agreed that managers who stay on at the same store would not be punished or miss out on a pay rise, the newspaper quoted its sources as saying. The revisions will be applied to all Wal-Mart stores in China, according to the federation. "It's understandable that a company adopts a restructuring plan at an adverse time, but the decision must be achieved after negotiation with the employees, rather than a one-sided order, if it would affect the benefits of the employees," Wang said. Wal-Mart now has 104 outlets in China with 50,000 employees. The company plans to open 23 outlets in China this year, despite of the financial crisis. "After revision, our program is going well. A growing number of employees understood the company's strategy and are willing to accept the arrangement," Chen Lu, a Wal-Mart China public relations official. However, some employees have said it will take time to rebuild their trust. "We are

not sure now whether the company can keep its promise. Meanwhile, we are confused about the future. Some of the measures could not last for a long time," said a Wal-Mart manager in Shenzhen, who asked to remain anonymous. (Xinhua)



## Five more companies buy shares from melamine-scandal Sanlu Group



Five more companies on May 5 bought shares previously owned by the bankrupt Sanlu Group, a Chinese dairy firm at the center of last year's melamine contamination scandal. The stakes were auctioned in Shijiazhuang, capital of the northern Hebei Province, said sources with the Jiahai Auction Co., Ltd.

The assets at the auction May 5 morning included Sanlu's shares in four Hebei-based companies and a Tianjin company — the Tianjin Sanlu Ltd., Co, from which the Sanlu held 51 percent of the shares. Auction of the company's shares failed to win bids this past April as the starting prices were too high. The auction was not open to media. According to an unnamed auctioneer with Jiahai, most of the buyers were shareholders of these enterprises. But he didn't give details of the buyers.

Two more auctions are expected to be held on May 8 and 12, when more shares, as well as trademarks and 12 patent rights, are to be under the hammer. Four planned auctions of Sanlu's assets have been held — the last one being the April auction that failed to win any bids. Sanlu Group, which was based in Shijiazhuang, had been China's leading seller of milk powder for 15 years until the melamine adulteration scandal broke in September last year. The group's revenue hit RMB 10 billion (about US\$1.5 billion U.S. dollars) in 2007. The company's tainted baby milk powder was found to have caused the deaths of at least six children and sickened more than 300,000 others.

### Background:

From Aug. 2 to Sept. 12 in 2008, Sanlu Group produced 904 tonnes of melamine-tainted baby formula powder and sold 813 tonnes of the tainted products, making RMB 47.5 million (US\$6.9 million). The Ministry of Health said it was likely the tainted milk scandal with Sanlu Group at its center killed at least six babies. Another 294,000 infants suffered kidney stones and other urinary problems. Sanlu Group, partly owned by New Zealand dairy product giant Fonterra, stopped production on Sept. 12. A bankruptcy petition for Sanlu has been filed in the face of a 1.1 billion yuan debt. On Dec. 19, the group borrowed RMB 902 million to pay the medical fees of children sickened by its melamine-tainted baby formula and to compensate the victims. Last year, 1,173 suspects in Hebei Province were arrested over these charges, local government said. Meanwhile, 1,244 government employees were investigated on corruption accusations. The province's total arrests last year were put at 43,000. (Xinhua)

## Gome reports first fall in annual net profit



Gome, China's largest consumer electronics retailer in terms of number of stores, announced its net profit for 2008 fell by seven percent from a year earlier, the first ever since listing. The company did not say when it will resume trading, according to April 29's Shanghai Securities News.

The company has suspended trading for five months due to the investigation of Gome's founder Huang Guangyu who was in police custody for alleged illegal share trading. Company executives attributed the profit decline to the sluggish electronics market in the country due to the financial crisis, and more importantly, to the ongoing investigation on Huang Guangyu. As Gome's 2008 financial report showed, the company posted a profit of RMB 1.05 billion last year, falling from RMB 1.13 billion in 2007, on sales of RMB 45.9 billion. (Xinhua)





## Samsung launches LED manufacturing base in N China



Samsung LED, a light-emitting diodes (LED) company of the global electronics giant Samsung, has set up its first overseas manufacturing base in north China's port city Tianjin. The base, Tianjin Samsung LED Co., Ltd, was established with a starting capital of US\$30 million, according to the Tianjin Economic-Technological Development Area (Teda) Administrative Commission.

Commission spokesman Zhang Liang said May 9 initial investment to the Tianjin manufacturing base would reach US\$90 million. He said the company had just finished registry with the local government in Teda, but it was not clear when the base would be constructed and begin production. The base would be dedicated to the making of LEDs, a new generation of lighting source that excels traditional light sources, as it is less energy-consuming and long-lived, and improves image contrast and display.

LEDs are used in a wide range of products such as LCDs, mobile telecommunications devices and lighting equipment. Samsung has so far invested in 11 manufacturing companies in Teda, with an overall investment of US\$1.6 billion. Tianjin takes about one third of the group's investment portfolio in China. As north China's biggest port city and a traditional industrial base, Tianjin is aiming to become the country's third fast-growing area besides the two economic engines in the Pearl River Delta in south China and the Yangtze River Delta in east China. (Xinhua)

## Huawei demonstrates live 3G in Bangladesh



Huawei Technologies Co. Ltd demonstrated live Third Generation Telecom Technologies (3G) in Bangladesh's capital Dhaka on May 7 at a road show. Posts and Telecommunications Raziuddin Ahmed Raju attended the inauguration ceremony of the road show which will end on May 12 and showed great interest to the innovative technologies Huawei showcased. Raju expressed his hope that 3G will enter into Bangladesh's market very soon.

Huawei made the live demonstration from a specially built truck which earlier traveled many countries across the world, including India and Vietnam to display the cutting-edge 3G technologies. The visitors include most of the mobile operators in Bangladesh. The show, which includes video call and high speed internet, is aimed at pushing the development of 3G in Bangladesh. Huawei Technologies (Bangladesh) Limited Chief Executive Officer Zhang Hui told Xinhua at the show.

Zhang said, "the government of Bangladesh has committed to realizing Digital Bangladesh by 2021. 3G is one of the major drives to realize the ambition of Digital Bangladesh." "As one of the mainstream 3G suppliers in the world, Huawei is ready to cooperate with the government and operators of Bangladesh to offer high-speed mobile broadband solutions," he said. Huawei began its operations in Bangladesh in 1998. Over the years, the company has grown to become one of the country's leading telecommunications solutions suppliers. Huawei is also involved with many corporate social responsibility projects in Bangladesh including donating network equipment to the University of Engineering and Technology (BUET). (Xinhua)

## Online trader Alibaba Q1 revenue up 19%, net profit down



Alibaba.com Limited, a leading business-to-business (B2B) e-commerce company in China, said late May 6 its revenue rose 18.6 percent year on year in the first quarter to RMB 806.6 million (US\$118.3 million), as more companies resorted to online trading to lower cost at a time of financial crisis. Statistics showed the company's online market had a total of 40.3 million registered traders both at home and abroad as of March 31, up 36 percent from a year earlier. It increased 6 percent compared with the last quarter in 2008.

The growth in client numbers reflected online market's capability to resist the blow from economic crisis and e-commerce's potential to development, the company said in its quarterly report. However, Alibaba's net profit dropped 15.7 percent year on year in the first three months to RMB 253.4 million. The company attributed the decline to an enhanced investment in customer service, employee training and technology innovation for market expansion. Net profit rose 27.1 percent compared with the previous quarter, Alibaba said.

The online trader pledged to continue investment in the next several quarters in areas such as the development of new Internet trading platform supporting multiple languages, employee recruitment and global marketing. Alibaba's combined cash and bank deposit exceeded US\$1 billion by the end of the first quarter, up 28 percent from a year earlier. The figure more than doubled from the 400-million U.S. dollar fund reserve it had when coming into the market in 2007 and made Alibaba an Internet company with the biggest cash reserve in the country. (Xinhua)

## ATT buys divested Verizon wireless assets

AT&T Inc. agreed Friday to buy selected wireless assets from Verizon Wireless for \$2.35 billion in cash. The deal is expected to close by year's end. The Federal Communications Commission required the divestiture as a condition of Verizon's \$28.1 billion acquisition of Alltel Inc. in January. The assets AT&T will acquire include the wireless properties, their licenses, network assets and 1.5 million subscribers in 79 primarily rural, service areas in 18 states: Alabama, Arizona, California, Colorado, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Tennessee, Utah, Virginia and Wyoming. AT&T expects the conversion of networks from Verizon's CDMA technology to its own GSM technology and transition of operations to AT&T to take no longer than a year from the closing date.

Verizon extends cloud back-up to enterprises

General Services Administration Network Universal contract holder Verizon Business's new Remote Backup and Restore managed services suite via the cloud makes automatic backups of data on enterprise PCs to the carrier's data centers.

"Large businesses and government agencies rely on the availability of information, and its loss can have a profound impact," said Nancy Gofus, Verizon senior vice president of global business products. "Our newly expanded suite of remote backup and restore services delivers cost-effective solutions that ease the burden on IT departments by providing an automated means of storing and accessing critical data and offering an important business-continuity tool."

Verizon's service uses de-duplication to cut bandwidth needs and storage space, and allow the application to operate automatically and in the background. Full backups of data demand staggering amounts of resources and can bring a network to its knees. Yet even incremental backups — backing up only those files that have changed — can result in many duplicates of the same data and place heavy demands on a network. (washingtontechnology)



## China's Zhuhai speeds up transport plans

Zhuhai is speeding up its construction of highways in a bid to become a traffic center in the western Pearl River Delta (PRD) area, the local transportation authority said on May 7. The city will invest more than RMB 14 billion (US\$2 billion) in 10 highway projects. The work will start this year and continue until 2012, said Zheng Chaolong, director of the Zhuhai transportation bureau.

"The highways will link harbors, airports and checkpoints between Zhuhai and Macao, helping develop the city into an important transportation hub in the western PRD region," Zheng said. This year alone, the city has earmarked 3.7 billion yuan for urban provincial highway projects, Zheng said.

The work is part of the provincial government's plan to accelerate domestic consumption by speeding up infrastructure development amid the global economic downturn, Zheng said. "By next year, about 152 km of new highways will be added to the city's current traffic network," Zheng added.

He highlighted the importance of the proposed Hong Kong-Zhuhai-Macao Bridge, which will be started at the end of the year.

The 29.6-km bridge, which will be the world's longest sea link, will attract 37.4 billion yuan in government investment and more than 21 billion yuan in bank loans. The city will also push on with renovations of the Gongbei checkpoints linking Zhuhai and Macao.

"The renovation is to meet increasing traffic demand after the bridge linking Hong Kong, Macao and Guangdong is completed," Zheng said. (*China Daily*)

## China to build its biggest high-speed train factory

Construction of China's biggest manufacturing base for high-speed trains is to be completed in the northeastern Jilin Province in June next year, local sources confirmed on May 6.

It will also become China's biggest research and development center, according to Han Fengwu, deputy general manager of the Changchun Railway Vehicle Co., Ltd (CRC). The base, which cost RMB 2.5 billion (about US\$0.36 billion), is capable of producing 500 cars for ordinary passenger trains, 800 cars for high-speed trains which run at a speed above 350 kilometers per hour and 800 cars for inter-city express trains above 120 kilometers per hour. Construction on the base began last May.

CRC, a share-holding enterprise registered in March 2002, produced China's first underground train, magnetic levitation train and high-speed train. The Ministry of Railways launched a major overhaul of the rail system on April 1, the seventh since 1997, featuring faster trips and more seats. ([www.chinaview.cn](http://www.chinaview.cn))



## U-Freight expanding in China

The U-Freight Group (UFL) is continuing to increase its presence in China through a range of strategic office openings and relocations that is working to consolidate its involvement in one of the world's busiest and most important freight markets.

The developments place the U-Freight group in a strong position to ensure a high profile in the Chinese import and export markets. In China the company operates under a number of brands including U-Freight China, Shanghai Rijin, Dalian China Express and Shanghai Renaissance.

Not only do these openings and relocations allow UFL to take advantage of what it sees as China's second phase of economic and industrial development, it looks to these developments to allow it to increase its intra-Asian services into and out of China which it is confident can only improve. ([www.cargonewsasia.com](http://www.cargonewsasia.com))

## DHL opens \$13m fashion centre in Hong Kong

DHL has announced an investment of US\$12.9 million in a new 120,000 sq ft DHL Global Forwarding (DGF) office and DHL Fashion Competency Centre in Hong Kong. The Fashion Competency Centre will develop bespoke logistics products and solutions, and house a core team of industry experts providing consultancy services to customers in North Asia Pacific.

"The Fashion and apparel industry is Hong Kong's second-largest export commodity worth over \$26 billion, after electronic products," said Hermann Ude, Global CEO, DHL Global Forwarding. The investment is part of a series of initiatives by DHL to expand its presence in the fashion industry. Earlier this year, DHL launched Fashion Centres of Excellence in India and Sri Lanka. ([cargonewsasia.com](http://www.cargonewsasia.com))

## China Eastern parent gets US\$293 mln aid

The state parent of China Eastern Airlines has received an additional US\$293 million in cash assistance from the government, according to a senior company executive, Reuters reported.

"We have received the money from the government and will use it to ease the operational difficulties of the group firm," Liu Jiangbo, vice president of China Eastern Air Holding told Reuters.

The group had injected a little over US\$1 billion in cash it received from the government previously into its loss-making listed arm through a share placement deal. Liu said she was not aware of any plan to inject the US\$293 million to China Eastern Airlines. ([www.cargonewsasia.com](http://www.cargonewsasia.com))

## Panalpina scoops Huawei LSP contract

Panalpina has been nominated by mainland telecom giant Huawei Technologies as prime logistics service provider for their China-Brazil end-to-end business.

Under the three-year agreement, Panalpina handles all international air freight (several thousand tonnes) from China to Brazil as well as the full logistics services at destination including local distribution and warehousing.

Furthermore, for all ocean freight movements into Brazil, Panalpina acts as back-up carrier.

"This is an important milestone in our relationship with Huawei," said Sandro Knecht, chief marketing and sales and supply chain management officer at Panalpina. "It adds to an already successful collaboration that has been continuously expanded over the past years. ([cargonewsasia.com](http://www.cargonewsasia.com))



## Increase farmers' income, solve environmental problems

A senior Chinese official has called on forestry departments to boost the country's forest development to increase farmers' income and cope with environmental problems.

Wang Gang, member of the Political Bureau of the Communist Party of China (CPC) Central Committee, made the remarks in attending an opening ceremony of the sixth China Urban Forest Forum held on May 7 in Hangzhou, capital of east China's Zhejiang Province.

Development of forestry is a guarantee for ecological conservation, said Wang, who is also vice chairman of the National Committee of the Chinese People's Political Consultative Con-

ference (CPPCC).

Governments at all levels and all forestry officials should work harder to raise the contribution ratio of forestry to the nation's economic development and help farmers increase income, he said.

The two-day forum was co-sponsored by State Forestry Administration, the Subcommittee of Population, Resources and Environment of the CPPCC National Committee and Zhejiang Provincial Government. It has attracted more than 400 attendants including 89 mayors at home and abroad. (*Xinhua*)

## China targets early completion of post-quake rebuilding



China had invested RMB 360 billion (about US\$52.7 billion) in post-earthquake reconstruction as of April, one-third of the planned total, and hoped to complete all work within two years, a government official said at a press conference on May 8.

According to Mu Hong, vice director of China's National Development and Reform Commission, most rebuilding of basic housing and infrastructure had

begun and shown considerable progress.

The government planned to complete reconstruction before September 2010, after starting in September last year. The target was one year earlier than previously expected.

"Reconstruction work has gotten off to a good start, as one-third of the plan has been completed in one-fourth of the scheduled time," Mu said.

The planned investment totaled about RMB 1 trillion and covered more than 200,000 projects. It included RMB 300 billion of direct investment from the central government, of which RMB 154 billion had been already injected into the rebuilding, Mu said.

With sufficient funding, reconstruction of essential infrastructure, such as railroads, highways and airports, was able to be completed and the facilities returned to service, he said.

Up to 95.7 percent of the reconstruction for rural houses had started, 76.6 percent of which had been finished, according to Mu.

Tang Kai, director of the urban planning department of the Ministry of Housing and Urban-Rural Development, said rural residents in Sichuan Province's quake zone would be back in permanent houses by this winter.

Urban residents would be in new homes before September 2010, as 48.9 percent of urban houses had been reinforced and reconstruction of 40.1 percent of the destroyed houses had begun, with 8.9 percent finished.

He said 98 percent of the factories and 95 percent of the shops had reopened.

Schools had also been a focus of the rebuilding, as 70 percent of the students were back in permanent schools, and the government vowed to have all students in permanent schools by next spring, according to Mu.

The government had tightened supervision of the use of reconstruction funds, and so far there had been no report of misuse, Mu said, stressing the government would also tighten supervision on construction quality.

The National Audit Office (NAO) had conducted audits of more than 1,500 projects as of March 31, covering nearly RMB 50 billion.

There are about 1,600 auditors at construction sites in the quake-hit regions tracing fund use in reconstruction projects. They are required to cover above 60 percent of all the central funded and more than 80 percent of the total local government funded appropriations, according to NAO. (*Xinhua*)

In China's bustling metropolises, rush hours are nightmares for office workers each morning and evening. East China's Hangzhou, known for its charming scenic spot West Lake, is no exception.

Every day, about 460,000 motor vehicles, including 360,000 private cars, are running in an endless stream along downtown streets of Hangzhou, the capital city of Zhejiang Province. About 50,000 vehicles are poured in to add up urban freight flows each year. Car drivers have doubled the average driving time from residential quarters in the western part of the city to downtown offices.

China used to be a kingdom of bicycles. Today it sees far fewer bicycles in metropolises, as affluent Chinese city dwellers have become fond of buying and driving cars to offices. With a 1.3 billion population, China had about 650 million bicycles, including 80 million electric-driven bicycles, while it had 65 million motor vehicles at the end of 2008, according to China Bicycle Association.

In addition to convenience, cars are taken by many as a symbol of wealth. In some cities, bicycle lanes are simply abolished in many quarters, leaving rooms for cars.

But over the past year, public bicycles have become the most convenient traffic tools for many Hangzhou residents. Public bicycles are also loved by tourists for short-distance trips.

As the first of its kind in the country, the public bicycle leasing service program was introduced to Hangzhou a year ago to make bicycles a component of the city's public traffic mix.

Besides, Hangzhou is planning to set up a public bicycle technology development company, to protect and promote its technologies from the public bicycle service.

To date, Beijing and Shanghai, together with Zhengzhou, Jinan, Wuhan, Changzhou and Sanya, are also stepping up efforts to build their own public bicycle systems in response to growing energy prices, environment protection requirements and traffic jams. (*Xinhua*)

Chinese city gets back on its bike



## Foreign investment in China slows sharply in 2008

Foreign investment, both to the financial and non-financial sectors, was significantly down in China last year, as foreign investors tightened their belts amid the global financial crisis, according to the State Administration of Foreign Exchange (SAFE) on April 25.

The combined foreign direct investment inflow to China was US\$160.9 billion in 2008, up 8 percent from a year ago, but was 65 percentage points slower, SAFE said in a report on China's balance of payments in 2008.

Foreign investors withdrew some US\$13.1 billion of investment, a rise of 17 percent from 2007, but 16 percentage points less. The net investment inflow was US\$147.8 billion, up 7 percent but was 70 percentage points lower than that for 2007.

The financial sector attracted US\$14.7 billion while the non-financial area drew 146.2 billion U.S. dollars. East China remained the most attractive region for foreign investors. Mining, education and residential service industry were favored by foreign capital. The foreign capital use in property, catering and hotel sectors declined.

Most of the financial investment went to the United States and Hong Kong, while the non-financial investment were made in Asia. (*Xinhua*)

## China forex reserve investments remain profitable



China said on April 24 that its investments of foreign exchange reserves remained profitable last year despite the global financial crisis that sent financial assets shrinking in value, dispelling concerns of huge losses with such investments.

"We managed to get some proceeds from managing the country's foreign exchange reserves last year, while at the same time maintaining the safety and liquidity of the assets," Hu Xiaolian, head of the State Administration of Foreign Exchange (SAFE).

China's overseas earnings reached US\$82.5 billion in 2008, up 8 percent from a year earlier, according to the country's balance of payments statistics released on April 24 by the SAFE.

Hu said "a considerable proportion" of such earnings were from investments of forex reserves, without revealing specific figures. "Such earnings from forex reserves investment, though represented a lower rate of profit from previous years, were hard-earned," she said.

Hu said that diversified investments in different assets and assorted holding in various currencies have played a major role in producing the proceedings.

"The value of assets has been kept stable on the whole, as diversified investments in different assets and currencies are highly complementary," she said. (*Xinhua*)

## China to launch more stimulus investment in Q 2



The Chinese central government is expected to launch its third batch of stimulus investments in large domestic projects in the second quarter to further boost its economy, according to the China Securities Journal on April 21, citing an unidentified source.

The central government has so far cashed in a combined RMB 230 billion (US\$33.8 billion) for its 4-trillion-yuan stimulus package announced last November to bolster the slowing economy, RMB 100 billion in the fourth quarter and RMB 130 billion in the first quarter.

The newspaper said the new money would continue to be poured in projects that could benefit people's livelihood, such as health and education sectors, big infrastructure projects, and housing for low-income earners. Previous investments were dedicated to similar purposes.

An official of the National Development and Reform Commission (NDRC) confirmed the new investment, but said the exact amount was not decided yet. The newspaper said the second-quarter investment might be a larger amount than previous ones, as the government hoped to consolidate foundations for a possible economic recovery with more investment and the summer is a good time for construction work.

"It's good to cash in pledged investment as early as possible, because the economy is under deeper downward pressure in the first half," said Li Huiyong, a Shenyin & Wanguo analyst. The central government has made arrangements on nearly 40 percent - RMB 230 billion out of RMB 590 billion-- of the first half of its promised two-year investment, at RMB 1.18 trillion.

"Early arrangement of such investment can leave room for new stimulus plans, if the two-year 4-trillion-yuan package does not work out very well," Li said. China's fixed asset investment picked up in the first quarter with an increase of 28.8 percent, which outperformed the annual rate of 25.5 percent last year. (*Xinhua*)

## Review into investments by SOEs



China's state-owned asset regulator will launch an investigation into investments made by centrally administered state-owned enterprises in the financial sector in a bid to help them avoid risks.

A total of 28 SOEs, including Air China, China Eastern Airlines and China COSCO Holdings Co, have invested in financial derivatives but most of them suffered losses. The overriding concern of the SOEs, when they invest in financial derivatives, is to ensure they avoid risks and not to speculate, said Li Wei, vice director of the State-owned Asset Supervision and Administration Commission.

Air China lost RMB 7.5 billion (US\$1.1 billion) on fuel-hedging contracts by the end of last year, and China Eastern's wrong-way bets on hedging dragged its revenue down RMB 6.4 billion. Li said SOEs which plan to invest in financial derivatives must meet four conditions - abiding by hedging rules, hiring financial institutions for consultation, controlling risks and getting the commission's approval.

"SOEs are short of financial talent to deal in such investments, which led to an underestimation of risks and violations, so the commission will issue suggestions after an investigation," Li said. He also urged local state-asset regulators to investigate locally administered SOEs. The SOEs have seen their first annual decline in net profit last year since 2002, diving more than 30 percent from a year ago to RMB 665.29 billion. (*Shanghai Daily*)





## Foreign investors share dumping has little impact on Chinese banks



The Industrial and Commercial Bank of China, the world's biggest lender by market value, edged up 2.49 percent in Shanghai and 4.61 percent on the Hong Kong Exchange, indicating that the dumping of shares by foreign stakeholders had little impact on investor confidence.

Allianz Group sold 3.22 billion ICBC Hong Kong-listed shares and American Express sold 638 million ICBC Hong Kong-listed shares Tuesday, as

soon as a lock-up period expired. The ICBC A shares edged up 0.5 percent in Shanghai and H shares up 2.48 percent on the Hong Kong Exchange the same day.

Analysts said the investors had to sell their holdings to shore up capital amid the financial crisis and it had nothing to do with a lack of confidence on Chinese bank sector.

Professor Guo Tianyong, of the Central University of Finance and Economics (CUFE), said many financial institutions were suffering from the financial crisis and some had to sell shares to relieve liquidity pressure.

Bank of America sold part of its stake in China Construction Bank (CCB) on January 7 and Royal Bank of Scotland Group (RBS) dumped all of its Bank of China (BOC) assets on January 14.

On the other side, some investors indicated they would hold their stakes in Chinese banks. Goldman Sachs Group Inc., which owns 4.93 percent of ICBC's outstanding shares, has agreed to hold on to 80 percent of that stake until at least April 28, 2010. It could sell the remaining stake anytime after April 28 this year.

Michael Evans, vice chairman of Goldman and chairman of Goldman's Asian operations, said they prolonged the lock-up period because Goldman had confidence in ICBC and China's economy and they hoped to maintain long-term strategic cooperation with ICBC.

HSBC, holding a 20-percent stake in Bank of Communications, has established close cooperation with its Chinese partner. HSBC has reiterated it would not cut its stake in Bank of Communications, which was locked until August last year.

Temasek Holdings and Asian Development Bank (ADB) said they would not drop shares in BOC in the first half. Bank of America promised to hold its stake in CCB for 120 days after selling other CCB shares on January 7. Analysts say Allianz and American Express cut their holdings in ICBC through private sales to a select group of investors, which would not affect China's banking sector. (*Xinhua*)

## China's new loan growth may decline in April



Credit extended by China's banks in April may have dropped to above RMB 600 billion (US\$87.85 billion) after staying at above RMB 1 trillion for three straight months, industry insiders said.

Despite the sharp month-on-month decline, the scale and growth of the April new loans was "more reasonable" than that in the first three months this year, said China Securities Journal, citing unidentified sources with banks.

China's new RMB-denominated loans hit RMB 4.58 trillion in the first quarter, according to figures from the People's Bank of China, the central bank. In March alone, new credit loans increased RMB 1.89 trillion.

The country's "big four" state-owned commercial banks, including Industrial and Commercial Bank of China, the world's largest bank by market value, are estimated to have lent more than RMB 250 billion in April, while smaller banks have lent about RMB 400 billion, said the sources.

Medium and long term loans would have accounted for a larger proportion in the April new loans, while the scale of bill financing would fall sharply, said analysts.

It is also forecasted that new loans in May and June will not see a dramatic decline from the April level, according to Li Gang, expert with Agricultural Bank of China. The average new loans for the rest months of the year will be around RMB 300 billion, he said. (*People's Daily*)

## China's Social Security Fund reports loss in 2008

China's national government pension fund, the Social Security Fund (SSF), reported its first annual loss since its founding eight years ago, losing 6.79 percent on its investments in 2008.

The loss mainly reflected last year's A-share market plunge, as the benchmark Shanghai Composite Index tumbled about 60 percent, according to the SSF's annual report released on May 6.

Realized gains in 2008 stood at RMB 23.36 billion (about US\$ 3.86 billion), against a nominal loss of RMB 102.1 billion, the SSF said. In 2007, the SSF recorded profits on its investment of RMB 145.35 billion with a return rate of 43.19 percent. The SSF had total assets of RMB 562.4 billion at the end of 2008, an increase of RMB 122.8 billion from 2007.

Despite last year's loss, the average annual return from investment for the past eight years hit 8.98 percent, far exceeding the average annual inflation rate of 2.35 percent. Its accrued investment income since its founding had reached RMB 159.8 billion.

The SSF would continue to improve its risk control and invest more prudently this year, cutting down on fixed income products and expanding its investment in private equity funds. Dai Xianglong, chairman of the National Council for the Social Security Fund, said last month at the Boao Forum for Asia in China that the SSF might invest in three to five private equity funds this year. (*Xinhua*)





## Premier Wen Jiabao encourages Chinese to read more

Chinese Premier Wen Jiabao, an avid reader, encouraged citizens to read more and be studious and selective in their reading on World Reading Day, which fell on April 23.

Wen made the remarks when visiting a branch of the Commercial Press and the National Library in Beijing on April 23.

Books are the crystallization of human wisdom and reading is important in promoting an individual's accomplishments and state of mind, improving citizens' quality and strength, and shaping a country's future, he said when visiting the National Library.

He said the promotion of reading was significant amid an unprecedented global financial crisis. Overcoming this crisis requires not only material power, but also spiritual power. He said fundamentally, it needs people, the power of knowledge and scientific and technological revolution to conquer this financial crisis.

He also advised readers to be selective, choosing books from in-

sightful writers and those that were well-written, as well as those that had stood the test of time.

Books can not change the world, but people change the world by changing themselves through reading, he said. "I always believe that knowledge gives people not only strength, but also security and happiness," he said.

When visiting a branch store of the Commercial Press, Wen spoke highly of the role of publication. Without the publishing sector, culture cannot be inherited, scientific exploration would be halted and the historical records would not exist, he said.

When talking to the English editors of the press, he said the Chinese publishers should not only take the role of promoting the construction of Chinese civilization, but also help spread the world's civilizations. (*Chinaculture.org*)

## America's second National Chinese Language Conference opens in Chicago

More than 800 educators from throughout the United States converged on Chicago on April 30 to take part in the second National Chinese Language Conference under the theme of "Making Connections and Building Partnerships."

The conference is sponsored by the College Board and Asia Society, and hosted by the Chicago Public Schools. Chicago is leading the country in Chinese language teaching, with some 12,000 students enrolled in programs in 43 schools.

Gaston Caperton, president of the College Board, opened the evening with a call for increased interaction between American and Chinese students and educators.

"We need more than an Internet connection," he said. "We need to make a real human connection. China has emerged as a political leader on the world stage, and there is a growing urgency for more Chinese programs in American schools. An appreciation of the need to understand the Chinese language and culture is expanding quickly across the great United States."

Chinese Consul General to Chicago Huang Ping said that the work done at the conference could make a cake of the language and culture that would give everyone a bigger share.

He said that of the top 20 Confucius Institutes in the world, which are non-commercial institutions for teaching the Chinese language and promoting Chinese culture abroad, four were in the United States — three of them were in the U.S. Midwest and the number one institute was the Confucius Institute in Chicago.

Chicago Mayor Richard M. Daley, who was an early advocate of teaching the Chinese language and culture in the city's public schools, said at the opening ceremony that education comes first, and Chicago is dedicated to the world's languages and cultures. (*Xinhua*)

## Kunming casts wide net for talent

Kunming is scouring the globe in search of the best and brightest young economists as the southwestern hub looks to transform itself into a modern city.

The "city of eternal spring" is looking for 40 economists to bolster its municipal government staff. The government says it is looking for people with doctorates in economics to work in sub-prefectural positions, such as deputy county chiefs, assistants to the directors of development zones and deputy directors of some municipal departments, *Kunming Daily* reported.

It is the first time the city has looked to hire talent from overseas.

The capital of southwest China's Yunnan province is following the lead of Beijing, Shanghai and Guangzhou, which have recently recruited from outside China despite the deepening global economic crisis.

Kunming has plentiful natural resources and is the leading transportation hub in southwest China, with a rail connection to Vietnam and road links to Myanmar and Laos. The local government wants to build Kunming into a modern and international city that is a center for trade, transport, finance and culture.

The city is hoping to attract people with experience in urban planning, finance, international trade and investment.

China has recently recruited talent from overseas but many are sourced to work at scientific institutions and universities and few have been taken on to work as public servants.

In the past 15 years, more than 4,000 scholars and researchers have been attracted by the Chinese Academy of Science's 100-Talent Scheme and the Ministry of Education's Yangtze River Scholar Scheme. (*China Daily*)

## Landscape of foreign cultures restored at world heritage Lushan

Cooling, a street on world heritage site Mount Lushan in eastern China's Jiangxi Province, re-opened to tourists in the May Day holiday after a restoration project, an official with the Lushan administration confirmed on May 3.

With an altitude of 1,164 meters, the street, which got its English name for its cool and cozy climate, has won fame for villas alongside with different styles from more than 20 countries.

"The project aimed to restore the landscape of the 1920s along the street. To achieve the goal, project undertakers consulted historical documents and used wooden and stone materials that had been in vogue then to revive the time-honored architectural genres," Fan Yunjiang, head of commerce management with the Lushan administration, said so.

The project costs RMB 10 million (US\$1.5 million), Fan added.

Since 1895 when a British missionary bought 53.3 hectares of land at Cooling to develop real estate for holiday purpose, a group of villas with Russian, British, American, French, German, Italian, Japanese, Swedish, Danish, Norwegian and Portuguese styles had been built till the 1920s.

Mount Lushan was ranked as a UNESCO world heritage site in 1996 and included into the world geological park list in 2004. (*Xinhua*)



## WHO's tally of A/H1N1 influenza cases rises to 4,379

As of 0730 GMT on May 10, 29 countries have officially reported 4,379 laboratory confirmed human cases of A/H1N1 infection, the World Health Organization (WHO) said in a latest report.

Mexico, the epicenter of the outbreak, has reported 1,626 confirmed cases, including 45 deaths.

The United States has reported 2,254 cases, including two deaths.

Canada has reported 280 laboratory confirmed human cases, including one death.

Costa Rica has reported eight confirmed cases, including one death.

The following countries have reported laboratory confirmed cases with no deaths: Argentina (1), Australia (1), Austria (1), Brazil (6), China's Hong Kong (1), Colombia (1), Denmark (1), El Salvador (2), France (12), Germany (11), Guatemala (1), Ireland (1), Israel (7), Italy (9), Japan (4), the Netherlands (3), New Zealand (7), Panama (3), Poland (1), Portugal (1), Republic of Korea (3), Spain (93), Sweden (1), Switzerland (1) and Britain (39).

The WHO has said that it currently has no plan to raise its pandemic alert level to phase 6, the highest level which means a global pandemic is underway.

To raise the alert level, there must be enough evidence to show that community-level human-to-human transmission of the new virus has occurred in regions outside North America, it said.

The WHO said, however, that it was closely monitoring the situation in European countries such as Spain and Britain, which have reported the largest numbers of cases outside North America. (*China-naview*)

## China tries to locate all having close contact with suspected case of A/H1N1 flu



More than 130 of 150 passengers aboard the same flight with the Chinese mainland's first suspected case of A/H1N1 influenza, have been found and put into quarantine, according to a press conference on May 11.

The 30-year-old man surnamed Bao, who had been tested "weakly positive" to A/H1N1 virus twice by the Sichuan Center for Disease Control and Prevention (CDC), was "conscious and in stable condition," according to a press conference held by the Chengdu Municipal Government hours after a suspected case of A/H1N1 influenza had been found in southwestern Sichuan Province.

Bao's temperature was under control and "his basic vital signs such as pulse and blood pressure are normal," the press conference heard.

"At present, the Sichuan Province and relevant departments of Chengdu are stepping up efforts to search and trace (all the people who had close contact with Bao) and enhance prevention and control efforts so as to find all the people having close contact with him as soon as possible," it said.

The Chengdu health authorities received a report on May 9 night from the city's CDC that the Sichuan People's Hospital reported a flu case from the United States which could not exclude the possibility of A/H1N1 infection.

It then immediately sent specialists to the spot to conduct an epidemiological investigation, and "initially diagnose it as suspected A/H1N1 influenza case" based on Bao's symptoms and laboratory tests.

The Ministry of Health (MOH) announced on May 10 night that the first suspected case of A/H1N1 influenza was found in the Chinese mainland.

Bao, a native of Sichuan's Neijiang City, was a student of the University of Missouri in the United States. He arrived in Chengdu before returning to Neijiang, according to the press conference.

On May 7, Bao arrived in Tokyo from St. Louis via St. Paul of the United States. On May 8, he traveled on flight NW029 from Tokyo and arrived at the Beijing International Airport on May 9. He then flew from Beijing to Chengdu on flight 3U8882 the same day, the ministry said.

The MOH said Bao developed symptoms of fever on the flight from Beijing to Chengdu accompanied by sore throats, coughing, stuffy nose and sneezing. He went to the Sichuan People's Hospital after getting off the plane, accompanied by his father and girlfriend, by taxi.

Bao's girlfriend, his father and the taxi driver had been put into quarantine, it said, adding they received "considerate and sound" services.

All the people put under medical observation had been "properly arranged by the government," it said, adding five medical experts sent by the MOH had arrived in Chengdu.

Yang Wei, director of the Chengdu Health Bureau, said a series of emergent measures had been taken, including conducting terminal disinfection on the Sichuan People's Hospital's fever outpatient section and putting relevant medical staff under medical observation.

Yang said the bureau had reported the case to the superior department and tried to search and trace the vehicle Bao had taken and the passengers.

"Local health authorities should step up prevention and control efforts and apply strict home medical observation measures to people who had close contact (with Bao). They are not allowed to go out during the observation period," he said.

Local community health service centers or village clinics would conduct daily inspection, including taking their temperatures and observing symptoms and physical signs, he said, adding a list of people who had close contact with the patient had been distributed to local CDCs.

The bureau asked local governments to designate more hospitals in order to handle more widespread epidemic and enhance screening of fever outpatients in all hospitals in Chengdu. (*Xinhua*)

## Analysts: "no impact" yet from A/H1N1 flu for China's economy



Though outbreaks of A/H1N1 across the world have China on alert, economists said the flu isn't having much impact on the Chinese economy.

Tourism and exports are considered most vulnerable to disruption, but operators said their business has not been seriously affected.

Wang Yuan, manager of the domestic tourism division of China CYTS Tours Holding Co., Ltd., said: "There is no obvious change in domestic tourism. It's safe in China and people have not changed their travel plans."

Liu Jie, a business manager with Sino-Right Investment and Development Group Ltd., a Beijing-based export company, said: "Our construction projects in Mexico would have to be postponed as many workers are staying home. If there was other business there, we would not dare to take it and would have to postpone it and wait."

Zhang Yansheng, head of the foreign economy research institution with the National Development and Reform Commission, said: "The impact of the A/H1N1 flu on the Chinese economy is limited."

"The flu so far has not damaged the economy as SARS did in 2003," said Zhang, "If there was any impact, it would be on the expectations of consumers and investors." (*Xinhua*)





# Moutai - The



汉帝茅台酒

秘世珍罕

流香自汉帝 溢彩到今朝

简介：用百年珍藏的老台酒精心勾兑而成，凝聚了润酒精华，外盒形玉玺，古典华贵，象征着权利与富贵，酒底双龙闹珠，意味吉祥如意。是欣赏收藏之珍品。



八十年陈年茅台酒

### 茅台酒

八十年前，你挺起了中国白酒那不屈的脊梁

八十年后，我感受到了人生至高无尚的品位。

简介：以1915年巴拿马万国博览会时珍藏的老茅台酒精心勾制，集酱香、窖底、醇甜于一体，是国酒之尊。



五十年陈年茅台酒

天香之作

五十岁人生 功成身退

五十年陈酿 甘香醇厚

简介：配寿五十年，生  
我细味，老熟如  
久。

### Han-Dynasty Mountai - Rare Treasure

Rare Drink with Fragrance Never Faded

Moutai, blended with the origin of rare 100-year-old Moutai, becomes the essence of the national liquor, which is sealed in an imperial jade box so as to it is classical and luxurious to symbolize power and wealth. Two dragons with a pearl clamped in their mouths on the bottle signify good luck and happiness, making it to be collected as an art curiosity.

## 80-Year-Old Supreme Mountai

Winning High Reputation 80 Years Ago and  
Enjoying Best Taste After 80 Years

This kind of Moutai is made by the essence of Moutai stored since the Panama World Fair in 1915 and is regarded as the best wine in China for its flavor, fragrant aroma and mellow taste.

## 50-Year-Old Supremacy

## Aroma in Heaven

### Successful Experience:

Mellow Taste Produce

30-year preservation  
long-lasting fragrance  
Mourad

**G**uizhou Moutai is a famous national liquor in China to entertain distinguished guests. Under special climate and environment, brewers produce a kind of liquor with sorghum and wheat fermented with all of their wisdom and technique. It contains over 200 microbes after processed in nine production procedures and has a special flavour, smell and taste with its fragrance lasting for a long time.

Moutai has certain health-care functions and it can make you comfortable and happy after you have it. Moutai can treat diarrhoea, common cold, gastric ulcer



# National Liquor



## 三十年陈年茅台酒

陈酿珍品

一段百事俱兴的岁月 一个意气风发的年龄

一杯三十年茅台 一片美好的憧憬

简介：三十年贮存，精心勾兑而成，酱香突出，老熟醇厚，回味悠长，空杯流香持久。

## 十五年陈年茅台酒

陈酿精品

十五年人生，如花似锦，旭日东升，

十五年陈酿，沁人心脾，荡气回肠。

简介：十五年贮存，精心勾兑而成，酱香突出，老熟醇厚，回味悠长，空杯流香持久。

## Moutai

For the Past 50 Years and  
by 50-Year Preservation  
produces special flavor,  
and mellow taste for

## 30-Year-Old Moutai

High-Quality Drink

The life with 30-year experience is facing the full  
florish. A cup of such 30-year-old Moutai may  
you have a promising future.

The 30-year-old Moutai is also a kind of very  
good drink with its taste remembered for forever.

## 15-Year-Old Moutai

The 15-year life is like flower and the sun  
rising and 15-year Moutai is a drink with good  
taste.

and diabetes mellitus and dipel chill.

The Moutai Group make great efforts on expanding its production to  
6,000 tons for an annual production capacity and open a lot of franchise  
shops and distribution agents to satisfy her numerous consumers with its  
high-quality Moutai against false Moutai. If you are interested in our Moutai,  
please contact with our sales companies and representative offices across  
China.



# Chinese Opportunity for Outbound Investment ?

Yang Wei

**G**lobal economic crisis shrinks the world wealth, as well as the enterprises value. Many companies in foreign lands are facing a tough time. China, with the world No.1 foreign exchange reserve, US\$1953.74 billion up to March, 2009, according to State Administration of Foreign Exchange of China, is claimed to possess strong outbound investment capacity in the crisis. Government officers and scholars from home and abroad voice that crisis has brought China the best time to launch effective outbound investment. How will the enterprises think though?


A survey conducted by CCPIT releases a current profile of China's outbound investment, based on investigation of 1,104 Chinese enterprises. According to the figure, up to the first quarter of this year information technology industry boasts the largest proportion, 50%, for outbound investment. And 40% of the construction enterprises, 30% of enterprises in natural resources exploration, and 30% agriculture enterprises in the survey showed their outbound investment background.

Overseas enterprises involved in manufacturing is their Chinese peers' first choice on the road to the outside world, followed by trade, and natural resources exploitation, transportation and processing. And this preference rank will remain the same for quite some time in future.

The survey shows that the first investment destination in Chinese enterprises' eyes is the East and Southeast Asia (including Hong Kong SAR and Macao SAR), and 60% of the enterprises claimed to have invested there. North America, West Europe and Africa are next. And this trend is basically unchanged according the future intention investigation.

Chinese enterprises express that to expand international market is their main objective of foreign investment, and also to acquire foreign advanced technology and management experience. To lower the cost, take advantages of natural resources of the destination countries, usher international famous brands and avoid trade barriers are also the heating reasons attracting Chinese entrepreneur to march forward towards global markets.

Actually, the worldwide spreading financial crisis posed significant affect on the foreign investment intention of Chinese enterprises. According to the survey, more than half of the enterprises suspended their willingness in increasing foreign investment capital ever after the financial crisis. Nearly 18% of enterprises are like to transfer investment destinations or industries. Only 7% of the investigated enterprises still showed their interests in enlarging foreign investment scale in the present circumstance.

Though every road leads to Rome, may not every road is smooth. In the advocating of "Go-abroad" strategy, what steps and measures will Chinese government and enterprises take in the following time? *Special Report* this issue has more. 





When most Chinese enterprises are feeling the chill of financing difficulties arising from exportation crisis, is “going-out strategy” can really strike a chord with their hearts and attract them to invest heavily overseas? Mr. Wang Chao, Assistant Minister of Commerce told *China's Foreign Trade*, vast opportunities are there for those prudent yet active “Going-out” Enterprises. They should have confidence to seek fortune on the basis of the simulative and risk-averse policies from the government.

“Despite the protectionism arising from financial crisis, we also face the valuable opportunities for outbound investment. A prudent yet active attitude towards the crisis might be the best choice. Neither wishing to survive through negative hibernation nor bottom fishing without concrete analysis is a reasonable solution, in my opinion. In other words, actively adjusting developing strategy to seek opportunities from crisis on the basis of enhancing the crisis management is welcome in current situation.” said Wang when addressing the 3rd Chinese Enterprises Outbound Investment Conference on April 22.

He explained that, “On one hand, External environment is changing. Firstly, financial crisis increases the demand of investment from China. It made these countries relax the limitation in some fields, easing the barriers to China's merger and acquisition in overseas market. Secondly, many counties launches economy-boosting plan with great amount of capital which can also be considered new opportunities. In addition to that, many states have great desire to cooperate with us in environmental protection and energy-efficient building, green economy, brand management and business networking. Finally, the financial crisis pushes some countries to reduce the expenditure on foreign aid. In these circumstances, enlarging foreign aid to some extent can not only help those countries in need but lay great foundation for tapping into markets of developing countries.”

“On the other, some ambitious enterprises desire outbound investment. Currently, our GDP per capita is exceeding US\$3000, foreign exchange reserve is approximate 2 trillion, a great number of enterprises which are able to invest overseas crop up. They have great desire to introduce advanced technology, tap into international market, and upgrade the industry. However, our outbound investment is in a very initial stage and has great potential to develop, only account for 0.76% of international market in 2007.” Wang added.

With regard to the governmental support, the Ministry of Commerce adopted a series of policies in finance, credit, insurance and tax to help enterprises deal with difficulties when going out. They encourage the policy banks and commercial banks to provide loan support. They also organized China International fair for Investment & Trade, China Harbin International Economic and Trade Fair, China-ASEAN Expo, and China Engineering & Technology Expo to boost investment. As a follow-up of Premier Wen's “Trip of Confidence” to Europe, they actively seek cooperation opportunities in Europe. Recently, their delegation of executives to investment in the United States is a strong signal that China is willing to face the challenges through open market and investment.

Except for publicizing report of trade and investment as well as industrial guidance index, they also compose the policies and statistics classified by countries. It involves more than 160 countries and regions, providing target countries' current fundamental



Wang Chao, Assistant Minister of Commerce

## MOC:

# Vast Opportunities for “Going-out” Enterprises

**Guo Liqin**

national condition, trade-related legal information and investment opportunities. This information is expected to publicize on the website of ministry of commerce. All in all, the service system to integrate public service, operational management and decision support to aid the enterprises with “going-out” strategy are established to serve enterprises.

The Ministry of Commerce takes advantage of multilateral consultation mechanism to enhance the exchanges with government of host countries in order to aid the Chinese enterprises in overseas market cope with the difficulties and protect their overseas assets. In recent years, overseas security emergencies are on an upward trend, the Ministry of Commerce formulated the contingency plan to respond to it. It has also signed 130 investment protection agreements, 14 bilateral labor cooperation contract and actively step up the free-trade zone negotiations and establishments of overseas economic and trade cooperation to constitute new platform for “going-out” enterprises.

All in all, facing the perplexing international economic situation, “going-out strategy” is not alone. It should be combined with boosting external demand, stabilize exportation and enlarge internal demand. It is a long-term preparation for tapping into international market. Wang reminded the enterprises to realize the opportunities brought about by the fluctuations of market and relative stimulating and risk-averse policies issued by the government. “Now, many countries invest heavily on the infrastructure and welcome our cooperation, since western contractor is shrinking their operations, our enterprises will have more opportunities to tap into emerging and high-ended market. Besides that, the price dropping of raw material and logistics to a great extent increase our room of gaining profits.” Wang stressed.

The Ministry of Commerce is mainly responsible for administering China's foreign trade, economic cooperation and foreign investment, and for establishing the “going-out strategy” policies. This strategy fully raises the level of opening to the outside world and promotes the participation of enterprises in international economic cooperation and competition in a larger scope, a wider range and a higher level. ☺



# Figures from State Administration of Foreign Exchange

— Delivered by Sun Lujun, Vice Director General from Capital Department of State Administration of Foreign Exchange

## The foreign exchange receipt and disbursement since 2009

Since 2009, influenced by the international and domestic economic and financial situation, especially with the impact of the ongoing financial crisis, some changes appeared in the foreign exchange receipt and disbursement, and the slowdown of foreign capital's flow-in is a major one.

Generally speaking, however, the total amount of foreign capital inflows still maintains a certain size, and still no phenomenon of large-scale capital outflow. China's international trade surplus is still kept, although the surplus growth is slowing down. And it embodied concretely just as follows:

**First of all**, the increase in the import and export trade surplus has declined. For the first quarter of 2009, the gross value of import and export is US\$428.739 billion, with a year-on-year decrease of 24.9%, and the trade surplus is US\$62.34 billion. March is the fifth month that export and import trade showed negative growth, however, the decrease of the import& export value, the export value, and the import value in March is respectively reduced by 6.3 percentage points, 4 percentage points and 9.1 percentage points. Judged from these basic data, China's import and export trade has some signs of turning better.

**Secondly**, the actual use of foreign capital still maintains a certain size, but the growth rate slowed down. For the first quarter of 2009, US\$21.78 billion of foreign investment is actually used, with a year-on-year decrease of 20.6%. But the third month's decrease is much lower than the first two months of 2009, and the actual use of foreign capital is the maximum of recent 9 months.

**Thirdly**, the foreign debt still keeps growing with a certain growth rate. By the end of September, 2008, China's foreign debt amounted to US\$441.952 billion, representing an increase of 18.29% compared the previous year, of which short-term foreign debt balance reached US\$280.043 billion, representing a year-on-year increase of 27.24 percent.

In the mean time, the foreign exchange reserves continued to increase, despite at a lower speed. By the end of March, 2009, the state foreign exchange reserves is US\$1,950 billion, of which the first quarter of 2009 reserves increased by US\$7.7 billion, decreased by US\$1,746 billion comparing the same period of last year. In march, foreign exchange reserves increased by US\$41.7 billion, with a year-on-year increase of US\$6.7 billion.

## Special policy for "Going-abroad"

Aiming to help the foreign-invested enterprises to solve the biggest problem they are encountered with at abroad, the tough financing issue, the State Administration of Foreign Exchange gradually launched out a series of policies to support and ease the difficulty of financing since 2005. Firstly, making banks offer se-



Sun Lujun, Vice Director General from Capital Department of State Administration of Foreign Exchange

curity management policy for foreign-invested enterprises' financing. The second is to allow eligible members of groups to offer loans for their overseas enterprises. And the third is to set up the test pilot in Ningbo for reforming the overseas loans and foreign exchange management for private enterprises.

The implementation of these policies provided a new means of financ-

ing for the foreign-invested enterprises, helped them to reduce the financing costs, and have been widely welcomed by enterprises and local governments.

With the good achievements, and combining with the current international market situation, the State Administration of Foreign Exchange will further deepen the reform of foreign exchange for overseas investment in the following aspects.

**First**, to promote the introduction of *Regulations on Overseas Investment from Domestic Institutions*, to form a sound, automated, fairly standard regulation frame.

**Secondly**, to offer more favorable terms upon allowing the domestic institutions to offer loans for its outside members. In the mean time, to simplify the verification procedures and make the investing much easier.

**Thirdly**, to further improve the management of foreign exchange for overseas investment and to improve the statistical detection and early warning mechanism for cross-border capital flow. The State Administration of Foreign Exchange has already put the overseas investment management module into use, which means turn the manual audit into electronic audit, greatly enhancing the effectiveness of the management. Also, the new performance of building a network over State Administration of Foreign Exchange and banks and enterprises largely lower the examination time and enterprise cost. ©



# Suggestion from NRDC for China Overseas Investment

Guo Yan

According to the primary statistics, till the end of 2008, non-financial investments from China totaled US\$140 billion or so, involving 170 countries and regions in the world. Through investments and cooperation, Chinese companies extend their operations into global market, diversify their business and improve the level and technology and management, and also the international competitive ability. Meanwhile, they contribute to local economic development by bringing job positions and taxes, and boosting the construction of infrastructure like education, sanitation, transportation and so on. The boom of companies and the improvement of the public welfare are spoken highly by local government and people. The National Development and Reform Commission (NDRC) play an important role in the economic construction in China, and are directly responsible for giving approval and carrying out these key economic and trade cooperation projects in overseas. On the third Symposium on Transnational Investment of Chinese Enterprises, Liu Hongkuan, vice director of Department of Foreign Capital Utilization and Overseas Investment of NDRC gave an introduction of the transnational investment of Chinese companies, under the topic Government Should Guide and Boost the Investment and Cooperation in Overseas.

The situation of the transnational investments by Chinese companies is characteristic in four sectors as following:

**First**, the investment increases quickly. In 2003, the non-financial investment from China totaled US\$2.85 billion, and the number increased to US\$40.65 billion in 2008, with the growth rate in the five years averaged 70% per year. Meanwhile, the size of single investment project expands too, and projects with an in-

vestment of several billion US dollars come up one after another.

**Second**, the field of investment is expanding. Now the investments from Chinese companies are no longer limited to trade processing industry and small-scale processing industry, and expanded to mineral resources development and home appliance manufacturing industry, infrastructure and high and new technology and so on. The investments now are going to the fields that closely related to local economic development.

**Third**, the investors are diversified. With various economic entities are growing strong, the private companies are showing their strength, though state-owned companies still holding the leading position. In 2008, investments from private investors take a share of 30% of the projects above the designed size. The joint ventures in a third country with other companies from developed and other developing countries have got a good start.

Nowadays, the international financial crisis is still deepening its influence, shaking economies in every country and region, as well as the transnational investments. According to Liu Hongkuan, with the deepening and expanding global financial crisis, some countries are taking measures of trade protectionism, setting barriers to transnational investments and damaging the smooth international trade and economic cooperation. Due to the financial crisis, global economic growth slowed down, which lead to a weak market and drop in product prices, causing operation problems of some companies. Meanwhile, due to a tight credit, companies have come with cash flow problems, as they have difficulties in funding. Chinese companies are facing the same situation, affecting the capability of direct transnational investment. However, the crisis also means opportunities for direct overseas investment, as there are many low-priced stocks of good quality in the market. And due to the order or financial difficulties, some companies are forced to sell assets or technologies. Through investment and cooperation, the companies can expand themselves, and also help to improve the market confidence and steady global economy.

Under the current background, Chinese central government encourages companies capable of investing in overseas. Compared with the utilization of foreign capital, overseas investment and cooperation is just at its beginning. Companies should, under the direction of market, actively and steadily carry out the investment and cooperation projects in overseas, as the mainstay. Liu gave proposals to Chinese companies on overseas investment and cooperation as follows.

**First**, invest into the key sectors, such as joint projects in resource or energy-related fields. On the base that base in domestic market, saving comes first, we should strengthen the joint development in overseas oil, natural gas and other important mineral resources, carry out long term trading policies, expand the channel and fields for overseas joint projects. Through mutually-beneficial joint projects with related countries on energy resources, China should share the opportunities for development, realizing together economic growth.

**Second**, carry out technological and intellectual cooperation. To encourage innovation and improve the core competitive ability, we would like to see companies with strength to establish R&D centers in US, Europe or other regions with an advantage



Liu Hongkuan, vice director of Department of Foreign Capital Utilization and Overseas Investment of NDRC



in technological resources. And through technological and intellectual cooperation, uplift the technology and innovation level of Chinese and local companies.

**Third**, expand market for advanced manufacturing industry in China. China is known as manufacturing center or factory of the current world. So these companies can take advantages of in this field, and construct production bases and marketing network, to establish an international brand and boost the adjustment and modernization of industrial structure.

**Fourth**, take advantage in infrastructure construction. China has made astonishing progresses in infrastructure construction and Chinese engineering construction companies have won the fame in world market. If can control the risks, these construction companies should actively participate water conservancy, transportation, energy, communications and other infrastructure construction projects, helping improve local investment environment, and cooperate on public projects like sanitation, school and so on, promoting the relationship with these countries or regions.

**Fifth**, globally locate the service-providing companies. The finance, telecommunications, transportation, and other service-providing companies in China are relatively strong and concentrated, we encourage qualified enterprises to engage in distribution, banking, fund management, shipping and other services, improve the quality and level of service industry, as well as create more job positions for local people.

Facing the background of global financial and economic crisis, while going out to participate in the international market,

Chinese companies should fully consider their strength and development plans, be aware of the oversea situation and various risks, make detailed investment plans, insist on the business rules, strengthen risks management, and secure a smooth and safe oversea investment and cooperation. At last, Liu Hongkuan said that, besides these state-owned companies, the government also encourages private and joint-stock companies of capability to carry out investment and cooperation projects outside China, and through improvement in company structure, management system and policy-making mechanism, globalize the R&D, production and sale of products, to breed new transnational and world famous companies.

“The government should make favorable policies for these oversea investment-related agents and organizations, and let them play their role as a bridge, and provide legal, financial, consulting, intellectual property and certification services, etc. Industrial associations should work on regular the industry and unit the companies together against foreign affairs and so on. The central government will strengthen the cooperation between governments, by establishing bilateral and multilateral investment cooperation promotion mechanism and signing agreements on investment protection, tax-free, mutual legal assistance, economic cooperation, social insurance, inspection and quarantine and so on, to make conveniences for those out-going companies. For the companies, they should obey local laws and rules, keep their promises for investments, fulfill the necessary social responsibilities, and protect the employees’ and local partners’ legitimate rights and interests,” stressed Liu. ©

## Tax Policies and the “Going-out” Strategy

Li Zhen



Wang Li, deputy director of State Administration of Taxation

In recent years, with the rapid development of China’s economy, more and more Chinese enterprises have actively begun to participate in international competition, and exerted such tremendous influence that they are playing an increasingly significant role in international trade and cooperation. But since the outbreak of the financial crisis in 2007, the road for Chinese domestic enterprises to invest outside the country has become tougher than ever before. How Chinese enterprises can implement the “going-out” strategy more easily? What kind of policies should be released to facilitate Chinese companies’ “going-out” strategy? China’s State Administration of Taxation provided some solutions from their side at the Third Chinese Enterprises Outbound Investment Conference on April 22, Beijing.

In an increasingly global economy, tax policies, as a basic macroeconomic tool, are becoming extremely important in attracting foreign investment, especially under the current depression times. At the conference, Wang Li, deputy director of State Administration of Taxation, made a speech at the confer-



ence which briefly introduced China's tax regime with respect to the implementation of the "going-out" strategy.

According to Wang, a fundamental function of tax policy is to optimize the allocation of various economic resources among different companies and regions. It is a vivid example of such allocation that tax policies are enacted to promote outbound investments. In particular, under the current financial crisis, domestic enterprises should fully take the advantage of international market for further development. Among other things, tax policies play a significant role in this process.

In recent years, the State Administration of Taxation has been making efforts to help Chinese enterprises to go out. At the meeting, Wang presented a brief introduction of what the State Administration of Taxation has done as follows:

**Firstly**, great improvements have been made in tax policies, thus creating a desirable institutional environment for domestic companies to invest outbound. For instance, tariff and income taxes are mainly imposed on import-export enterprises. Therefore, tremendous support has been given to these enterprises such as deduction policy towards companies that export equipment and accessories, expanding the deduction coverage of value-added tax towards enterprises that import fixed equipments and tax refund after depreciation for companies using their own equipments. In addition, since the New Enterprise Income Tax Law was promulgated on January 1 in 2008, new rules have been released in terms of loss-making of income derived overseas and deduction policy of income derived overseas. As a result, taxes that enterprises paid outside the country are allowed to deducted in the calculation of domestic taxes to a certain amount. What is more, the new enterprise income tax law has also included indirect deduction coverage which means that income derived overseas by domestic resident enterprises can also be deducted. All the policies mentioned above prove to be a reflection that the government is fully pledged to encourage and support domestic enterprises to go out.

**Secondly**, the role of tax treaties has been reinforced, providing a good international tax environment for domestic companies to invest outside. Tax treaties are important in safeguarding national tax interests and that of enterprises. In recent years, China has enhanced its efforts to strengthen tax treaty negotiation for promoting "going-out" strategies. In this process, more emphasis are placed on protecting the interests of resident enterprises, thus helping domestic enterprises to lower tax costs, expand their influences and seize more market shares. For instance, when affirming tax obligations, domestic enterprise does not have to pay taxes if it is not confirmed to be a standing body. As far as the non-discriminatory rules are concerned, domestic enterprise in contracting states should enjoy the same treatment with that of

the contracting states. By the end of March in 2009, China has signed tax treaties with more 90 countries among which 88 of them have come into effect, dramatically illustrates that a favorable international tax law framework has been gradually putting into place.

**Thirdly**, tax services have been greatly improved so that domestic enterprises can easily implement "going-out" strategy. Tax services related to enterprises that want invest outside include three aspects, namely contracting tax treatment, tax disputes settlement and tax policy information service. For contracting tax treatment, Chinese government has made a more concise sample of tax resident ID certificate and informed all contracting states at the end of 2008. For tax disputes settlement, the State Administration of Taxation stipulated in 2005 that tax disputes be co-settled between the State Administration of Taxation and tax departments in contracting states which has been proved to be an effective way of dealing with international tax disputes. In the light of tax information service, the State Administration of Taxation has timely updated information in terms of domestic tax policy and changes of foreign tax system which makes domestic enterprises flexibly adjust their own strategies.

Realizing that more work needs to be done to help domestic enterprises, Wang also introduced the work priorities that the State Administration of Taxation would do in the future. **Firstly**, further improve domestic tax policy. In the meantime, reinforce tax treaty negotiation to construct international tax law framework. **Secondly**, improve tax services for enterprises that are willing to invest in foreign countries, especially tax service including foreign tax policies and management and tax disputes settlement. On the other hand, construct an effective tax information feedback mechanism so that tax services can be tailored for more enterprises. **Thirdly**, strengthen tax management for outside investments of domestic enterprises, especially application and inspection of income derived overseas. Fourthly, closely cooperate with various departments including tax departments and other government departments. Tax service and management for domestic enterprises that are ready to invest outside need cooperation among various departments. At the moment, the State Administration of Taxation has actively established an information-sharing mechanism with the Ministry of Commerce, National Commission of Reform and Development, the State Administration of Foreign Exchanges and CCPIT. In addition, further cooperation will be expanded with foreign tax authorities. Under the current background, it is necessary that tax information be exchanged among different countries. "Only in this way can we better deal with international tax disputes and together create a international tax environment for enterprises to carry out the 'going-out' strategy," Wang concluded. ☉

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## Hong Kong – Ideal Access For Mainland Enterprises

Guo Yan

With the deepen economic integration between mainland China and Hong Kong SAR, more and more mainland enterprises choose Hong Kong as their platform to enter the international market. At the end of 2008, more than 3,800 mainland enterprises have invested in Hong Kong with the total amount of US\$20.7 billion;

and mainland enterprises collected the investment in Hong Kong has reached the scale of 22.1 billion HKD. In March of 2009, *The Management Method of Investment Abroad* issued by Ministry of Commerce also provides the great convenience for mainland investors. *China's Foreign Trade* invited Ms. Wong Hoi Wan, Charmaine, Associate Director-General of Invest HK to intro-



duce HK investment environment, the development of mainland enterprises in Hong Kong as well as the investment perspective.

Invest HK, a department of the Hong Kong Special Administrative Region Government, is responsible for promoting Hong Kong as Asia's investment and business hub of a variety of advantages, and providing the assist for those who are looking for investment opportunities in Hong Kong.

Wong introduced that Hong Kong is an ideal access for international companies and mainland China with its advantage of good performance for attracting foreign investment in Asia area, stable and transparent oversight bodies, independent judicial system, free flow of information and funds, simple tax system and low tax rate, and advanced communication network.

Ms. Wong pointed out that Invest HK distinguished different investors for the position of Hong Kong. For overseas investors, Hong Kong is a good entrance into mainland China, and as a superior geographic and regional location, it is convenient to reach Asia-Pacific major cities including Beijing, Tokyo, Vietnam, Singapore and other places within three or four hours. For mainland investors, owing to Hong Kong as international financial center, trade and business service center as well as logistic center, mainland investors could expand their horizons and develop stronger in building their bands, get good knowledge of international regulations, also enjoy lower tax rate. She added, "During the process, for instance, we give them the consultation at the early stage, when the enterprises ready to invest in Hong Kong, we provide advice and information, including Hong Kong's economic data, laws and regulations, wage levels, various kinds of intermediary institutions, law firms, the information of accounting and real estate, work visas, registered trademarks, and bridge the connection between the Government and the enterprises. At the opening ceremony, we help them to invite the officials, the media; in the progress of their management, we still keep close to supply the follow-up service to assist them to solve the problems."

Invest HK was set up in 2000, initially, there was no mainland customers. In the past five years, branches have been established in Beijing, Shanghai, Chengdu and Guangzhou. Till the end of 2008, the mainland investors accounted for 20% of the total. Mainland China has become an increasingly important market for Invest Hong Kong. Since their establishment in 2000, they have successfully assisted more than 200 China mainland enterprises to set up in Hong Kong and expand markets there.

Many mainland companies invest in Hong Kong under the assist of Invest HK, for instance, Beijing Tong Ren Tang, UFSoft, Tsinghua Tongfang, New Hope Group, Haier Group, Gome, Su Steel and Huatai Securities. In additional, in the past two years, nine mainland law firms opened offices in Hong Kong. In 2008, Beijing Bank and Green Futures also set up the offices there.

Concerning the issue whether the mainland enterprises have been impacted by the financial crisis, Wong explained that though some companies are more cautious than before, a lot of enterprises are interested in Hong Kong now. Such as, many overseas companies were affected by the crisis, the market are shrinking in Europe and America. Then, they start to looking for



Ms. Wong Hoi Wan, Charmaine, Associate Director-General of Invest HK

new emerging markets. Definitely, Hong Kong is a good choice. In times of global economic uncertainty, Hong Kong's enduring advantages — the legal system, financial infrastructure, low tax rate, and professional service support — are more important than ever, also this is great opportunities for mainland enterprises to go out. For instance, Tan Yutou HK store was opened in 2003, at that time, the rent was relatively lower, after several years development, Tan Yutou has occupies the market in Hong Kong. More over 70% mainland companies invest in Hong Kong are small-medium size. Considering this situation, Hong Kong government also provide the preferential loans for them. "These advantages are attracting more and more Mainland enterprises to set up in Hong Kong. We are confident that it will be worth investing in Hong Kong," She added.

Wong also mentioned the campaign initiated by Invest HK since 2007, which aim to attract more privately owned enterprises. The "On

Your Marks, Get-Set, Go!" promotional campaign is being carried out in seven key mainland provinces, Zhejiang, Shandong, Fujian, Jiangsu, Sichuan, Liaoning and Guangdong. At the first half of 2009, the campaign was held in Jiangsu. Hong Kong is an important capital-raising platform for Jiangsu enterprises. By the end of January this year, 24 enterprises from Jiangsu had raised US\$22 billion through listing in Hong Kong. The three-year nationwide marketing campaign is in partnership with the Ministry of Commerce and the Economic Affairs Department of the Liaison Office of the Central People's Government in the HK SAR. The campaign includes workshops and business-focused visits to Hong Kong for mainland enterprises.

The campaign includes three distinct phases:

I. "On Your Marks" covers promotional activities aimed at raising awareness among the Mainland China's growing class of POEs of business opportunities in Hong Kong. This stage will include a carefully targeted nationwide advertising and editorial campaign, followed by large-scale seminars highlighting opportunities in Hong Kong. Invest Hong Kong Service Centres will also distribute information on business opportunities to its networks of industry and government partners.

II. "Get-Set" is a series of smaller, focused workshops in key locations, designed to equip local companies with the information and tools to develop an overseas business strategy, using Hong Kong as a stepping stone. The seminars will focus on practical issues with speakers from the government and private sector offering guidance and tips on successfully growing a business on the international stage.

III. "Go!" is the final stage of the three-year campaign with a series of business-focused visits to Hong Kong. These tailored programmes will allow companies that are seriously considering setting up in Hong Kong to better understand the market, to meet relevant industry associations and to identify business partners, clients and premises.

Wong stressed, "We believe that Hong Kong owns a wealth of international experience in finance and marketing, gathering experts around the world, coupled with an international network, world-class infrastructure and sound legal system, coupled with rapid mainland economic development, we would together create the win-win situation." ☺



# Giant Hugs in Bad Times

Zang Kejia

It is the third session of Chinese Enterprises Outbound Investment Conference, attracting both domestic and foreign government officials and entrepreneurs to walk away from the troubles the financial crisis brought, sit down and carry on discussions, however, the topic has changed unexpectedly echoing with the big environment. Different from surrounding with "how to help Chinese government walk out and be accepted by the world?" in the beginning, the foreign delegations turned to concentrate on "how to persuade Chinese enterprises to come and settle down?"

No doubt, the depressing global economy makes the western world wide-eyed re-watch "made-in-China" products and Chinese enterprise power and energy behind them. And this article will focus on Holland and France, two fresh members of Chinese Enterprises Outbound Investment Conference, to see what wishes they carried with them, and what they would offer for the potential Chinese cooperators, and what types of enterprises would match them to join together to stimulate the local economy.

Both Rotterdam delegation from Holland and the central region delegation of France come with good preparation: both are well-organized team, within government officials, related chamber and institution members, experts from accounting firms and other related service sectors. At the special seminar they respectively held in China, their advantages in location, pillar industries, policies, and the environment are vividly embodied to the Chinese enterprises at present.

## Bad times, good timing

According to the speech delivered by Mr. Kong Shijia, the chief representative of Greater China area from the France Investment Ministry, more and more Chinese enterprises choose Europe to invest. From 2004 to 2007, the numbers of Chinese enterprises that invest in Europe increased by almost 4-5 times. At present, Europe is China's largest export market, and the EU is China's largest trading partner. 21.6 percent of China's total products export to Europe, while only 17.6 percent to the U.S. market.

Kong also mentioned a new developing trend that RMB exchange rate against the euro almost increased by 20 percentage points in the past one year, and the appreciation trend is still going on, which means Chinese enterprise will pay less cost to set offices and branches in Europe in the future.

The Holland government announced an economic stimulus plan worth of €6 billion in last November to help the country cope with the financial crisis, which value is equal to 1 percent of Holland's GDP. And the government would successively issue out a series of policies to guarantee the stability of the economy's development.

When was asked about "Is it perfect timing for Chinese enterprises to invest in Rotterdam, and other places of Holland, since the economy is depressing still?" by *China's Foreign Trade*, Ivo Weekenborg, the Chairman of Rotterdam City Development Bureau, said: "Sure, because the Chinese companies still want to cooperate and have the money, and the Chinese government show supportive gesture. As the house price declines, it

is not difficult to find office in Rotterdam. The cooperation will achieve win-win results."

## The sectors they preferred

Combined with the current economic situation, Mr. Ivo Weekenborg made a list of the industries that the city Rotterdam welcomed most at present. The first class are the harbor, distribution, and chemical sectors, as Rotterdam itself ranks among the top port cities of great volume and advanced technology, with Shanghai, Hong Kong, and Singapore together. And Rotterdam also plays a leading role in medical care industry with great potential, thus the medical care companies are also welcomed to come to form great cluster. In addition, the creative industries are emerging in recent years in Rotterdam and the whole country, so the third preferred class of sectors are the architecture, fashion and design, media and gaming.

The Rotterdam team especially laid great hopes on gaming industry, the promising sector. Besides the common internet games, they also mentioned the companies began to develop game software to assist psychotherapy and driving class. Quite a number of Chinese companies show interests in this.

For France, the auto, auto parts, medicine and electronic sectors offer great possibilities and opportunities to foreign companies. "You could be one of the first investors for central region of France, also you could be one of the leading enterprises in local economic development." Ms. Marie-Madeleine MIALOT, the President of Central region of France, said in an opened and encouraging way.

Mr. Kong Shijia also said the Chinese companies that set office and branches all over France also come from different regions of China: about 40 percent companies come from North China, especially Beijing taking big share, 25 percent from Shanghai and the neighboring provinces Jiangsu and Zhejiang, 25 percent from the south especially Guangdong province, and the rest 10 percent to 15 percent from inland provinces such as Hubei, Henan and Hainan.

## Giant hug to which ones?

Beautiful views, delicious food, safe environment, even a group of Chinese-speakers are surrounding you — no doubt the Europe is easy for Chinese to integrate into. Besides the soft environment, the local government of France and Holland also gave "hard" supports to welcome the newly emerging Chinese entrepreneurs. Mr. Sha Runzhou, the President of Hebei Hongye Machinery Ltd. (Hebei Hongye), has tasted the sweet in the co-operation with French.

At surprisingly low price €10,003, Hebei Hongye purchased a French foundry enterprise with one century history. Both sides found a win-win solution to save the broken foundry factory, the simple parts will be produced by Chinese at lower the price, while the French part charges of the complicated parts and raises the price,





therefore, combining the two sides, a balance could be achieved.

Mr. Sha said: "Before I officially invest, I also confused about many things just like other investors may consider: how to manage the company in France, how to sign the work contract and handle the possible strike. With these puzzles, I spent three years to study and got the best chance finally". "However, you take 3 years to hesitate now, maybe the good chance will be missed forever." He added.

According to the standard of Chinese government, almost 98 percent of Chinese enterprises are small and medium-sized ones, and only around 2 percent are large-scale enterprises. And the enterprises has already walked out and ready to out are medium-

sized and large-scale enterprises. Chinese big companies, such as Huawei, ZTE, Lenovo and other companies have chosen Paris as their European headquarter, and carry on their business smoothly there.

But what about the small enterprises? Some of them even should be exactly called "tiny companies". The answer is not so optimistic. As the small ones are generally short of experiences, capital, and technology, it is not easy for them to find the foreign cooperators in present depressing economy, which also suits for the small enterprises of western world that want to come to China. It is still a long way to go for the small-sized enterprises to grow strong and get ready. ☺

## Duesseldorf: An Attractive City for Investments in Germany

Li Zhen

At the 3rd Chinese Enterprises Outbound Investment Conference, a seminar was sponsored by Duesseldorf municipal government, a city of 600,000 inhabitants in Germany, in hopes of attracting Chinese investments. Wilfried Kruse, vice governor of Duesseldorf city and Boris Stahly, director of Chinese Business Center in Duesseldorf, who have co-introduced the current situation of Duesseldorf to the Chinese enterprises at presence, participated in the seminar.

According to Mr. Kruse, many steel companies and advertisement companies had established their headquarters there at the beginning of 1880s. After the World War II, the steel industry had developed rapidly in Duesseldorf, which radically changed the industrial structure of the city, shifting more human resources to tertiary industries. Having successfully adapted to such changes, Duesseldorf has now become an ideal economic and cultural hub in Europe.

With a population of 600,000, Duesseldorf is located in the heartland of Rhine-Ruhr economic region, which attracts a large number of European multinational companies set their headquarters there. Up to now, there are more than 400 companies in Duesseldorf related to international trade, exposition, fashion and manufacturing. Another important advantage that makes Duesseldorf an ideal place for investments is its sound and robust financial system. Though the international financial crisis has nearly crippled world economy, the Duesseldorf city has dusted off its adverse influence to the largest degree.

Mr. Kruse attributed the success of Duesseldorf to the following three aspects.

First, tax revenues are growing steadily in recent years, especially income tax revenues. Even with a lower tax rate, income tax revenues still ranks the second in Germany.

Second, rapid development of the real estate industry has contributed to the low price and tax of properties in Germany, which can greatly help enterprises to cut cost.

Third, the city has been running in no foreign debt so that it does not have to afford interest burden. It is the only city in Germany that does not rely on foreign debt to finance its government spending, for the government has pursued a favorable budgetary policy.

In addition, Mr. Kruse has also emphasized the geographical position and transportation advantage of the Duesseldorf city. The city is only 50 minutes' drive from the third largest international airport in Germany. Also, Duesseldorf has possessed very convenient water transportation as the longest river in Germany, the Rhine River, runs through it. Efficient highway network and advanced water transportation have all contributed to the success of the logistic industry which is heavily beneficial to the real es-

tate industry.

In fact, Chinese companies have begun to start their businesses in Duesseldorf since 2004. In 2008, more 50 Chinese companies have entered the city. The Chinese Business Center is totally responsible for helping Chinese companies to solve their problems. The center, since its establishment, has been providing convenient services to Chinese companies invested in Duesseldorf.

The speech made by Boris Stahly, director of the Chinese Business Center in Duesseldorf, was mainly focused on some more detail questions relating to investing in the city. He said that the aim of the Chinese Business Center was build a bridge between Chinese investors and the Duesseldorf city and make it possible for Chinese companies to pour their money in.

Explaining why Chinese investors choose the Duesseldorf city as their investment destination, Mr. Stahly argued that position, market, brand and technology are what Chinese companies mainly concerned about, and that's what Duesseldorf owned. First of all, Duesseldorf is place of strategic importance because of its unique position. Second, the city owns excellent infrastructure such as transportation and logistics. Third, administrative governance is very effective in Duesseldorf. Finally, investors can enjoy preferential policies in terms of tax and legislation.

What the Duesseldorf city has done to attract Chinese investors? Mr. Stahly gave the answer. Firstly, active communication was conducted with Chinese companies about their business plan while providing detailed consulting services. Secondly, a large service network was effectively organized including lawyers, tax consultants and accountants. Thirdly, the Chinese Business Center was responsible for providing government information to help Chinese investors better under the real situation in Germany.

The efforts made by the Duesseldorf city to pull in investment have been amply rewarded by some Chinese companies. One example is Huawei, a private high-tech enterprise in China, which established a Creative Center and eventually set its European headquarter in Duesseldorf. Through 8 years' unyielding hard work, Huawei has become a competitive supplier of telecom equipments in Germany. In 2008, sales revenue of Huawei in Germany has reached US\$373 million. While acquiring large market value, the success of Huawei in Germany has also created millions of job opportunities for local people. It proved to be a reciprocal outcome for both Huawei and Duesseldorf. In the meantime, Huawei has actively fulfilled its social responsibilities by means of supporting city construction and participating in philanthropic activities. In the future, great potentials for cooperation between Huawei and Duesseldorf can be predicted and Huawei is ready for continuing to provide high-quality products to European market. ☺



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Suzhou is located in the center of the Yangtze Delta, in the south of Jiangsu Province, with Shanghai to the east, Zhejiang Province to the south, Wuxi City to the west and the Yangtze River to the north. Since 42% area of the city is covered by water, including a vast number of ponds and streams, Suzhou is praised as the “Oriental Venice”. Taihu Lake, four fifths of which is in the territory of Suzhou, is one of the four largest fresh lakes in China, with East Hill, West Hill and other scenic spots in its vicinity. The city is cut by the Beijing-Hangzhou Grand Canal from north to south.

Together with its mild climate, making it an available destination all year round, fertile landscape and abundance of produce, it is no wonder that Suzhou is called “paradise on earth”.

# SUZHOU PARADISE ON EARTH



## History and culture

Suzhou, the cradle of Wu Culture, is a city with a history of more than 2,500 years, tracing back to the later Shang Dynasty. The unique characteristics of the past are still retained in present-day Suzhou. The double-chessboard layout of Suzhou, with “the streets and rivers go side by side while the water and land routes run in parallel”, are preserved basically intact. Strolling the streets, you can feel the unique lingering charm of this landscape left by its long history.

Suzhou is the birthplace of the flourishing Wu Culture which has had immense influence in the regions embracing Taihu Lake, west of Shanghai, southeast of Nanjing, northwest of Zhejiang and south of Yangzhou and Huaiyin. As one vital part of the Chinese traditional civilization, the Wu Culture has a long history which may be traced back to 10,000 years ago. However, just about 2,000 years ago, this culture had a surge of development. At first, the Wu Culture mainly adopted the essence of the central Chinese civilization. Until the middle of the Ming Dynasty (1368~1644), more and more overseas civilizations were absorbed by the Wu Culture, and then introduced into central China. Coming after the Qing Dynasty





The beauty is easily captured even in a common corner.



Taihu Lake

(1644~1911), Suzhou City was one of the most prosperous Chinese cities, both in agricultural production and domestic and foreign trade. Therefore, it is no wonder that Suzhou is one of the cities where the earliest bud of capitalism in China appeared.

Being the cradle of Wu Culture, Suzhou plays a vital role in Chinese cultural history. Many great names and schools of art arose here. For example, the Wumen Fine Arts School is the finest in the history of Suzhou, represented by Shen Zhou, Wen Zhengming, Tang Yin and Qiu Ying, whose poems, calligraphy and paintings are considered to be historical artifacts. Pingtan, Kun Opera and Suzhou Opera are praised as 'three flowers' in the cultural history of Suzhou. Furthermore, embroidery, fans and brocade produced in Suzhou are noted world wide. If you want to explore more on their history visit the museum of Suzhou folk-costume for a complete description.

The historic Wu Culture has left Suzhou City with a series of attractive heritages, including the classical gardens and water townships, the melodic rhythm of Kun Opera and Ping Tan (Suzhou ballad), the Suzhou handcrafts and the Jiangsu Cuisine. Each of them can reflect the locals' essential character-exquisite, mild and smart.

#### ★Kun Opera and Ping Tan



*Peony Pavilion*, the great works of Kun Opera

Kun Opera (Kunqu or Kunqiang) is the mother of all Chinese operas, which has a history of over 600 years. It originated in the Kunshan area of Suzhou City in the late Yuan Dynasty (1271~1368) and developed to be a musical system in the Ming Dynasty, and came into its golden age in the period of the Emperor Qianlong of the Qing Dynasty. In 2001, the UNESCO awarded it as the Human Beings' Verbal and Intangible Cultural Heritage Representative Work.

Kun Opera sounds graceful and haunting and is good at controlling the voice and rhythm as well as every word and sentence. These performance skills are vividly displayed in the 'shuimoqiang'(floating water mill tune) which embodies the distinctive character of the Kun Opera. When performed, the

opera is accompanied by various kinds of instruments, such as flute, Sheng, Xiao (pipe), Sanxian (trichord) and lute.

Pintan is an ancient performing art of storytelling and ballad singing in Suzhou dialect, being the general name for Pinghua and Tanci. Pinghua, also called Dashu, is performed by a single narrator with a gavel and a fan, relating a historical romance, court case, martial arts story or heroic epic. The Tanci, which is also called Xiaoshu, is mainly put on by two people, regarding the stories of daily life and love. This art originally appeared in the Qing Dynasty and was favored by successive monarchs and locals. The well-known stories are Love of Weal and Woe, Yang Naiwu and Xiao Baicai, Meng Lijun, Qin Xiangliang, WuSong and Lin Chong.



#### ★Suzhou Museum

The Suzhou Museum is a museum of ancient Chinese art, ancient Chinese paintings, calligraphies, and hand-made crafts, situated in Suzhou. The current building of Suzhou Museum was designed by Chinese-American architect Ieoh Ming Pei.

The museum has a display area of 2,200 square meters. It has more than 15,000 pieces in its collections. Most are ancient paintings and calligraphy, ceramics, crafts, unearthed relics and revolution relics. Among them 247 pieces are ranked first-class. It also possesses more than 70,000 books and documents, and over 20,000 rubbings of stone inscriptions. The collection of paintings and calligraphy includes works of masters from Song Dynasty to Ming and Qing Dynasties.

#### Gardens, the soul of Suzhou

As the saying goes – "Gardens to the south of Yangtze River are the best in the world, and Suzhou gardens are the best



The classic style of Suzhou garden window.





Although filled with travellers, you can still sense the quietness of Zhouzhuang at some special moment.



The hole in the wall is the "ancient air conditioner" in the kitchen.



Lingering Garden is famous for its hundreds of inscribed tablets.



The petals are scattered in the grass.

among them".

At present more than 60 gardens are kept intact in Suzhou, and a series of them have been listed in the World Heritage List, including the Humble Administrator's Garden, the Lingering Garden, the Garden of Master of Nets.

Most of the gardens were built for private use by aristocrats and rich businessmen and date back to the sixth Century BC. Garden design went through an active period during the Ming Dynasty (1368~1644). By the time of the latter years of the Qing Dynasty (1644~1911), a large number of classical gardens were spread across Suzhou as well as its suburbs.

In general, the gardens are comprised of two parts - a residential section and a garden. In order to replicate a natural environment on a miniature scale but to be full of life, pavilions, ponds, bridges, rockeries, stones and fragrant flowers are added to the gardens. The artistic layout is combined perfectly with Chinese philosophy and ideology to exhibit an architectural culture of the Orient. In a small plot each component is designed delicately and arranged orderly by the accomplished gardeners to show their creativity. Lyric pictures and poems are reflected in the themes of the gardens to evoke mountains and natural springs requiring the visitor only to observe the seasonal change of plants and water.

Strolling in the garden, visitors experience an elegant cultural aura which has almost disappeared from modern life. Steles and parallel couplets of halls or names of rooms sometimes show the masters' aspirations, interests, and ideals or followings of Buddhist, Taoist and Confucian thoughts or philosophy. Using unique skills combining architecture with the surrounding scenery, artisans created gardens that are tranquil havens away from the world's turmoil.

Very often tourists think they have reached the last building of a garden, only to discover another harmonious landscape when they pass through the room and along a zigzag corridor. Each door and window of the rooms is decorated with carvings. Looking through the incised window of a garden, a lush green waterscape unfolds itself before your eyes

while a babbling stream mirrors singing birds on a stone bridge. When a pavement winds along mountain ridges, visitors will see a different view.

Classical gardens of Suzhou are the cultural and the artistic essence of folk architecture in China. This can only be appreciated by visiting them, and thus to understand why Suzhou is called "Paradise on Earth".

### Water township

Rating alongside these classical gardens are the exquisite water townships in Suzhou. Zhouzhuang, Mudu, Tongli Town and so on should not be missed by any visitor. In any water township of Suzhou, a number of Ming and Qing dynasty preserved buildings can be found. The natural sights and human landscape enhance each other's beauty, which is a great attraction to people to linger there.

#### ★Zhouzhuang

Zhouzhuang, one of the most famous water townships in China, situated in Kunshan City which is only 30 kilometers (18 miles) southeast of Suzhou. It is noted for its profound cultural background, the well preserved ancient residential houses, the elegant watery views and the strong local colored traditions and customs.

In an area of half a square kilometer (124 acres), 60 percent of the Zhouzhuang's structures were built during the Ming and Qing Dynasties, which is from 1368 to 1911.

In 1984, 38 canvases of the notable painter, Chen Yifei, were exhibited in a New York gallery of Armand Hammer, chairman of Occidental Petroleum Corporation. "Memory of Hometown" which depicts Twin Bridges was one of the items on display and has gained the world's attention for Zhouzhuang. The painting was chosen to be the first-day cover of the United Nations' postage stamp in 1985.

#### Hanshan Temple (Cold Mountain Temple)

Hanshan Temple is well-known to Chinese due to a famous poem A Night Mooring near Maple Bridge written by Zhang Ji, a poet of the Tang Dynasty. In this poem, Zhang described the midnight bell rings of the Hanshan Temple (Cold Mountain Temple). Since then, the temple







has become famous especially for its bell rings and Buddhism culture.

Hanshan Temple is situated five kilometers (about three miles) from Fengqiao Old Town in Suzhou. It is said that in the Tang Dynasty, a famous monk Han Shan came to take charge of the



The famous poem *A Night Mooring near Maple Bridge* written by Zhang Ji



temple, hence its name.

Building originally commenced during the Liang Dynasty (502~557), and was repaired again in the following dynasties. Now, covering an area of about 10,600 square meters (about three acres), it presents the architectural style of the Qing Dynasty (1644~1911). It includes the Grand Prayer Hall, Sutra-Collection Building, Bell Tower, Fengjiang Pavilion and Tablets Corridor, etc. In 1995, a five-storey Buddhism pagoda as high as 42 meters (about 138 feet) was erected called Puming Pagoda, which then became the symbolic building of the temple.

There are many more historical relics in the temple, such as the statue of Han Shan, the stone tablet inscription of the poem *A Night Mooring near Maple Bridge* and some other tablet inscriptions written by famous intellectuals of ancient China.

Every year on New Year's Eve in China's lunar calendar, the bell is tolled to pray for the happiness and safety of the coming New Year. This festival attracts thousands of tourists both at home and abroad.

#### Sound conditions for visiting

As one of the famous tourist cities in China, Suzhou has made a great improvement to its basic facilities and tourist functions. Suzhou is accessible by plane, train and bus. Star-rated hotels with good services and reasonable guesthouses and hostels provide a range of lodging. Of



The pious people tied their wishes to the tree in Hanshan Temple.



course, tasting local delicacies should not be forgotten in your journey. Authentic Suzhou cuisines and snacks can be found in Guan Qian Street, where delicious food and friendly service are memorable. When night falls, Suzhou City is quiet and peaceful. You can enjoy it while sipping a cup of tea in any teahouse. ☺



# Investment Projects in Western CHINA

## Agriculture, Forestry and Husbandry Sector (Part II)

### I. Project Name

Modern Agriculture Comprehensive Demonstration Base Construction

### II. Project Implementation Agency

Yan'an City Hengzheng Industry & Trade Co., Ltd.

### III. Project Description

In Baota district, Yan'an, it is planned to build: (i) 800 sun-light greenhouses which can produce various counter-season vegetables of 3000 tons; (ii) agricultural and sideline product processing line which can produce various agricultural product of 120,000 tons; (iii) aquatic breeding base which can produce aquatic product of 2000 tons; (iv) vegetable exchanging market with annual exchanging volume of 100,000 tons and (v) fishing and recreation area.

### IV. Total Investment and Cooperation Form

Total investment of the project is 669.6792 million Yuan and cooperation form is sole investment.

### V. Anticipation of Market and Analysis of Investment Return

After the completion of the project, it has considerable economic and social benefit. Regarding all construction contents, 82.8 million Yuan income will be realized.

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### I. Project Name

Construction Project of Vegetable Production Demonstration Base with Standardized Facilities

### II. Project Implementation Agency

Construction and Management Center of Yangling Modern Agricultural Demonstration Park is directly under Administrative Committee of Yangling Agricultural High-Tech Industries Demonstration Zone, which is responsible for using 83000 mu of agricultural-use land to build the top ranking modern agriculture demonstration zone.

### III. Project Description

The project is planned to build 10,000 mu of vegetable production demonstration base with standardized facilities in Yangling Demonstration Zone including greenhouse of 5000 mu, shed vegetables of 5000mu mainly for production of strawberry, tomato, pimiento, cucumber, melon and watermelon. It will realize standardized planting, fertilization, irrigation, field management and gathering etc.

### IV. Total Investment and Cooperation Form

Total investment of the project is 270 million Yuan including fixed assets investment of 190 million Yuan and the fluid capital of 81.4286 million Yuan. Cooperation form: cooperation, joint venture or sole investment.

### V. Anticipation of Market and Analysis of Investment Return

After the project is completed and reaches its normal production period, it can realize profit of 42.9014 million Yuan and the investment profit rate is 15.80%. The static investment recovery period is 6.32 years (excluding construction area).

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### I. Project Name

The Second Stage Project of Jiayi Modern High-tech Ecological Agricultural Base

### II. Project Implementation Agency

Shaanxi Jiayi Modern High-tech Ecological Agriculture Co., Ltd.

### III. Project Description

The base is located in Chang'an District, Xi'an. It has warm temperature, suitable for the growth of forest, fruit and agricultural products. The first stage has completed high-tech ecological agriculture base of 300 mu integrating in seedling area, special agriculture breeding zone, modern agriculture planting area and rare tree protect area, tourism and sightseeing agriculture, recreation and entertainment. The second stage is planned to: (i) greenhouse planting area of 50 mu; (ii) modern high-tech cash crop planting area with a covered area of 300m; (iii) pollution-free vegetable demonstration zone with high-efficient facilities, covering an area of 150 mu; (iv) modern high-tech breeding demonstration area of 150 mu and (v). Exhibition hall and agricultural technology spread center of wild animal, plant and famous herbal medicines, covering area of 50 mu.

### IV. Total Investment and Cooperation Form

The total investment of the project is 220 million Yuan. Cooperation form: joint venture, cooperation or stock system management.

### V. Anticipation of Market and Analysis of Investment Return

Based on the high technology, the project can not only speed up the agriculture industrialization process in local area, but also better the ecological environment. The market prospect is broad. After the completion, the annual net income is estimated to be over 6.8 million Yuan and profit rate of investment is 20.8%. The investment recovery period is 5 years.

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### I. Project Name

Modern Livestock Industry Development Project

### II. Project Implementation Agency

Shaanxi Provincial Zhongbei Industry Group

### III. Project Description

Jingbian County enjoys special geographical and climate conditions and rich feedstuff resources. It can produce 2.2 million tons of grass. The sheep in hand in the whole county is over 1.1 million. It is planned to build a development project integrating in sheep slaughtering, sales, leather processing, bowel of sheep processing. It can develop the rich sheep resources in Jingbian County and Surrounding area. It can slaughter and deep process 2 million sheep per year and the slaughtering can processing capacity will reach 6 million sheep. It focuses on the processing of sheep leather, clothes packaging, blood albumen, blood globulin powder, hyaluronic acid, cholic acid and cytochrome.

### IV. Total Investment and Cooperation Form

Total investment of the project is 500 million Yuan (including the investment of 95.25 million Yuan in first stage project). Cooperation form: joint venture or cooperation.

### V. Anticipation of Market and Analysis of Investment Return

After the completion of the first stage project, it can realize sales income of 1078.68 million Yuan, sales tax and additive of 30.57 million Yuan. The investment recovery period is 3.8 years.

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### **I. Project Name**

Ecological Agricultural Industry Belt Construction Project

### **II. Project Implementation Agency**

Administrative Committee of Lintong District Weihe River Ecological Area, Xi'an City is a functional organization for Weihe ecology development under District Committee and District Government. It is responsible for the construction, management of various infrastructure projects and self-built projects.

### **III. Project Description**

The project is planned to build an ecological agricultural industry belt in south of Xingbei Weihe Bridge. Its scenic area is 150 mu including plant permanent ornamental, evergreen bush, flowers, serf and it forms a green corridor; its cash planting area is 350 mu and mainly plants walnut, grape, winter date and it also can be used for special breeding. The water surface area is 300 mu (0.3 X 0.6 km) and it can be used for water recreation project.

### **IV. Total Investment and Cooperation Form**

Total investment of the project is 83.025 million Yuan. Cooperation or development with sole investment is acceptable.

### **V. Anticipation of Market and Analysis of Investment Return**

Under the normal operation, the investment will begin to return from the second year. The total return rate is over 200%. The return period of scenery forestry and cash economic planting, breeding and water receiving system will reach over 70 years. During the physical operation, for the third industry that serves for the agriculture, it can apply for tax decrease.

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### **I. Project Name**

Live Pig Breeding and Demonstration Base Construction Project

### **II. Project Implementation Agency**

Yangling Modern Agriculture Development Co., Ltd, founded in Feb, 1998 is a state-owned sole-founded enterprise directly under the administrative committee of Yangling Agricultural High-Tech Industries Demonstration Zone. It has a registered capital of 50 million Yuan and total assets of 110 million Yuan and net assets of 90 million Yuan.

### **III. Project Description**

Based on breeding technology of Northwest Agriculture & Forestry University,

the project is planned to build live pig breeding and demonstration base with a covered area of 300 mu. It includes 85642m<sup>2</sup> of pigsty and supported production area, production auxiliary area, management and residential area. It will introduce fine boar for breeding. After the completion of the project, it can produce 90000 slaughter pigs.

### **IV. Total Investment and Cooperation Form**

The planned total investment of the project is 94.629 million Yuan including fixed assets investment of 69.402 million. Cooperation form: joint venture only.

### **V. Anticipation of Market and Analysis of Investment Return**

After estimation, the sales income in normal year is 144 million Yuan and annual net profit is 29 million Yuan.

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### **I. Project Name**

Grass Base Construction and Its Deep Processing Project

### **II. Project Implementation Agency**

Yichuan County Animal Husbandry Bureau

### **III. Project Description**

The project is planned to meliorate 100,000 mu of natural grassland of the whole county and newly build high-quality artificial meadow of 300,000 mu, meanwhile it is planned to build the grass deep processing plant which can produce high quality grass of 50,000 tons including 10,000 tons of grass block, 30,000 tons of grass powder and 10000 tons of grass bundle.

### **IV. Total Investment and Cooperation Form**

Total investment of the project is 80 million Yuan. Cooperation form: sole investment, cooperation or joint venture.

### **V. Anticipation of Market and Analysis of Investment Return**

After the completion, the annula sales income is 20 million Yuan, pure income is 9.2 million Yuan. The profit rate of investment is 46%.

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### **I. Project Name**

Pagodatree Flower Series Beverage Development Project

### **II. Project Implementation Agency**

Yongshou County Investment Promotion Bureau

### **III. Project Description**

Using 40,000 mu of acacia resources, it is planned to build a acacia beverage and acacia honey production line with annual production of acacia beverage and honey of 50,000 tons. The main construction contents are: (i) 2000 m<sup>2</sup> of seeling workshop

(ii) semi finished products and finished warehouse of 2000 m<sup>2</sup> (iii) 1000 m<sup>2</sup> of cold store. (iv) Office area of 1000 m<sup>2</sup>

### **IV. Total Investment and Cooperation Form**

Total investment of the project is 90 million Yuan. Cooperation form: joint venture or sole investment.

### **V. Anticipation of Market and Analysis of Investment Return**

After the completion of the project, the annual profit is 28 million Yuan and the investment recovery period is 4 years.

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### **I. Project Name**

Milk Cow Breeding Base Construction Project

### **II. Project Implementation Agency**

Lintong District Bureau of Agriculture and Forestry, Xi'an

### **III. Project Description**

Lintong District has formed a development pattern that take Yinqian Dairy as the pivot, industry chain of "Enterprise + Base+ Farmer" as the foundation, radiating the whole district. The project is planned to build cow breeding demonstration base in 12 towns or township including Xiangqiao, Youhuai, Jiaokou, Xinshi, Xuyang, Liyang, Yujin, Renliu, Beitian, Xinfeng, Xiquan, Daiwang etc. It is planned to build 100 milk cow areas with 100 milk cows each, 100 milk cow farm with over 100 milk cows each, 10 milk cow farms with over 500 milk cows each and 3 milk cow farms with over 1000 milk cows each, 50 professional villages of milk cow breeding in Lintong district, Xi'an City. Up to 2012, there will be 100,000 milk cows in hand and total output of fresh milk will be 450,000 tons.

### **IV. Total Investment and Cooperation Form**

Total investment of the project is 1 billion Yuan. 620 million Yuan investment has been completed. Cooperation form: sole investment, Joint venture, cooperation and leasing.

### **V. Anticipation of Market and Analysis of Investment Return**

The project implementation will give play to local resource advantageous, promote scale breeding and speed the process of industrialization of livestock, gradually strengthen the market competitiveness of dairy market, make the local dairy product famous.

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# How to Deal with the Profits of state-Owned Companies?

Xiang Kaibiao, Su Danping

Recently, how to deal with the profits of state-owned companies has become the hottest topic appearing almost all kinds of media. In 2008, Industrial and Commercial Bank of China (ICBC), PetroChina and China Mobile together had a profit of more than RMB 300 billion. However, the three companies turned over profits of RMB 20 billion plus which raised concerns of the government, the media and scholars. Regarding this issue, we should take rationale analysis from its development history, the policies and its future.

## I. The historical development of state-owned companies dealing with the profits

In history, the profits of state-owned enterprises went through a few times of repetition, from turning over to holding and to turning over again.

At the end of 1956, Chinese government announced the completion of socialism transformation, and the establishment of traditional state-owned economy in accordance with Lenin's National Syndicate Model. However, at that time, state-owned enterprises were just like an appendage of the Party and the government, whose basic task was to implement all the directions and instructions from a higher level. These enterprises are not enterprises, but the basic production unit of the society, though they had the name of enterprise. These enterprises turned over almost all of the profits, and the government stood the loss, and the entire risks. The State arranged for the state-owned enterprises the job positions, the materials and the money.

Since the beginning of 1979, profit-holding policies were carried out. State-owned enterprises were permitted to hold and make use of a certain share of the profits. According to the papers issued by the state council, the retained profits were divided into funds for production development, for staff's welfare and for the bonus.

On 1<sup>st</sup> Oct 1984, step two of the tax reform plan came into force, which divided the revenue the enterprises turned over into 11 taxes, letting the companies turn over profits in taxes and leaving the after-tax profits to the companies.

In 1987, contract mechanism was introduced into state enterprises, under the principle of "set the base number, secure the turn-over, retain the surplus and assume the loss". However, the base number caused unfair competitions in different regions, damaging the flexibility of national financial income. In practice, the thing was easy if the enterprises made more profits, but it would be a problem for those with a red result. According to the statistics, from 1987 to 1991, contractors had a turn-over RMB 5.1 billion less than the promised, but only 37%, meaning 1.9 billion RMB was fulfilled by the contractors, leaving the remaining 3.2 billion RMB the deficit of budget.

In 1993, the State Council issued the *Decision on Implementing Revenue-sharing Financial Management System*, which gave a clear answer to how to deal with the profits of state-owned enterprises. The part of the profit taken by the nation will be turned over in tax, and the enterprises will retain the remaining profit which is taxed by a uniform tax rate, meaning the government will not take profit from the enterprises in a time. Actually, this policy still works today.

In September 2007, the State Council issued *About Piloting Budget System for the Management of State Capital*, which mentioned state capital gains for the first time. So, as a share-holder, the government has rights to share the capital gains, and it also gives legal basis for enterprises to turn over the profits.

## II. Why should state-owned enterprises turn over profits?

Before answering this question, we should know something about artificial governance, also known as corporate governance, the most important organi-

zational structure in modern enterprise system. The narrowed meaning of corporate governance refers to the relations between internal share-holders, directors, supervisors and managers, and the widened meaning also include the relation with interested persons, including employees, customers, depositors and the public. According to the *Principles of Corporate Governance Structure* formally adopted by the commission of Organization of Economic Cooperation and Development (OECD, an organization composed of 29 developed countries), corporate governance structure should ensure that all the shareholder enjoy the fair treatment and benefits, and if shareholders' rights and interests are damaged, they should have chances to be compensated, and confirm the interested persons' legal rights.

State-owned enterprise is a kind of special companies, whose assets are wholly or mostly sourced from state investments, and owned the country. In fact, the investments are funded by the tax from the taxpayers, and the government is authorized to manage these funds. State-owned enterprises are different from companies funded by organizations or individuals. From this we notice that the government and the taxpayers are the true investors or shareholders of state-owned enterprises.

In this way, it is right for these enterprises to turn over profits to the shareholders, the taxpayers or the whole citizens, but the shareholders give the authority to the government and the government manages these enterprises through the State-owned Assets Supervision and Administration Commission. In a word, all the state-owned enterprises should turn over the profits to the Ministry of Finance and they can retain a certain part for production expansion and improve employees' welfare. But, the state-owned companies should gain approval from the shareholders' meeting, before they retain profits or make further investments. It would in deed embody investors' interests if the enterprises should gain approvals from the Ministry of Finance before they utilize the profits. That the state-owned enterprises turn over the profits conforms the requirement of artificial governance, and also is an important way to secure investors' interests.

## III. In what ways the state-owned enterprises turn over the profits?

How much or what ratio of the profit should the enterprises turn over? There is no conclusion. There are three ratios now: for resource enterprises as tobacco, oil and oil chemical, electricity, communication and coal, they will turn over 10% of the profits to the government; for



iron and steel, transportation, electron, trade, construction and other companies with a common competitive ability, the ratio is 5%; and for companies transformed from military enterprises and research institutes enterprises, they will not turn over profits in the first three years. Judging from this, we can know the ratios are really low, as state-owned companies in western countries must give out much more profits to the governments. For example, state-owned enterprises in France have to turn over half of the after tax profits, besides the taxes, enterprises in Sweden, Denmark, South Korea and other countries should turn over one third or even two thirds of the after tax profit.

In 2008, ICBC, PetroChina and China Mobile realized profits totaled more than 300.0 billion RMB. Where do the profits come from? Were they from the hard work and scientific management of the management team? The answer was certainly no. From the point of market competition, we all know that PetroChina, SinoPec, CNOOC, China Mobile, China Unicom, China Telecom and some other enterprises are making huge profits through monopolization of resources, as there are barriers for other companies to enter the market.

In western countries, to natural monopoly industries, the governments usually levy special income tax. For example, as the oil price in 2008 was extremely high, the government can impose special income tax, meaning if the oil price exceeded a certain value, the related enterprises would be taxed. This is a general move in the world, and is in accord with investment yield principle. The resources belong to the citizens, and the huge income is from market monopolization not operation, so the government should take this profit in way of tax, and distribute it to the citizens.

Liu Chuanzhi, board chairman of Lenovo, once said, "The government should take over half of the state-owned enterprises' profits, to increase public consumption." This view is correct, because that the government takes over at least half of the profits is in accord with investment yield principle. In theory, state-owned enterprises have a limited autonomy right, but they should not have rights to distribute the profits (except contracted enterprises), as the citizens own the profits.

However, due to these enterprises differ from each other in current situation and the carrying-out of sustainable development plans, the government could not implement a simple tax of the same rate to all state-owned enterprises. Meanwhile, there still a lot of state-owned enterprises are under reform, with the main problem is regroup, meaning the regroup of administration system and also

of the resources. Before they complete the reform, these enterprises should be paid special attention by the government. But, in my opinion, the state-owned enterprises should turn over no less than half of the profits.

As to PetroChina, SinoPec, CNOOC, Baosteel Group, China Mobile, China Unicom and China Telecom, the seven companies or groups take 78% of the whole profits of the state-owned enterprises. And, 6 of the 7 companies or groups are of oil and oil chemical or communication industries, which are monopolized by the government, so these six should turn over profits at a ratio of much higher than 50%.

#### **IV. The instinctive mechanism for executives should be adjusted**

Now the executives of the state-owned enterprises have a huge income, which attracts the public's attention and raises a hot discussion. The assets, fund, technology and even the favorable policies are all arranged by the government, and the country assumes the losses of the state-owned enterprises, so the government has rights to take over the profits. The news, that board chairman of CNOOC has an annual income of more than RMB 10 million and Ma Mingzhe, board chairman of Ping An Insurance had a salary of RMB 66.16 million in 2007, stirred the public.

Where has the profit of state-owned enterprises gone? According to Wu Jinglian, researcher of Development Research Center of the State Council, there are two underlying reasons for rich-poor polarization. One is the corruption and the other is monopoly. "That correcting the corruption to achieve equality of opportunity is positive correlation to efficiency improvement. And the much higher salaries in monopoly industries are not the unfairness caused by differences in personal capacity." He said. In this way, to narrow the gap between the rich and the poor, the most important thing is to control the corruption and strengthen the market competition in monopoly industries.

The unreasonable distribution caused lots of problems. First, it will cause discontentment. Certainly, executives contribute to the huge profits of the state-owned enterprises, but is their contribution that large, equal to their salaries? For example, the finance industry in China is a monopolized industry, and the companies of this industry get their profits from the government authority, not by capability or competitive ability, so the profits of these companies should be turned over, not divided by the executives. Second, it cause envy from the officials. The executives usually take positions in the govern-

ments, and enjoy a certain administrative treatment, but the salaries of executives are 20 plus times of the average annual income of the officials. This great gap in incomes damages the salary system of civil servants, and causes corruption. The salaries for the executives in the state-owned companies should be limited to a certain level, and reasonable salary system and supervision mechanism should be set up. Meanwhile, common people, especially those low-income people, should benefit from the profits of state-owned companies, and enjoy the fruits of economic development.

#### **V. The future development**

As a company, the state-owned enterprise also pursues the maximum of profits, and monopoly is the best way to realize maximum of profits. However, as state-owned enterprises are funded by the citizens and the citizens are the consumers of the enterprises, here is a paradox for state-owned enterprises, which are the enterprises "exploit" their owners. The citizens invest in the enterprises in hope of getting investment yield, but the enterprises bring products and services to the citizens at a high price, to pursue the "high profits", leading to the citizens exploit themselves. The reason for this is due to the mal-position of governmental function.

To meet the requirements of market economy, the government should have less operational state-owned assets, but more non-operational assets, as operational assets mean risks. The government should not take risks to throw state-owned assets into the market. And once the government involves in the operation, the market will be stirred. So, the administration office of state-owned assets should be a manager but not an operator.

The number and scale of the state-owned enterprises may decrease at the same time, but the government should concentrate the enterprises into key industries and fields which are related to the national security and national economy. However, these enterprises will pay more attention on their social responsibilities, not pursuing the profits, and they may be more like a "welfare enterprises" till then.

State-owned enterprises may gradually disappear from the competitive industries, leaving private or other types of companies the main force in the fiercely-competing market. And if state-owned enterprises leave the market, they won't turn over profits any more. ☺

(Authors: Xiang Kaibiao, senior consultant of Allpku, and Su Danping from Beijing Institute of Technology)



# Positive Effects

## FROM SHRINKING INVESTMENT

Luo Yang

Since its launch in November 2008, the RMB 4 trillion investment plan has been carrying the task of “capital growth”. According to the plan, from the fourth quarter of 2008 to the end of 2010, the central government will increase a total of RMB 1.18 trillion additional funds to promote local and social investment. The goal is to achieve a total investment of around RMB 4 trillion, of which RMB 487.5 billion will be added this year. The first two batches of central government’s investment have effectively stimulated economic growth and promoted market confidence. On April 15, Premier Wen Jiabao proposed in the State Council executive meeting that the central government should “pay close attention to promoting the construction projects carried out by the first two batches of investment and immediately issue a third batch of central investment.”

According to economic data of the first quarter by National Bureau of Statistics, China’s economy shows signs of recovery, though still not solid. Therefore, the central government’s policy is extremely concerned by all walks of life. On April 22, National Development and Reform Commission announced the third batch of central investment, with the amount of which roughly RMB 70 billion, far below the scale of investment in the previous two batches, causing many speculations. In my view, the reduction in the amount of the third central investment plan precisely reflects the central government’s more pragmatic macroeconomic policies.

**First,** economic recovery



cannot be relied on the central investment alone; it should rely more on the social and private investment. Judging from the first two batches of the central investment, railway, highway, infrastructure construction projects, etc. are the major parts in the local governments’ proposals. The investment in terms of people’s livelihood and consumption are still relatively small. As land, capital and other resources are highly inclined to the state-owned economy, private capital can hardly enjoy this “pie” of resources, and thus private investment has not really become active. To a large extent, it has still been suppressed. The phenomenon of “the state in, the private out” has become worse. The effect of the private investment promoting economic growth has not yet been effective, and the central investment has constituted a certain squeeze of the private investment. Nevertheless, without the healthy growth of private investment, it is difficult for the economy to recover. Obviously, the central government

has been fully aware of this problem. On the State Council executive meeting held on April 15, in addition to issuing calls for an immediate third batch of central investment, special mention of encouraging private investment has also been made.

**Second,** the slowdown in the scale of the central investment implied central government’s alert of the risk in the increase of the credit. In the first quarter of 2009, the new loans in the banking industry reached RMB 4.58 trillion, nearly the scale of credit throughout the year 2008. In that RMB 4.58 trillion, financing bills, middle and long-term loans were enjoying rapid growth. Judging from the trend of the credit perspective, on the one hand, there cannot be such a supernormal growth; on the other hand, the extraordinary growth of credit may also be brought about by excessive growth of non-performing loans. Judging from flows of the loans, the new loans mainly went to the local infrastructure, and these projects were using the benefit

of land as capital to guarantee further loans. As the scale of loans increased, the land might not be able to cover the loan, which could lead to the situation of not having sufficient funds to repay bank loans, thus resulting in underestimated non-performing rate of bank loans.

**Third,** many local governments’ lack of financial resources also limits the practical effect of the central investment. After the release of the RMB 4 trillion central investment plan in 2008, the local governments rushed to announce their intention of investment, and the stimulating plans of all local governments reached a total of RMB 20 trillion. According to past experience, the ratio of central and local and social investment is about 1:3. It is estimated that in those RMB 4 trillion programs of stimulating the economy, the need for project capital is about RMB 2.4 trillion, of which RMB 2,500 billion still lacks. In the first two batches of investment, because of the lack of funds in some areas, there are still projects which have not yet started, or their progresses have not yet met the requirements.

In all, the decline in the scale of the central investment reflects a more pragmatic tendency of macro-economic policies. The future economic recovery is no longer a task of just the central investment to undertake the projects, but rather to go hand in hand with private investment; no longer works at the cost of non-performing assets, but in the control of risk on the basis of healthy development; no longer be in disregard of the local the strength of the economy and blind investment, but a balanced development between central and local governments, between the economic and social development. The more pragmatic macroeconomic policy also means that the future economic structure will be more reasonable, and the future economic growth will be more stable. ©

(Author: from Haikou Branch, People’s Bank of China)



# 诚征来稿, 优稿优酬

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## 本刊编辑部

*China's Foreign Trade* is a semi-monthly magazine in English on economics and foreign trade. It combines recent business news with the opinions of various industry experts. Since its debut in 1956, *China's Foreign Trade* has been an important bridge for the promotion of international cooperation, economic exchange and foreign trade between China and the world.

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# CHINA'S BANKING **REFORM** in Progress (Part II)

Erh-Cheng Hwa, Yang Lei <sup>1</sup>

## II.2 Operating Income in 2007

Operating income sustained high growth into 2007 on account of rapid increases in both net interest income and fee and commission income. For the four listed state commercial banks, operating income reached RMB 716.6 billion in 2007, an increase of 37.7% over 2006 (Table 2). Net interest income reached RMB 623.7 billion, an increase of 34.1% over 2006, on account both higher loan growth and greater interest margin, 2.77% in 2007 up by 0.01 percentage points

Table 2

Operating Income of Four State Commercial Banks (Unit: 100 millions)

Bank Name	2006	2007	Growth Rate (%)
ICBC	1807.05	2541.57	40.7
BOC	1460.74	1806.69	23.7
CCB	1502.12	2194.59	46.1
BOCOM	434.59	623.22	43.4

Data Source: Bank Annual Reports

<sup>1</sup> Erh-Cheng Hwa, Chief Economist, China Construction Bank ; Yang Lei is affiliated with China Center for Economic Research, Beijing University. The findings, interpretations, and conclusions of the paper are entirely those of the authors. They do not represent the views of the organizations with which the authors are affiliated.

from 2006. Net interest income by taking up 87.3 % of total operating income in 2007 was still the largest source of bank income.

### *Significant increase in net interest income*

The growth in net interest income was due to several factors. The first is, as discussed above, more rapid increase in bank deposits and the containment of funding costs while lending rates were raised by the central bank. Second, the effective lending rate was also raised by the lengthening in the average loan maturity as a result of a rapid increase in high-yielding long-term investment, as well as greater bargaining power on the part of banks, as the overall credit condition was tightened. The one factor that worked to reduce net interest income was the decline in the loan/deposit ratio:

Growth in net interest income = growth in bank deposits + growth in [average lending interest rate \* (loan/deposit) – average deposit interest rate]

### *Explosive growth in fee and commission income*

However, it was non-interest income



that witnessed an explosive growth. For the four state commercial banks, fee and commission income grew by 112.4% in 2007 to reach RMB 100.7 billion. As result, the share of fee and commission income in total operating income rose sharply to 14.0% in 2007, up by nearly five percentage points from 2006.

The fastest growing component of fee and commission income was “fees for agency services”, which grew by 3.8 times in 2007 over 2006 and reached RMB 50 billion or 45.5% of the total, up from 24.5% in 2006. CCB had the highest proportion, 50.2%, among the four largest listed state commercial banks. Strong sales in stock mutual funds and insurance products accounted for the strong performance. The former was directly resulted from the booming stock market while the latter benefited from the strong growth in the insurance market overall. The second largest component of fee and commission income was “bank card fees”, which grew by 39.6% in 2007 over a year ago and rose to RMB 15.6 billion and constituted 14.1% of the total, but representing a decline of 6.5 percentage points from 2006. The wider insurance and usage of bank cards raised the proportion of total retail sales charged by credit cards to 21.9% in 2007, 4.9 percentage points greater than 2006. “Commission on trust and fiduciary business” also grew briskly in 2007; ICBC, CCB, and BOCOM, respectively, by 202.7%, 156.0%, and 269.9%. The major businesses in this category were related to securities investment/mutual funds and enterprise annuity. As financial assets continue to grow, trust and fiduciary business holds a great potential to become a significant source of revenue in the future. The other major categories of fee and commission income are “settlement and clearing fees”, “consultancy and advisory fees” and “guarantee and credit commitment fees”. The increase

<sup>13</sup> Provisions for impairment losses vary according to individual banks. In the case of CCB, it amounted to RMB 275.9 billion in 2007, about 21.5% of net profit.

<sup>14</sup> The marginal tax rate was 33% in 2007 but reduced to 25% in 2008.

in “settlement and clearing fees” benefited from rapid economic growth and foreign trade, the deepening in financial markets, as well as the deployment of efficient IT technology and systems. Finally, banks also stepped efforts in provide a growing variety of wealth management products to their clients including fixed income, entrusted and structural products, and QDII (qualified domestic institutional investors). As a result, national sales of wealth management products reached more than RMB 1,000 billion in 2007, up from RMB 200 billion in 2005 and RMB 400 billion in 2006, with an average annual growth rate exceeding 100% over the last three-year period.

The strong increase in fee and commission income was due more to the growth in personal fee and commission income than corporate fee and commission income. For instance, for ICBC, personal fee and commission income grew 146.6% in 2007 with its share in total fee and commission income having risen to 68.0% in 2007, up by 10 percentage points from 2006. Similarly, for CCB, personal fee and commission income grew 183.3% in 2007 over 2006, with its share in total fee and commission income having risen to 64.5%, up by 12 percentage points



from 2006.

In spite of rapid increases in operating income, the four state commercial banks were able to control cost increases to below the growth in operating income. As a result, the cost/income ratio fell again in 2007, by 1.62 percentage points to 37.8% from 39.4% in 2006. As a result, profits before tax (and before provisions for impairment losses) surged to RMB 413.6 billion, an increase of 42.5% over 2006, the highest on record in recent years<sup>13</sup>. Net profit (after tax)<sup>14</sup> reached RMB 233.8 billion, an increase of 49.5% in 2007. Earning per share generally exceeded 20 cents per share for most banks, for an increase of at least 20.0%: ICBC, 0.24 cents (41.2%); BOC, 0.22 cents (22.2%); CCB, 0.3 cents (42.9%); BOCOM, 0.43 cents (59.3%).

In 2007, retail banking profit rose sharply for ICBC, CCB, respectively,

**Table 3**

**Shares of Corporate and Retail Banking Revenue in Total Revenue (%)**

Bank Name	Corporate Banking			Retail Banking			Investment		
	2006	2007	Change	2006	2007	Change	2006	2007	Change
ICBC	50.6	49.2	-1.4	34.47	33.9	-0.5	14.9	16.9	2.0
BOC	49.6	54.3	4.7	33.61	35.3	1.7	16.8	10.3	-6.5
CCB	56.4	54.3	-2.2	28.77	34.1	5.3	14.8	11.7	-3.2
BOCOM	60.0	60.3	0.2	11.55	13.6	2.1	28.4	26.1	-2.3

Data Source: Bank Annual Reports



by 159% and 145%, but more modestly for BOC, 27%, and accounted for more than a quarter of total profit for the four state commercial banks.

Helped by higher profit margins and capital efficiency, the return on equity ROE improved significantly for the banks<sup>15</sup>. The return on assets ROA of all the four state commercial banks rose to above unity in 2007 after a year of strong growth: ICBC, 1.01 (42.3%); BOC, 1.09 (14.7%); CCB, 1.15 (25.0%); and BOCOM, 1.07(33.8%). CCB registered the largest growth in ROE among the four banks: 30.0% in 2007, followed by 19.2% of BOCOM, 6.4% of ICBC, and 0.2% of BOC. By the end of 2007, ROEs for the four state commercial banks were close to or above 15% with the highest level obtained by CCB: 19.5%, followed by BOCOM: 17.2%, ICBC: 16.1%, and BOC: 14.2%.

#### *Asset quality improved*

Both the NPL ratio and the absolute amount of NPL were reduced for the four listed state commercial banks (Table 4). The NPL ratios at the end of 2007 were in range of 2.0% - 3.0%: 2.74% for ICBC; 3.1% for BOC; 2.6% for CCB and 2.1% for BOCOM far below the average of 6.2% of all the banks. The coverage ratio for loan loss provisions were above or near 100%: ICBC, 103.5%; BOC, 108.2%; CCB, 104.4%; and BOCOM, 95.6%.

**Table 4**

#### **Nonperforming Loan (NPL) and Provisioning Coverage, end 2007**

Bank Name	NPL (100 million)		NPL Ratio (%)		Provisioning Coverage Ratio (%)	
	2007	Compared with the last year	2007	Compared with the last year	2007	Compared with the last year
ICBC	1117.74	-259.71	2.7	-1.1	103.5	32.9
BOC	888.02	-94.18	3.1	-0.9	108.2	12.2
CCB	851.70	-92.29	2.6	-0.7	104.4	22.2
BOCOM	226.94	-7.83	2.1	-0.5	95.6	23.2

Note: Data for BOCOM are impaired loan, impaired loan ratio and impaired provisioning coverage ratio.

Data Source: China Banking Regulatory Commission

### **III.1 Asset-liability management in 2008**

The macroeconomic environment changed drastically in the second of 2008 with the US financial crisis going global and starting to dampen global growth. In coping with the downturn of the economy engineered by the sharp decline in exports as well as the downward adjustment in the real estate sector, the government expeditiously changed macroeconomic policy stance from one of tightening to loosening. Thus, monetary policy had been loosened by removing the credit quotas, and lowering interest rates and reserve requirements. In addition, the government unveiled a RMB 4 trillion public spending program to stimulate domestic demand in early November. Domestic credit restraint for most part of the year and the global slowdown in the second half in combination had sharply slowed economic growth to 6.8% in the fourth quarter of 2008 ending 9.0% for the whole year, from a high of 13.0% in 2007. As a result, both growth in bank liability and assets slowed from around 20% in 2007 to about 15% or less in 2008. The loan to deposit ratio continued to decline into 2008.

### **III.2 Operating Income in 2008**

However, growth in operating income began to slow in 2008 in keeping with the overall slowdown in the economy. First, growth in net interest income slowed in 2008 compared with the average of 37.7% for the four banks in 2007 owing to both slower loan growth and a narrowing in interest margin: CCB, 16.7%, ICBC, 17.1%, BOC, 6.7%, BOCOM, 22.1. Second, growth in personal fee and commission income also slowed

from the average of 112.4% for the four banks in 2007: CCB, 22.8%, ICBC, 14.7%, BOC, 12.4%, BOCOM, 24.6%. This latter was also due to a sharply cooled stock market that has curtailed income derived from hot-selling market-based financial products of the previous year such as stock mutual funds. As a result, the ratio of fee and commission income to total operating income did not further increase in 2008.

In 2008, profit growth was much less than in 2007 although it was still respectable. Growth in profit before tax in 2008 was, respectively, 18.7% for CCB, 26.0% for ICBC, -3.9% for BOC, and 14.8% for BOCOM, compared with an average of 43% for the four banks in 2007. Growth in profit after tax in 2008 also fell, but it was higher than that of profit before tax: CCB, 34.0%, ICBC, 35.2%, BOC, 6.2%, BOCOM, 40.0%, compared with an average of 45% in 2007.

In 2008, ROAs for the banks were also all higher than attained in 2007 with CCB similarly leading the group: CCB, 1.3%, ICBC, 1.2, BOC, 1.02%, BOCOM, 1.19%. Similarly, ROEs for the banks were all higher than attained in 2007 with again CCB leading the group: CCB, 20.7%, ICBC, 19.4, BOC, 14.6%, BOCOM, 20.1%. These financial indicators compare favorably with global bank giants.

#### *Asset quality further improved*

Both the NPL ratio and the absolute amount of NPL were reduced for the four listed state commercial banks (Table 4). The NPL ratios at the end of 2007 were in range of 2.0% ~ 3.0%: 2.74% for ICBC; 3.1% for BOC; 2.6% for CCB and 2.1% for BOCOM far below the average of 6.2% of all the banks. The coverage



<sup>15</sup> The return to equity is the product of profit margins (profit/revenue), asset turnover (revenue/assets), and the leverage ratio (assets/net equity).





ratio for loan loss provisions were above or near 100%: ICBC, 103.5%; BOC, 108.2%; CCB, 104.4%; and BOCOM, 95.6%. In 2008, NPLs continued to decline while loan loss provisions were further raised under the policy guidance of the China Banking Regulatory Commission. The NPL for CCB at the end of 2008 was 2.1%; ICBC, 2.3%; BOC, 2.7%; and BOCOM, 1.9%. The coverage ratio for loan loss provisions at the end of 2008 were 131.6% for CCB, 130.2% for ICBC, 117.2 for BOC, and 116.8% for BOCOM.

### Conclusion: Assessment of bank performance

Judged by their recent strong financial performance, the transformation of the large state banks has been successful so far. Furthermore, as fee and commission income has taken off to become a strong source of profit growth, banks appear on track to realize their long-term strategic goal of diversifying into a more stable base of income generation that is less prone to business cycle risks. Our re-

search supports the recent empirical work by Demetriades et al (2008) showing that bank loan is positively correlated with growth in future value added and total factor productivity during 1999~2005, even for state-owned enterprises.

Can this financial performance of banks be sustained? It appears that the good financial performance has resulted from two crucial factors, which are not easy to delineate from each another. First, a supportive macroeconomic environment – with a strong growth averaging 10.7% per annum over the period: 2003-2007 and a partially liberalized interest rate regime – helped to boost bank revenues.

Second, banking reform has raised efficiency and helped to cap costs, both boosted the return on capital<sup>16</sup>.

Compared to banking reform, the supportive macroeconomic environment exerts more a cyclical than fundamental impact on bank performance and is thus a less sustainable factor. Indeed, high growth proves to be unattainable since it ignited inflation and asset price bubbles in the stock and real estate markets in 2007. Growth began to slow in 2008 under the weight of macro stabilization policies even before the eruption of the financial crisis in latter 2008 that further dampened growth. Economic slowdown threatens asset quality for the banks. The immediate challenge for the banks is to skillfully navigate a more difficult economic terrain than hitherto by properly controlling risks while staying on the course of restructuring and reform.

If the successful public listing marked the end of the first phase of bank-

ing reform, it is clear that banks have entered a new phase of reform only a short while ago with much of the journey still lying ahead. Many of recently launched corporate reforms: governance, internal control and operation procedures, risk management, and human resources are still work in progress and have not yet been brought to fruition. Banks also are also in the early phase in adapting to the new business model mandating more attention being paid to retail customers and commission and fee-based incomes. Hence, they have to continue to be valiant on reform and learn to adapt to the vagaries of financial markets while catering to the evolving needs of customers as their demand for new financial services grow.

While putting the bet on banking reform to improve bank performance, there is no reason to be overly pessimistic on the macroeconomic outlook and its implied risks. China enjoys considerable flexibility to stimulate domestic demand in the short-run to offset the faltering external demand, which offers the golden opportunity to rebalance the economy toward domestic demand. First, the government budget was nearly in balance in 2008 (deficit of 0.4% of GDP) while government debt was moderate (20% of GDP). Second, as analyzed before, the banks are well capitalized and thus well positioned to support the government's stimulus package. In the meantime, the banks are better equipped than any time in the past to scrutinize loan demand derived from the stimulus package both for their own benefits as well as for the Chinese economy. Furthermore, China has considerable pent-up or unmet demand in public services and many other areas. Taking a somewhat longer-term perspective, with an urbanization rate at 45.0%, China has consider room to grow perhaps still at a rapid pace until rural surplus labor is fully absorbed.

The government unveiled a public spending stimulus package of RMB 4.0 trillion in November 2008 for 2009-2010, which is undertaken in conjunction of an easing of money and credit policy. Indeed, the package has been supported with a strong credit growth resulting in a growth in M2 of 25.5% at end of March 2009. If properly implemented, the stimulus package should not only help China to revive short-run strong growth, but, more important, regain macroeconomic balance over the medium-term, which is an important objective of the stimulus package. (The end) ☺

<sup>16</sup> Refer to footnote 15 in which it shows that both profit margin and efficiency of deploying assets are factors determining the return to capital.



# China Fairs & Expos

## Energy and resources, Mining Industry, Metallurgy, Welding, Electric Power

### The 11th China (Xi'an) International Heat Supply and Boiler Oven Energy Saving & Discharge Decrease Technology and Equipment Exhibition

**Date:** May 20-May 22, 2009

**Frequency:** Yearly

**Venue:** Xi'an Qujiang International Convention & Exhibition Center

**Exhibits:** heat supply technology and equipment, heat supply system automation and accessories equipment, new technology product promotion, etc

**Add:** Rm 806, Fucheng Building, No.91, Chang'an North Road, Xi'an, Shaanxi, China, 710061

**Tel:** 86-29-87818002

**Fax:** 86-29-87812358

**Email:** xazhenwei@chinazhenwei.com.cn

### 2009 China International PTC (Chongqing) Exhibition

**Date:** May 22-May 25, 2009

**Frequency:** Yearly

**Venue:** Chongqing International Convention & Exhibition Center

**Exhibits:** technical hydraulic, pneumatic technology, fluid power components, sealing technology, mechanical transmission, etc

**Web:** [www.cwmte.com.cn](http://www.cwmte.com.cn)

**Add:** 2805 Keer Business Building, 31 Kaifa Road, Nanping, Chongqing, China

**Tel:** 86-23-86376309

**Fax:** 86-23-86308312

**Email:** cwmte@163.com



## Construction, City planning, Decorations

### The 13th International Metro, Light Rail and Inter-City Express Railway Exhibition

**Date:** June, 2009

**Venue:** Guangzhou Jinhan Exhibition Center

**Exhibits:** train carriage, communication and direction system, power supply system, environment protection system, power supply system and fire fighting systems, facilities and materials, etc

**Web:** [www.expo-cn.com](http://www.expo-cn.com)

**Add:** Room 23K, Mingyuege, No.20, Mingyue 1st Road, Wuyang New Town, Guangzhou, Guangdong, China, 510600

**Tel:** 86-20-87358971

**Fax:** 86-20-87358977

**Email:** metroexpo@vip.163.com



## Furniture, Household Decorations, Woodwork, Floor Decorations

### 2009 7th China (Shanghai) International Furniture Exhibition

**Date:** May 19-May 21, 2009

**Venue:** Shanghai New International Expo Center

**Exhibits:** soft furniture, integrated furniture, etc

**Web:** [www.furnitureshanghai.com.cn](http://www.furnitureshanghai.com.cn)

**Add:** 8F, modern Communication Building, 201, Xinqinqiao Road, Shandong, China, 201206

**Tel:** 86-21-50552222

**Fax:** 86-21-50321966

**Email:** sh-byexpo@163.com

### 2009 China Shanghai International Furniture Production Equipment and Raw Materials Exhibition

**Date:** May 19-May 21, 2009

**Venue:** Shanghai New International Expo Center

**Exhibits:** furniture etc

**Add:** 8F, modern Communication Building, 201, Xinqinqiao Road, Shandong, China, 201206

**Tel:** 86-21-50552222

**Fax:** 86-21-50321966

**Email:** sh-byexpo@163.com

### The 2nd China (Shanghai) International Redwood Art Furniture Exhibition

**Date:** May 19-May 21, 2009

**Venue:** Shanghai New International Expo Center

**Web:** [www.furnitureshanghai.com.cn](http://www.furnitureshanghai.com.cn)

**Add:** 8F, modern Communication Building, 201, Xinqinqiao Road, Shandong, China, 201206

**Tel:** 86-21-50552222

**Fax:** 86-21-50321966

**Email:** sh-byexpo@163.com

### 2009 Expat Show Beijing

**Date:** May 22- May 24, 2009

**Frequency:** Yearly

**Venue:** Exhibition Hall of China World Trade Center

**Exhibits:** international freight, indoor design, house-keeping service, interpretation and transportation, auto consultation, education, health, insurance, finance and banking, legal consultation, tourism,

sports, gourmet and wine

**Web:** [www.weacn.com](http://www.weacn.com)

**Add:** Room 1508, Jiaying Building, No.877, Dongfang Road, Pudong, Shanghai, China, 200122

**Tel:** 86-21-51118275

**Fax:** 86-21-50586650

**Email:** shellyweng@worldeventsagency.com

### 2009 China Northwest (Ningxia) International Equipment Manufacture Fair

**Date:** May 22-May 25, 2009

**Frequency:** Yearly

**Venue:** Yinchuan International Convention and Convention Center

**Exhibits:** industrial control automation and apparatus, machine tool, mould technology and equipment, special purpose vehicle, etc

**Web:** [www.chinajiaodian.com](http://www.chinajiaodian.com)

**Add:** No.169, Jianshe West Road, Xi'an Shaanxi, China, 710054

**Tel:** 86-29-87805008

**Fax:** 86-29-87890239

**Email:** chinajiaodian@13.com



### 2009 Hunan Changsha Energy Saving Window, Door, Glass, Curtain Wall and Equipment Exhibition

**Date:** June, 2009

**Frequency:** Yearly

**Venue:** Changsha Red Star International Exhibition Center

**Exhibits:** energy saving window, door, equipment, curtain wall, plate, equipment, decorative glass and equipment, etc

**Web:** [www.jienengtech.com](http://www.jienengtech.com)

**Add:** Rm 816/817, Information Bldg, No.59 Bayi Road, Changsha, Hunan, China, 410007

**Fax:** 86-731-4461049

**Email:** jiangchuan0086@163.com

## Machinery, Machine tools

### 2009 The 7th Yantai International Machine Tools Expo

**Date:** May 21-May 23, 2009

**Frequency:** Yearly

**Venue:** Yantai International Expo Center

**Exhibits:** metal-cutting machine tools, etc

**Add:** 2219, Palace of Culture building, 117, Nan



Street, Yantai, Shandong, China  
**Web:** ytjinnuo.com  
**Tel:** 86-535-6663198  
**Fax:** 86-535-6686272  
**Email:** googluck.2010@163.com



#### **2009 The 10th Lijia International Machinery Exhibition and PTC (Chongqing) Exhibition**

**Date:** May 22-May 25, 2009

**Frequency:** Yearly

**Venue:** Chongqing International Convention & Exhibition Center

**Exhibits:** pumps, motors, variable speed drive components, cylinder, pressure booster and brake fluid, control valves, etc

**Web:** www.cwmte.com.cn

**Add:** 2805 Keer Business Building, 31 Kaifa Road, Nanping, Chongqing, China

**Tel:** 86-23-86376309

**Fax:** 86-23-86308312

**Email:** fangrong818@sina.com

#### **Mould**

#### **2009 China (Chongqing) Formwork & Scaffolding Engineering Exhibition**

**Date:** May 21, 2009

**Venue:** Chongqing International Convention & Exhibition Center

**Exhibits:** wall template systems, column-mode system shaft module systems, split systems, scaffolding systems, etc

**Web:** www.cnfair.org/jc/moban.htm

**Add:** 10 F4 City Light Building, 19 Jiangnan Avenue, Nanping, Chongqing, China

**Tel:** 86-23-86382802

**Fax:** 86-23-62925059

#### **Transportation, Logistics, Storage**

#### **2009 The 12th China (Guangzhou) Logistics Expo**

**Date:** May 20-May 22, 2009

**Frequency:** Yearly

**Venue:** Guangzhou Jinhan Exhibition Center

**Exhibits:** warehouse equipment and technology, logistic service, supply chain management, etc.

**Add:** Room 403, Building 6, Tianhe Tower, Tiyu West Road, Tianhe District, Guangzhou, Guangdong, China 510620

**Tel:** 86-20-38808367

**Fax:** 86-20-38913016

**Email:** gzdawei@yahoo.com.cn

#### **Environmental Protection and Water Processing**

#### **2009 China (Xi'an) International Hot and Cold Water System, Pump, Valve, Pipe and Fitting Technology and Equipment Exhibition**

**Date:** May 20-May 22, 2009

**Frequency:** Yearly

**Venue:** Xi'an Quijiang International Convention & Exhibition Center

**Exhibits:** heat supply technology and equipment, heat supply system automation and accessories equipment, new technology product promotion, etc

**Add:** Rm 806, Fucheng Building, No.91, Chang'an North Road, Xi'an, Shaanxi, China, 710061

**Tel:** 86-29-87818002

**Fax:** 86-29-87812358

**Email:** heyarong19810316@sina.com

#### **2009 China (Dongguan) International Water Treatment Exhibition**

**Date:** May 23-May 25, 2009

**Frequency:** Yearly

**Venue:** Guangdong Modern International Exhibition Center

**Exhibits:** water treatment technology and equipment, industrial water and urban sewage treatment, etc.

**Add:** Tianhe Science and Technology Park, No.7, Jianzhong Road, Guangzhou, Guangdong, China

**Tel:** 86-20-85556058

**Fax:** 86-20-85551758

**Email:** huichung2007@126.com

#### **Entertainment, Leisure**

#### **2009 China (Zhengzhou) International Swimming Pool & SPA Exhibition**

**Date:** June 3-June 5, 2009

**Frequency:** Yearly

**Venue:** Zhengzhou International Exhibition Center

**Exhibits:** real estate developer, villa design institute swimming pool engineering corporation, SPA facilities, club, star hotel, hot spring resort

**Tel:** 86-371-60689380

#### **Hotel, Catering, Tourism**

#### **The 4th (Zhengzhou) International Hospitality Equipment & Supplies Exhibition**

**Date:** June 3-June 5, 2009

**Frequency:** Yearly

**Venue:** Zhengzhou International Exhibition Center

**Exhibits:** kitchen ovens, Chinese and western kitchen equipment, fast food equipment, refrigerator of keeping fresh, bakery equipment, etc

**Add:** Room 303, Unit 2, No.13 Building, CBD Ring Road, Zhengdong District, Zhengzhou, Henan, China, 450016

**Tel:** 86-371-60689369

**Fax:** 86-371-60689377

**Email:** zhangwei88923@163.com



#### **Electronic Intelligence**

#### **The 2009 China International Refrigeration, Air Conditioning and Ventilation Technology Fair**

**Date:** May 20-May 22, 2009

**Frequency:** Yearly

**Venue:** National Agriculture Exhibition Center

**Exhibits:** Refrigeration equipment, air conditioning equipment, installment materials, tools and equipment for refrigeration and air conditioning equipment,

**Add:** Room 1608, Qingyouyuan, Beijing, China

**Tel:** 86-10-84966225

**Fax:** 86-10-84967955

**Email:** fyc168592@126.com

#### **The 8th Suzhou International Electronic Equipment, Component and Electronic Instrument Fair 2009**

**Date:** May 23-May 25, 2009

**Frequency:** Yearly

**Venue:** Suzhou World Exhibition International Expo Center

**Exhibits:** electronic products, electric power, etc

**Add:** Rm 506, 44 Bldg, Dongbang Xinyuan, Huashan Road, Suzhou, Jiangsu, China, 215129

**Tel:** 86-512-66326046

**Fax:** 86-512-66326069

**Email:** lijian5388@163.com

#### **The 2009 East China (Suzhou) International Electro-Acoustic Products Fair & Technology Seminar**

**Date:** May 23-May 25, 2009

**Frequency:** Yearly

**Venue:** Suzhou World Exhibition International Expo Center

**Exhibits:** electron-acoustic facilities, sound box, family cinema, etc

**Add:** Rm 506, 44 Bldg, Dongbang Xinyuan, Huashan Road, Suzhou, Jiangsu, China, 215129

**Tel:** 86-512-66326046

**Fax:** 86-512-66326069

**Email:** lijian5388@163.com

#### **Qingdao International Electronic Industry Manufacturing Expo**

**Date:** June 3-June 5, 2009

**Venue:** Qingdao International Convention Center

**Add:** No.6, Minjiang Road, Qingdao, Shandong, China, 266071

**Tel:** 86-532-85807385

**Fax:** 86-532-85833615

**Email:** zhanlanyewu@yahoo.com.cn



#### **Information Technology, Network, Communication, Broadcast**

#### **The 1st Northeast Asia (Shenyang) International Automobile Exhibition**

**Date:** May 22-May 25, 2009

**Frequency:** Yearly

**Venue:** Liaoning Industrial Exhibition Center

**Exhibits:** automobiles, etc

**Add:** 4th Floor, International Trade Building, No.35 Qingnian Avenue, Shenhe District, Shenyang, Lia-



oning, China, 110014  
**Tel:** 86-24-22729952  
**Fax:** 86-24-22729980  
**Email:** sylizhi78@hotmail.com

#### **Comutex Taipei 2009**

**Date:** June 3-June 7, 2009  
**Venue:** Taipei World Trade Center  
**Exhibits:** Computer hardware, computer software, peripheral equipment, digital camera  
**Tel:** 86-752-21951515  
**Email:** afour\_qi@163.com

#### **Textile and Clothing**

##### **China (Guangzhou) Global Sources International Baby and Children Goods Expo**

**Fate:** June, 2009  
**Venue:** Guangzhou Jinhan Exhibition Center  
**Exhibits:** baby and children garment, toy, brain development products, baby caring products, etc  
**Web:** [www.chinasourcingfair.com](http://www.chinasourcingfair.com)  
**Add:** Room 2318, Shimao South Road, Zhujiang Xincheng, Tianhe, Guangzhou, Guangdong, China, 510095  
**Tel:** 86-20-87318525  
**Fax:** 86-20-87169011  
**Email:** gzfair@ccpit.org



#### **Food and Additives, Beverage, Drinks, Seasonings, Dairy Products**

##### **2009 Shenzhen International Wine Festival**

**Date:** May 1-May 3, 2009  
**Venue:** Great China International Exchange Square Exhibition Center  
**Exhibits:** Alcohol, wine, beer, brandy, liqueur, yellow wine, juice wine, healthy wine  
**Web:** [www.hanwaymesse.com](http://www.hanwaymesse.com)  
**Add:** 18G, Hengfuxuan, Hengan Building, No.262, Huangpu Middle Avenue, Guangzhou, Guangdong, China, 510655  
**Tel:** 86-20-85628215  
**Fax:** 86-20-85628215  
**Email:** hanwayhu@126.com

##### **2009 Shenzhen International wine Festival**

**Date:** May 1-May 3, 2009  
**Venue:** Great China International Exchange Square Exhibition Center  
**Exhibits:** alcohol, wine, beer, yellow wine, juice wine, etc.  
**Add:** 18G, Hengfuxuan, Hengan Building, No.262, Huangpu Middle Avenue, Guangzhou, Guangdong, China 510655  
**Tel:** 86-20-85628215  
**Fax:** 86-20-85628215  
**Email:** hanwayhu@126.com

##### **2009 Shanghai International Food Procurement Exhibition**

**Date:** May 13-May 19, 2009  
**Frequency:** Yearly  
**Venue:** Shanghai Mart Exhibition Hall  
**Exhibits:** pregnant and baby food, fast food, etc  
**Web:** [www.cbchina.net](http://www.cbchina.net)  
**Add:** 2-1207, Jiaye Building, 21 Shunsantiao, Nanshan East Road, Beijing, China  
**Tel:** 86-10-87675297  
**Fax:** 86-10-87682166  
**Email:** wanglishun2202@126.com

##### **2009 The 10th China International Food and Beverage Exhibition**

**Date:** May 19-May 21, 2009  
**Venue:** Shanghai New International Expo Center  
**Exhibits:** beverages, etc  
**Web:** [www.cgsialchina.3ge.com.cn](http://www.cgsialchina.3ge.com.cn)  
**Add:** 1002, 1, 99 Nong, Jiangnan Road, Shanghai, China, 200233  
**Tel:** 86-21-29423514  
**Fax:** 86-21-54620109  
**Email:** hxj\_sialchina@yahoo.com.cn

##### **2009 Shanghai International Food Fair**

**Date:** May 19-May 21, 2009  
**Venue:** Shanghai New International Expo Center  
**Web:** [www.huimao.com.cn](http://www.huimao.com.cn)  
**Add:** 1002, 1, 99 Nong, Jiangnan Road, Shanghai, China, 200233  
**Tel:** 86-21-29139210  
**Fax:** 86-21-54620298  
**Email:** jinnanxun918@163.com

##### **2009 The 13th China Bakery Exhibition**

**Date:** May 21-May 23, 2009  
**Frequency:** Yearly  
**Venue:** China Export Commodities Fair Pazhou Complex  
**Exhibits:** bakery, refrigeration, fermenting and air-conditioning equipment, hotel accessories, etc.  
**Web:** [www.baking-china.com](http://www.baking-china.com)  
**Add:** Room 2004, Huangchaoge, No.4 Huacheng Avenue, Wuyangxinceng, Tianhe District, Guangzhou, Guangdong, China 510014  
**Tel:** 86-20-38207311  
**Fax:** 86-20-38207311  
**Email:** chinabakery@163.com



#### **Medical Care, Health Care**

##### **The 6th China (Shenyang) International Family Health Supplies IT Expo**

**Date:** May 22-May 25, 2009  
**Frequency:** Yearly  
**Venue:** Shenyang Science Palace Convention Center  
**Exhibits:** health supplies, health care equipment, organic agricultural products, etc

**Web:** [www.sy-expo.com](http://www.sy-expo.com)

**Add:** 22-18, Korea New Building, No.3, Changjiangnan Road, Huanggu District, Shenyang, Liaoning, China, 110014  
**Tel:** 86-24-62222126  
**Fax:** 86-24-86401105  
**Email:** sy\_expo@126.com

##### **The Fourth China (Shanghai) International Health Industry Expo**

**Date:** May 23-May 25, 2009  
**Frequency:** Yearly  
**Venue:** Shanghai Everbright Convention and Exhibition Center  
**Exhibits:** health food, health drinks, functional and nutrition food, specialty oils, medicines, health equipment, health clothing and sleeping supplies, daily necessities, health care service, etc  
**Web:** [www.dongqiexpo.com.cn](http://www.dongqiexpo.com.cn)  
**Add:** B, Floor 5 Yinlu Building, 1112 Pingliang Road, Shanghai, China, 200090  
**Tel:** 86-21-68048327  
**Fax:** 86-21-68048326  
**Email:** dongqiexho8828@yahoo.com.cn

#### **Packaging, Paper, Printing and publication**

##### **2009 South China International Plating, Coating, Surface Treatment Industry Exhibition**

**Date:** May 14-May 16, 2009  
**Frequency:** Yearly  
**Venue:** Guangdong Modern International Exhibition Center  
**Exhibits:** Modified starch, sizing agents, functional papermaking chemical, etc.  
**Web:** [www.zaoshi8.cn](http://www.zaoshi8.cn)  
**Add:** 7 Jianzhong Road, Tianhe Science and Technology Park, Guangzhou, Guangdong, China  
**Tel:** 86-20-85556058  
**Fax:** 86-20-85551758  
**Email:** huiyi3000@126.com

##### **The 8th Guangzhou International Surface Processing and Painting Exhibition**

**Date:** May 18-May 21, 2009  
**Frequency:** Yearly  
**Venue:** Guangzhou International Convention and Exhibition Complex  
**Exhibits:** surface processing materials and equipment, painting equipment, auxiliary products, industrial dope, electroplating process, equipment and auxiliary equipment, etc.  
**Web:** [www.sf-expo.cn](http://www.sf-expo.cn)  
**Add:** Room 1802, Huayou Building, No.5 Siyouxin Road, Guangzhou, Guangdong, China 510600  
**Tel:** 86-20-37599008  
**Fax:** 86-20-37599129  
**Email:** ex360s@126.com

##### **2009 The 8th Guangzhou International Dope, Printing Ink and Adhesive Exhibition**

**Date:** May 18-May 21, 2009  
**Frequency:** Yearly  
**Venue:** Guangzhou International Convention and Exhibition Center (Pazhou Hall)  
**Exhibits:** dope, printing ink and adhesive products, chemical products and raw materials, production and package equipment, etc.  
**Web:** [www.coatexpo.com](http://www.coatexpo.com)  
**Add:** Room 1802, Huayou Building, No.5 Siyouxin Road, Guangzhou, Guangdong, China 510600



**Tel:** 86-20-37599008  
**Fax:** 86-20-37599151  
**Email:** coatexpo@126.com



#### **2009 Dongguan international Textile Printing Industrial Technology Exhibition**

**Date:** May 20-May 22, 2009  
**Frequency:** Yearly  
**Venue:** Guangdong Modern International Exhibition Center  
**Exhibits:** printing machinery, printing materials, etc.  
**Add:** Science and Technology Center, 2nd Floor, Building 2, 42, Xisheng Street, Tongxin Road, Guangzhou, Guangdong, China  
**Tel:** 86-20-83599695-108

#### **Education, Training, Culture and Art**

##### **2009 Dalian Professional Education/Private Education Exhibition and High School Enrollment Policy Consulting Conference**

**Date:** May, 2009  
**Frequency:** Yearly  
**Venue:** Dalian Xinghai Convention and Exhibition Center  
**Exhibits:** middle professional education, etc.  
**Add:** 14, East area, 18, Huizhan Road, Shahekou District, Dailan, Liaoning, China, 116023  
**Tel:** 86-411-88816905  
**Fax:** 86-411-84809988  
**Email:** atu\_icac@yahoo.com.cn

#### **Commercial Trade, Chain operation, Agency, Import and export**

##### **2009 China Fujian Commodity Trade Fair**

**Date:** May 18-May 22, 2009  
**Frequency:** Yearly  
**Venue:** Fzzhou (Jinshan) Exhibition Center  
**Exhibits:** import commodities, porcelain, resin, toy, furniture, shoes, oil painting, etc.  
**Web:** [www.fujianfair.com](http://www.fujianfair.com)  
**Add:** F16, Pingdong Office, No.128, Hualin Road, Fuzhou, Fujian, China, 350003  
**Tel:** 86-591-28309651  
**Fax:** 86-591-28309638  
**Email:** oc@fujianfair.com

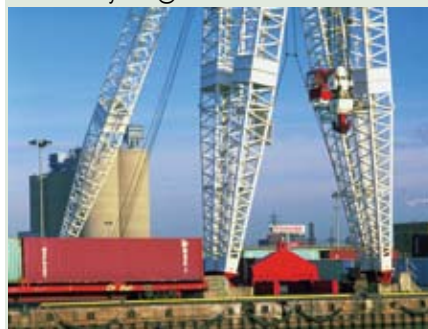
##### **The 105th China Import & Export Commodities Fair (Spring)**

**Date:** Session I April 15-19, Session II April 24-April 28, Session III May 3-May 7, 2009  
**Frequency:** Bi-yearly  
**Venue:** China Export Commodities Fair Pazhou Complex  
**Exhibits:** large scale machinery and equipment, kitchen ware, garment, small-scale machinery, moto, household decoration, sports wear, etc.  
**Add:** No.382, Yuejiang Middle Road, Haizhu District, Guangzhou, Guangdong, China  
**Tel:** 86-20-26088888

**Email:** webmaster@cantonfair.org.cn

##### **2009 Dalian International Industry Expo**

**Date:** May 21-May 23, 2009  
**Frequency:** Yearly  
**Venue:** Dalian Xinghai Convention and Exhibition Center  
**Exhibits:** automation instrumentation and apparatus, electronic power, electronic component, water processing equipment, heating, ventilating, etc.  
**Web:** [www.dliif.com](http://www.dliif.com)  
**Tel:** 86-411-83787049  
**Fax:** 86-411-83787049  
**Email:** sandy0817@163.com



#### **Others, Comprehensive**

##### **2009 The 3rd Guangzhou Buddhist Service Products Fair**

**Date:** May, 2009  
**Frequency:** Yearly  
**Venue:** Guangzhou Jinhan Exhibition Center  
**Exhibits:** incense and paper products, Buddha paintings, audio-visual products, lamps, gifts, souvenirs, etc.  
**Add:** 20 F Huangchaoge, Nantian Plaza, No.3, Huacheng, Zhujiang New Town, Guangzhou, Guangdong, China 510623  
**Tel:** 86-20-38250644  
**Fax:** 86-20-38250644

##### **2009 China (Rizhao) International Marine and Fisheries Expo**

**Date:** May, 2009  
**Frequency:** Yearly  
**Venue:** Andongwei International Fishery Convention and Exhibition Center  
**Exhibits:** aquatic products, etc.  
**Add:** Rm 401-406, No.3 Haiqu Middle Raod, Rizhao, Shandong, China  
**Web:** [www.jnhengzhan.cn](http://www.jnhengzhan.cn)  
**Add:** No.26 Building, Lixia District, Jinnan, Shandong, China  
**Tel:** 86-633-2280966  
**Fax:** 86-633-2280966  
**Email:** szthcctv@163.com

##### **The Second International Confectionery and Banking Industry Expo**

**Date:** May 13-May 15, 2009  
**Frequency:** Yearly  
**Venue:** Shanghai Mart Exhibition Hall  
**Exhibits:** candy and cake classic products and new products, etc.  
**Web:** [www.cbichina.net](http://www.cbichina.net)  
**Add:** 2-1207, Jiaye Building, 21 Shunsantiao, Nanshanhuan East Road, Beijing, China  
**Tel:** 86-10-87675297  
**Fax:** 86-10-87682166  
**Email:** wanglishun2202@126.com

##### **The 2009 Suzhou Circuit Exhibition**

**Date:** May 13-May 15, 2009  
**Frequency:** Yearly  
**Venue:** Suzhou International Expo Center  
**Exhibits:** manufacturing and design of various circuit board, multi-layer board, soft board, etc.  
**Add:** Rm 1005, West Building, Jinyulan Square, No.1, Dapu Road, Shanghai, China, 200023  
**Tel:** 86-21-63045419-277  
**Fax:** 86-21-64181136  
**Email:** fengyi@xt-sh.com

##### **2009 The Fourth China International Starch and Starch Derivatives (Shanghai) Exhibition**

**Date:** May 13-May 19, 2009  
**Frequency:** Yearly  
**Venue:** Shanghai Mart Exhibition Hall  
**Exhibits:** Starch and starch derivatives, etc.  
**Web:** [www.cisie.cn](http://www.cisie.cn)  
**Add:** Rm 300, 301, 1291 Zhongshanxi Road, Shanghai, China  
**Tel:** 86-21-32098889  
**Fax:** 86-21-32091252  
**Email:** zsz@zs-expo.com

##### **The 2nd Asia (Guangzhou) Flat Panel Display Industry Exhibition**

**Date:** May 14-May 16, 2009  
**Frequency:** Yearly  
**Venue:** Guangzhou International Convention and Exhibition Center (Pazhou Hall)  
**Exhibits:** FPD application product chain, LCD panel, LCD raw materials and component, LCD manufacture, etc.  
**Web:** [www.asiafpd.com](http://www.asiafpd.com)  
**Add:** F2, North Yard Building, No.36, Longkou East Road, Tianhe District, Guangzhou, Guangdong, China 510630  
**Tel:** 86-20-85265586  
**Fax:** 86-20-87591374  
**Email:** hexia@asiafpd.com

##### **The 7th China International Marine Expo**

**Date:** May 21-May 24, 2009  
**Frequency:** Yearly  
**Venue:** Qingdao International Convention Center  
**Exhibits:** ship technology and equipment, etc.  
**Add:** Rm 501, No.121, Yan'ansan Raod, Qingdao, Shandong, China, 266071  
**Tel:** 86-532-8879127  
**Fax:** 86-532-83892050  
**Email:** 86-532-83892050

##### **Xi'an International Finance and Investment Fair**

**Date:** May 15-May 17, 2009  
**Frequency:** Yearly  
**Venue:** Xi'an Lvdi Bicycle International Convention & Exhibition Center  
**Exhibits:** finance institute, etc.  
**Add:** No.4, Tangyan South Road, Xi'an, Shaanxi, China  
**Tel:** 86-29-68910222  
**Fax:** 86-29-68918335  
**Email:** marketing@gpcec.com

##### **The 2nd Wuhan Expo on Pregnancy Products and Products for Infants and Children**

**Date:** June 1-June 3, 2009  
**Frequency:** Yearly  
**Venue:** Wuhan International Convention and Exhibition Center  
**Tel:** 86-27-87362659  
**Fax:** 86-27-87362987





## Expo Countdown Kicks off

**Guo Liqin**

A huge countdown clock started ticking off the seconds, hours and days to the 2010 World Expo May 1 in Tiananmen Square, Beijing. The steel clock stands at the west gate of the China National Museum in the middle of Tiananmen Square, with a height of 14.4 meters, a width of 5.5 meters and a total weight of 24 tons. It is at the position where the Beijing Olympic countdown clock was and another two that marked the return of Macau and Hong Kong to the motherland. When the curtain goes up on Expo next May 1, the clock will display the number of Expo visitors each day.

The Starting Ceremony of the Count-down Clock for the Shanghai 2010 Expo was solemnly held in Tiananmen Square, also in celebration of the one-year count-down to the Expo's opening. Chinese top legislator Wu Bangguo started the countdown clock at a ceremony which was attended by government leaders and enthusiastic members of the public. Wu Bangguo, Member of the Standing Committee of the Political Bureau of the CPC Central Committee and Chairman of the NPC Standing Committee, Wang Qishan, Member of the Political Bureau of the CPC Central Committee, Vice Premier of the State Council and Chairperson of the National Organizing Committee of the Shanghai 2010 World Exposition, Yu Zhengsheng, Member of the Political Bureau of the CPC Central Committee, Secretary of the CPC Shanghai Municipal Committee and Vice Chairman of the National Organizing Committee of the Shanghai 2010 World Exposition and other officials of the National Organizing Committee, Executive Committee of the Expo as well as officials of the Beijing Municipal Government in charge of expo affairs also attended the ceremony, hosted by Han Zheng, Mayor of Shanghai and

Deputy Director of the National Organizing Committee of the Shanghai 2010 World Exposition.

Wan Jifei, Chairman of the CCPIT, Deputy Director of the National Organizing Committee of the Shanghai 2010 World Exposition and Executive Director of the Shanghai 2010 World Exposition Executive Committee, and Wang Jinzhen, Vice Chairman of the CCPIT, Member of the National Organizing Committee of the Shanghai 2010 World Exposition and Executive Deputy Director of the Liaison Group of the Shanghai 2010 World Exposition Executive Committee accompanied Wu's attending.



Wu extended his congratulations on the Expo preparations and expressed his gratitude to those toiling behind the scenes for Expo. China aims to present an Expo that demonstrates the progress of human civilization, thus promoting world peace and prosperity, enhancing friendship between the Chinese people and people all over the world, expanding exchange and cooperation and spurring the Chinese people to strive for a better society, Wu noted.

He said the 2010 Expo with the theme "Better City, Better Life" will display the fruits of urban civilization and promote the concept of urban development. It will be a platform for people to exchange experiences of urban construction and discuss urban and rural coordinated development, a better environment, a healthy lifestyle and sustainable development, he added. Wu said the Chinese Government and people have made a commitment to host a "successful, splendid and unforgettable" event. He promised that the organizer would make every effort for the event and strengthen cooperation with all participants. Wu invited people from all over the world to visit Expo and welcomed media coverage. ☺



## Organizer unveils forum plans

Expo 2010 is expected to invite the heads of nations and the Secretary General of the United Nations to a summit on “urban innovation and sustainable development” at the end of the Expo in October next year where they will sign a “Shanghai Declaration” on global urban development.



The organizer on May 11 announced the plans for Expo forums and signed contracts with six Yangtze Delta cities where theme forums will be held. The six forums, to focus on urban-rural relations, environment changes, culture heritage and other city-based themes, will be held about once every month during the event in Nanjing, Suzhou, Wuxi of Jiangsu Province and Hangzhou, Ningbo, Shaoxing of Zhejiang Province.

Up to 800 officials from Expo participants and experts will be invited to take part in each theme forum. About 1,500 to 2,000 people will attend the summit, which will also host mayors of major metropolises, international celebrities and decision-makers in business, academic and cultural fields and media representatives.

The public will be invited to attend special forums which will be staged up to next April. These forums will be held in the city's districts, other provinces and other nations. There will also be international youth forums, culture and media forums. ☺

## Hungary to focus on natural resources and culture at Expo

Hungary's aim at the 2010 World Expo is to introduce the country's natural resources, people, economy and culture to visitors from different countries, the Hungarian prime minister's commissioner said.

“We don't want to exhibit too many products, (and) our goal is to introduce our country, including natural resources, people, economy and culture,” said Andras Huszty, the PM's commissioner for Hungarian-Chinese economic relations and coordination of participation in the Expo. Huszty said that the Hungarian pavilion will be beautiful with a decoration of wood rods, and visitors will feel they are having a walk in a forest, he said. “The message we would like to send to the visitors of the Shanghai World Expo is that Hungary is a good place and we welcome Chinese people to our country,” said Andras Huszty.

About Hungary's plan at the expo, Huszty said, “we must send a short and important message to visitors, because they may stay in a pavilion only for 15 or 20 minutes.” Huszty said a new invention named Gomboc, created by two Hungarian mathematicians, will be displayed in the pavilion. It is the first known homogenous object with one stable and one unstable equilibrium point, similar to the shape of the Indian Star Tortoise. Gomboc is another world famous invention by Hungarians after Rubik's Cube, and a Gomboc weighing almost a ton will be put in the center of the Hungarian pavilion, Huszty said. The 2010 World Expo will strengthen ties between Hungary and China, and hopefully Chinese people will show more interest in Hungary after the expo, Huszty said. ☺

## New Zealand Pavilion to focus on ‘Cities of Nature’ experience

New Zealand commissioner general for the 2010 World Expo in Shanghai, Phillip Gibson, said his country will invest 30 million NZ dollars (US\$16.8 million) to build a 2,000-square-meter pavilion to focus on its “Cities of Nature: Living between Land and Sky” experience. In a recent interview, Gibson said he believed the Shanghai Expo will historically be seen as an epic event. New Zealand's much larger commitment to this Expo reflects the fast growing ties between China and New Zealand, he said.

“That is one of the reasons why we were among the first to accept the invitation to participate. The resources and organization that China is committing to the Expo are massive. New Zealand has been very grateful for all the cooperation we have been receiving,” he said. “We hope that ours will be a strong contribution to this historic event,” he added. New Zealand announced its decision to participate in the Shanghai Expo during Chinese Premier Wen Jiabao's official visit to New Zealand in April, 2006.

“So planning and preparation have been underway for a good three years now. Milestones have included the selection of the Pavilion concept and design in late 2007, our signing of the official participation contract in May 2008 and the recent moves to start actual construction on site,” he said. “Our participation in the Expo is a major project for New Zealand and as for any such undertaking, there will inevitably be challenges. But so far we are on target,” said Gibson, who also served as New Zealand's commissioner general for the Aichi Expo in Japan in 2005. New Zealand government's investment in the Shanghai Expo is five times more than the Aichi Expo.

Shanghai Expo's theme “Better City, Better Life” is also a theme New Zealand is well placed to interpret. New Zealand is a highly urbanized country, with some 86 percent of its 4.29 million population living in cities and towns. New Zealand cities are relatively small with low population densities, and they have high quality of life ratings. The aim of the New Zealand Pavilion is to present a welcoming vision of a nation that is striving to bring its cities into a sustainable balance with nature; a country in which natural beauty, the inspiration that it brings, and the lifestyles that it permits, can exist alongside and contribute to a modern and innovative first world economy.

The theme of the New Zealand Pavilion is “Cities of Nature: Living between Land and Sky.” In its form and content the Pavilion takes inspiration from the Maori creation story in which the god Tane separated his parents, the Sky and the Earth, to create space both for the natural world and for human beings. “Our Pavilion will be a distinctive one. It will be wedged shaped with a roof top garden that will be visually very attractive. We were fortunate to be allocated an excellent 2,000 square meter site, close to the Chinese Theme Pavilion, so our Pavilion will be very visible,” said Gibson.

A “Cities of Nature” experience in the Pavilion where visitors will be taken through a day in the life of a composite New Zealand city starting from the sea, through the suburbs, the city center and out toward the mountains; various themes will overlap in this -- the progression of the day from dawn to dusk, from children to adults, New Zealand's majestic scenery, New Zealanders as multi-cultural, vibrant and creative, Gibson explained. Visitors will exit the Cities of Nature experience near the top of the wedge, and will then walk back down toward the veranda area through a garden planted with New Zealand trees and flowers, and making use of sculptural elements, audio and lighting.

Gibson expects a total of seven million visitors to the New Zealand Pavilion during the Shanghai Expo period. “So our Pavilion will combine a range of characteristics -- distinctive design, creative high tech, but also culture and very much human interaction. We want it to be a total experience that showcases New Zealand and who we are as a country and people. And of course in doing so, we hope to make a compelling impression on visitors,” said Gibson. ☺



## CCPIT meet with Delegation from Sino-Britain Trade Association

**O**n April 25, Vice-chairman Dong Songgen met with President of Sino-Britain Trade Association Stephen Phillips and the delegation during the fourth China Central Investment and Trade Expo in Hefei, Anhui. The two sides conducted exchange on further promoting economic and trade relations between Britain and China, strengthening cooperation on coping with the financial crisis and doing more practical things for companies of the two countries.

Vice-chairman Dong Songgen said that CCPIT is in close co-operation with Sino-Britain Trade Association. In February, this year, during Premier Wen Jiabao's visit to the United Kingdom, a series of economic and trade activities were co-sponsored, which promote bilateral trade and investment exchanges. CCPIT and

Sino-Britain Trade Association should practice the results of Premier Wen Jiabao's visit to the UK, cooperate and strive to open up a better economic and trade relations future. After 30 years of reform and opening up, China's market has a very high degree of openness. For the British companies, there are huge business opportunities in central and western regions of China and the second-tier cities. International competitive-



ness of Chinese enterprises has a rapid increase; Chinese enterprises can go towards globalization through the platform of the United Kingdom.

Dong Songgen pointed out that CCPIT has three important platforms promoting multilateral and bilateral trade development, that is, exhibition, external liaison and legal services. With rapid economic growth of China and continued expanse of foreign trade and economic cooperation, foreign economic and trade disputes are increasing. CCPIT has a glorious history and rich experience in Legal Services, and the United Kingdom has comprehensive laws and regulations and a wealth of practical experience in the arbitration and other legal aspects, the two sides have broad prospects in mediation, recognition of arbitration and other legal services.

Stephen Phillips said that Sino-Britain Trade Association spoke highly of the contribution made by CCPIT to the economic and trade cooperation, and they are willing to continue to strengthen cooperation with CCPIT and will actively maintain communication and consultation on specific matters relating to cooperation. ☺

## China-Spain Investment & Trade Seminar Held in Barcelona

**O**n April 24, the China-Spain Investment & Trade Seminar was jointly held in Barcelona, Spain. As the first event of the Chinese Products Promotion Week (Europe), the seminar aims to help the Chinese export enterprises and local governments learn about relevant laws and regulations and product quality standards of the EU.

Director Yang Xiaodong of CCPIT Media & Press Center led the Chinese delegation consisting of 20 members to attend the seminar. Nearly 80 representatives from the European Commission, departments of the Catalanian government and enterprises in Catalonia, Spain attended the seminar.

Director Yang Xiaodong delivered a speech on the seminar, on behalf of the CCPIT, pointing out with the assistance of the CCPIT, Chinese and Spanish traders keep on expanding fields for trade; Chinese enterprises have been aware of the quality standards for export products and are now cooperating with member states of the EU, including Spain, to better understand the laws and regulations of the EU and to enhance the quality awareness; Chinese entrepreneurs have realized that some of the product standards of the EU have been made to guarantee the health and safety of its people in a more effective way; however, in the current economic situation, the most urgent task for all is to restore the world economic growth with all possible strength by containing all types of protectionism and maintaining the open and free environment for investment and trade; the EU's increasing trade restrictions may confer temporary interests on those carrying out them but will ultimately incur bigger surge of trade protectionism and thus offset the efforts made by different countries to promote the recovery of the economy.

Vice Chairman Joan Canals of Foment del Treball Nacional also delivered a speech, pointing out under the current circumstances of financial crisis, China still maintains a relatively high rate of growth and has seen the rapid development of economic and trade relations with member states of the EU, Spain included; Spanish enterprises harbor high expectation for China; the area of Catalonia takes up one quarter

of Spain's trade with China, however in an unbalanced structure, with potentials to be explored. He hoped the Chinese delegation would expand economic and trade cooperation with Spain by learning the economic characteristics and demand for products of Catalonia.

Mr. Antonio Montserrat, Director of the Catalanian Bureau of Commerce of the Ministry of Industry, Tourism and Commerce of Spain, introduced measures taken by the Catalanian government to strengthen cooperation with China as well as the economic and trade development of China and Spain, pointing out machinery and chemical industry is the highlight of China-Spain cooperation. He also stated that relevant departments of the Spanish government had listed trade with China as their major task in the coming few years, with a lot of money and human resource to be put into cooperation with China. He also introduced the projects of their enterprises on trade and investment supported by the Spanish government. ☺



# Navigating the Changing Economy:

— Challenges, Opportunities and Sustainable Growth

**Guo Yan**

After 30 years of diplomatic and financial relationships, Chinese and U.S. corporation is more committed than ever to joining together and turning their combined strengths into financial success while overcoming economic obstacles. Chinese business leaders have never been more eager to gain critical knowledge, learn best practices, and forge robust networks and partnerships in overseas markets. Meanwhile, their U.S. peers continually try to remain on the top of economic trends and be sensitive to policies changes in China, knowing that a deeper understanding of its culture and society is the key to success. Their joint wisdom and experience will be great valuable in hurdling obstacles in today's economy, at a time when the opportunities of exchanging information and generation new ideas are more important to the goal of stimulating growth than ever before.

China Institute, the New York City based cultural and educational nonprofit institution focused exclusively on China, held the 5th Annual China Institute Executive Summit in Beijing on April 27, 2009.

"We are extremely pleased to host our first invitation-only Executive Summit in China. The Summit brings together a selected group of business executives from China and the United States for a forum of open and constructive dialogue focused on Chinese and American business partnerships," addressed Sara Judge McCallpin, China Institute President. "The 5th Annual China Institute Summit theme, Navigating the Changing Economy: Challenges, Opportunities and Sustainable Growth, is especially topical. Corporate business leaders, entrepreneurs, government officials and economists will share their expert opinions on diverse subjects relevant to contemporary China-U.S. business activities and the global influence of China's rapidly growing economy." She addressed.

CHEN Feng, Chairman, Grand China Air, ZHU Min, Group Executive Vice President, Bank of China, LEE Kai-fu,



President, Google Greater China, Peter Rupert Lighte, Chairman, JP Morgan Chase Bank (China), and Frank Ninggao NING, Chairman, COFCO Limited, were also the keynote speakers for the Summit. And the explored various topics and issues include *Tempting Risks: China's Overseas Mergers and Acquisitions*, *700 Billion + 4 Trillion: Unpacking the Economic Stimulus Plans*, *Private Equity, Sustainable Development & Economic Growth*, *Rural China: An Emerging Market*, *Real Estate: Into the Post-Bubble Era*, *Human Resource Strategy Amid Uncertain Times*, and *Logistics and Transportation in China*.

Both China and U.S. acknowledge that stimulus packages will create jobs in health, science, infrastructure, and other sectors. When we compared the two "bail-out" plans from both nations, it tells that one is reactive, the other preventative. In combating the financial crisis, the largest developed economy and the most promising emerging market in the world have both moved towards increased govern-

ment intervention. Frank Ninggao Ning, Chairman, COFCO Limited expressed that from the view of China, China is not the central of the world crisis, but it could comprehend the system of finance. Though China and U.S implemented the stimulus packaged, their angles are different. Due to the slump of export, China focus on its domestic market to promote the consumption; while due to the excessive consume, U.S. started to encourage to save their savings. "China now is keeping on investment, and it is necessary for them to grow to be more healthy and stronger. As for the outbound investment, China enterprises should learn the lesson from many failed examples and make better preparation." Ning said.

Since the economic crisis, Chinese companies are riding the new wave of global M&A. Both size and scale of deals have hit new records. Fields of investment have extended from traditional industries to finance and natural resources. The current financial crisis creates also many tempting opportunities for China's



outbound investment. However, faced the uncertainty of the current global economic situation and the failure of past overseas deals, Chinese companies need to map out a cautious and comprehensive "going abroad" strategy. YIN Mingshan, Chairman, Chongqing Lifan Industry (Group) Co., Ltd viewed that although the economic crisis created much opportunities in overseas market, China companies should keep a cool head to give the situation a practical analysis and a proper estimation to its own capability. "It's just like having meals, if he eats so much at one time, he would not feel comfortable. A company also should have digestion ability to the overseas M&A, including the human resources, technologies and market, when it considers to conduct one," Yin mentioned. Geogory G.H.Miao, Partner Skadden, Arps, Slate, Meagher & Flom LLP, said in the past two years, a lot of Chinese companies were not so successful in their outbound investment projects, due to their blindness to the overseas market. However, he mentioned China Bluestar

as a good example in successful overseas M&A operation.

At the forum, there were other topics being discussed, and logistics was one of them. China's unprecedented economic growth leads to an escalating demand for modern transportation and logistics services. While China continues to invest heavily in the construction of highways, railroads, shipping ports and airports, the logistics industry has become one of the most vibrant and rewarding businesses and offers both great potential for local and international logistic service providers. Walter B. Dias, Managing Director, Greater China and Southeast Asia, Continental Airlines, CHEN Xiaomin, vice president, Grand China Logistics Holding Companies Limited and Dirk B.Vanderleest, CEO, Jackson Municipal Airport Authority shared their views on the key trends, major challenges and potentials for investment and opportunities in China's market.

Talking about the capital market in China, from SunTech to LDK Solar, from

Baidu to Focus Media, China has created numerous capital market miracles in the past few years, and is now the most active private equity and venture capital (PE/VC) market in Asia. Experts also analyzed the comparative advantages of local PE/VC entities. In the round of topic on whether the rural China is an emerging market, participants discussed that spearheaded by land use rights liberation, the latest reform initiatives in rural China will gradually release its full potential of the currently untapped markets, offering a new venue of opportunities for investment and some shelter from the present financial crisis. The expected economies of scale in rural areas, loosened access to local financial markets, and large-scale fiscal investments in rural infrastructure, are just a few of the many different market opportunities unfolding in rural China for domestic and foreign investors. The panelists commented their opinions of the current state and future prospects for investment in rural China as well. ☺

## Japanese PM Taro Aso Visited Beijing

Guo Yan



Japanese PM Taro Aso attended a press conference on April 30, in Beijing

To continue of bilateral high-level exchanges and deepening of cooperation, Japanese Prime Minister Taro Aso visit China on April 29, 2009. During his two days' visit, he met with Chinese counterpart Wen Jiabao on April 29 and President Hu Jintao on April 30. Aso first met Hu on the sidelines of a meeting of the Group of 20 rich and industrializing nations in London.

It is significant in maintaining the bilateral high-level dialogue as well as in building trust between the leaders of the two countries and enhancing cooperation. It was being forwarded in order to create a "mutually beneficial relationship based on common strategic interests". This was

extremely valuable in deepening mutually-beneficial bilateral cooperation. Both sides discussed the topics including various issues in Japan-China bilateral relationship, the international financial and economic situation, environment and energy conservation, North Korean issue, expansion of tourism to Japan and Chinese visitors. Other topics included combatting the outbreak of swine flu and Japanese support for environmental projects in China.

Achievements of Japanese PM Taro Aso's visit to China were also called "The three pillars", for instance, I. supporting for dialogue and cooperation in business and economics: the "Japan-China Future Leaders Dialogue". PM Aso proposed the launch the framework in order to foster a "mutually beneficial relationship based on common strategic interests" through future generations; cooperation in the field of information and communications technology (ICT) — the leaders reached a consensus to promote new types of cooperation regarding regulatory framework and information and communications technology, among other areas. Minister of Internal Affairs and Communications Kunio Hatoyama is scheduled to visit China in May and sign a record of discussion for cooperation with China's Ministry of Industry and Information Technology; scheduling of the second

Japan-China high-level economic dialogue — a decision was formally reached to hold it on June 7 in Tokyo; addressing the global financial and economic crisis, the leaders confirmed that in order to overcome the current financial and economic crisis and have the global economy recover to a trend of growth, it is important for both Japan and China as the world's second- and third-largest economies to devote their utmost efforts to domestic economic measures focused on the expansion of domestic demands, based on the discussion held at the recent London Summit. II. cooperation on environment, energy and climate change issues.

In recent years, both sides improved the bilateral relationship gradually. Both Hu and Wen visited Japan in 2008, and Aso's predecessor, Yasuo Fukuda, visited China in late 2007, the same year China overtook the U.S. as Japan's largest trading partner. With Japan's government predicting a 27.6 percent fall in exports this year, both sides are seeking a way to minimize the damage to their respective economies. Tokyo said it expected the Japanese economy to contract by 3.3 percent in the fiscal year that began on April 1. China's economy grew at its slowest pace in at least a decade, 6.1 percent, in the first quarter, affecting profits of Japanese companies who are the largest outside investors in China. ☺



# EU-China Focus on Economic and Trade High-Level Mechanism

Guo Yan

On May 4, 2009, the Delegation of the European Commission to China held a conference, on which EU Ambassador Serge Abou addressed concerning EU-China Economic and Trade High-Level Mechanism, the trade and investment between China and EU, and Shanghai Expo.

Abou released the news that the second EU-China Summit held on May 7-8, 2009 in Prague would be of great importance for both sides. Commissioner Ashton responsible for trade policy, as well as other 7 commissioners in charge of transport, information society, customs, environment, competition, agriculture, internal market and consumer protection from the EU side would meet with Chinese Delegation including one Vice Premier Wang Qishan, four Ministers and six Vice Ministers.

The high level dialogue was meant to deal with bilateral problems between EU and China, but with the current crisis, the accent will be shifted from settling EU and China issues to trying to solve the basic difficulties of the economic and financial crisis. Also, at the end of the year there will be an important conference in Copenhagen where the negotiations for climate change should be concluded. Energy and environment issues would also be on the agenda.

Other items referred to further opening of trade and investment (to resist protectionism); new business opportunities for small and medium companies and their implementation in the Chinese market, and vice versa; low carbon economy to promote the concept; the question of technology transfer; consumer protection; innovation and intellectual property.

EU trade is the number one trade flow in the world, also the first trade partner of China, and China plays as EU's largest supplier at mean time. Latest figure of EU-China trade amounted to 326 billion euro for the year 2008, an 8% increase from the previous year. China exports to EU have increased 7% from 2007 to 2008, at 248 billion euro. And China imports from EU reached 78 billion euro, a 9% increase from 2007 to 2008. Trade deficit in 2008 was 170 billion euro, increasing 6% from 2007. In January 2009, due to the crisis,



EU Ambassador Serge Abou (Middle)

Chinese exports have decreased 5%, and EU exports to China have decreased 27% from the same time last year.

"In the field of investment, not a single European company closed its operations in China or left the Chinese market, even if reducing their investment activity. Particularly in energy and climate change, and related technology transfer, Europe is still the first investor and the number one to transfer technology in China," Abou mentioned.

A memorandum of understanding on cooperation on energy efficiency in building was expected to be signed at the meeting, and also at the EU-China Summit in Prague on May 20. The high level dialogues yielded fruits including the agreement on cooperation for small and medium companies, setting up a centre for supporting such EU companies in China, a memorandum of understanding on co-operation in high technology goods, and (at the Summit) a agreement on organization of common scientific research and an announcement of launching of proposal (call for tenders) to build an EU-China energy centre in Beijing. The related agreement was signed in Brussels in January.

At the field of the economic situation in China, Abou gave high evaluation on China stimulus package, and said, "There is a feeling of satisfaction about the fiscal stimulus package announced in last November and its fast implementation, and the Chinese economy seems to have started to recover from this March. Promotion

of infrastructure and infrastructural investment is going well, but EU would like to see more private domestic consumption in China in order to rebalance domestic economy of China. The EU congratulates China for successful monetary policy. Lending has increased very fast in the last two months, which contributed to sustained growth in China. However, there are some concerns about the quality of the loans. There are also some concerns about exchange rate policy of China,

Chinese currency being strongly linked with the US dollar, meaning there is a risk of China following the US dollar downwards, which is not good for other trade partners, particularly Europe. We would like to see China take into account other major trading currencies, in particular the EURO."

Abou expressed 2008 was the best year so far during the 11th Five-Year Plan period on energy intensity improvement and emission reduction for air pollution (sulphur dioxide) and water pollution (chemical oxygen demand). "The FYP air pollution target is now likely to be met in 2009 (i.e. one year ahead of schedule), the water pollution target is also on track, while the energy intensity target now also appears to be within reach although for this to happen even bigger cuts than in 2008 will be necessary this year and next year. Considering the trend, and the fact that the economy is slowing down, it is likely that also the energy target will be met and possibly slightly exceeded. Yet, in his Government Work Report Premier Wen said that consumption of energy and other resources was 'high' and called environmental pollution 'serious'," he added.

Talking about the Shanghai Expo, Abou expressed that the European Commission would like to confirm once again that they will participate in the Shanghai Expo. "We will share the pavilion of Belgium, which will hold the revolving presidency of the EU during the 4 months of the Expo in 2010," he said. ☺



# April,

## Another Recovering Month for Im/Ex



**Table 1 Brief on China's import and export in April 2009**

Unit: Billion USD

Item	April		Jan. – Apr.	
	Absolute Value	Increase ±%	Absolute Value	Increase ±%
Total Import and Export Value	170.734	-22.8	599.408	-24.3
Total Export Value	91.935	-22.6	337.421	-20.5
Total Import Value	78.800	-23.0	261.987	-28.7
Import and Export Balance (surplus is +; deficit is -)	13.135	-	75.434	-

**Table 2 Import & Export value by trading forms in April 2009**

Unit: Billion USD

Trading Forms		Value	Increase (%) yoy	Increase (%) mom
Conventional Trade	Total	84.37	-21.3	12.3
	Export	41.64	-23.8	8.3
	Import	42.73	-18.7	16.4
Processing Trade	Total	68.17	-24.8	8.3
	Export	43.71	-23.2	5
	Import	24.47	-27.4	14.9

**Table 3 China's top 3 trading partners in April 2009**

Unit: Billion USD

Rank	Partner	Bilateral trade value	Increase (%) yoy	Increase (%) mom
1	EU	27.3	-24.1	8.1
2	US	23.76	-17.1	9.9
3	Japan	18.45	-23.8	10.3

China's import and export in April, 2009 continued to be another month of decreasing trade, the consecutive sixth month from last November. On May 12, General Administration of Customs of the People's Republic of China announced the profile of China foreign trade import and export in the first 4 months of this year. According to the customs' statistics, the total import and export value for the first four months amounted to US\$599.41 billion, 24.3% decreasing compared with the same period last year. Among the total value, the export value amounted to US\$337.42 billion, down 20.5% year-on-year, while the import US\$216.99 billion, 28.7% decreased year-on-year. And the trade surplus from January to April achieved US\$75.43 billion, 32.4% growth year-on-year, a net growth of US\$18.45 billion.

According to the customs' statistics, the total import and export value for April amounted to US\$170.73 billion, 22.8% decreasing compared with the same period last year, but 1.9 percentage points lower compared with the decreasing amplitude of first quarter this year. Among the total value, the export value amounted to US\$91.94 billion, down 22.6% year-on-year, while the import US\$78.8 billion, 23% decreased year-on-year. Counted by monthly real working days, compared with the figure of March, the total trade value in April hiked 10.4%, among which, the export increased 6.9%, and import 15.1%. It is the second month to show the trend that China's import and export trade is on the road of recovery, based on the figure month-to-month. (See Table 1)

### Trading forms

The customs statistics show that in April 2009, the import and export gained a month-on-month growth in terms of trading forms, especially in processing trade form. In April, China's general trade accounted for 84.37 billion US dollar, 21.3% down year-on-year but 12.3% increase month-on-month. To be specific, the export value in general trade in April was US\$41.64 billion, 23.8% decline year-on-year, 8.3% growth month-on-month,



**Table 4 China's top export provinces (cities) in April 2009**

Unit: Billion USD

Item	Guangdong	Jiangsu	Shanghai	Zhejiang	Shandong	Fujian	Beijing
Value	27.69	14.85	11.01	10.54	6.09	4.04	3.86
Increase (%) yoy	-16	-26.7	-25.8	-19.1	-20.5	-20.6	-13
Increase (%) mom	6.4	3.9	8	12.6	7.3	9.1	2.5

**Table 5 Export value of main labor-intensive commodities in April 2009**

Unit: Billion USD

Commodities	Export value	Increase (%) year-on-year	Increase (%) month-on-month
Apparels	7.37	-11.2	3.9
Textile	5.12	-14.4	13.4
Furniture	2.18	-8.2	2.7
Footwear products	2.06	-4.5	3.8
Plastic products	1.21	-5.7	11.9
Suitcases and bags	1.15	0.4	22.4
Toys	0.5	-10.9	18

and the import value was US\$42.73 billion, 18.7% fall year-on-year, 16.4% hike month-on-month.

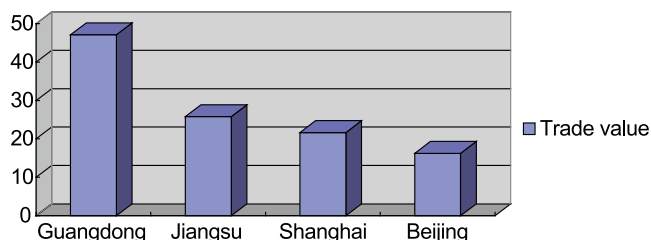
Meanwhile, the import and export of processing trade of April reached 68.17 billion US dollar, 24.8% decline year-on-year, 8.3% growth month-on-month. Among the figure, the export accounted for US\$43.71 billion, 23.2% decreasing year-on-year, 5% increasing month-on-month; the import accounted for US\$24.47 billion, 27.4% down year-on-year, 14.9% increasing month-on-month. (See Table 2)

### Trading partners

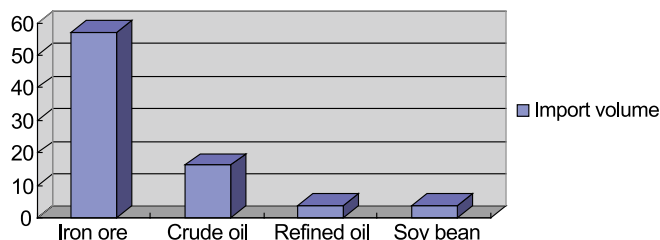
The rank of China's top 3 trading partners remained the same in April: E.U., U.S., and Japan. In this month, the bilateral trade volume between China and E.U. amounted to US\$27.3 billion, falling 24.1% y-o-y, 8.1% increase month-on-month. Sino-American bilateral trade value was US\$23.76 billion, 17.1% decline y-o-y, 9.9% increase m-o-m. China's trade volume with Japan in the fourth month this year accounted for US\$18.45 billion, 23.8% decrease y-o-y, 10.3% increase m-o-m. (See Table 3)

**Chart 1 China's top trading provinces (cities) in April 2009**

Unit: Billion USD

**Chart 2 China's main import primary products in April 2009**

Unit: million tons



### Provinces/Cities

The customs statistics show that in April 2009, Guangdong, as the largest import and export province in China handed in a better performing sheet, with 6.6 percentage points lower decline range compared with the national average.

In April, Guangdong, Jiangsu, Shanghai and Beijing remained the tops, total trade value of which amounted to US\$47.14 billion, US\$25.81 billion, US\$21.65 billion, and US\$16.25 billion respectively, falling down by 18.1%, 24.8%, 26.4%, and 26.9% respectively as well. (See Chart 1)

The export value of the top trading provinces and cities still witnessed a negative year-on-year growth in April, however, at the meantime, a positive month-to-month growth. (See Table 4)

### Export & Import mix

Among the export commodities, the labor-intensive products from China still showed a month-on-month growth in April.

(See Table 5)

In the same period, Chinese exports of mechanical and electronic products accounted for US\$54.47 billion, 22.2% decline compared with same time last year, and 6.1% increase compared with last month.

In terms of China's import commodities, a positive year-on-year growth was achieved in some primary products in April. The trade value of primary products which China imported this month amounted to US\$21.55 billion, decreased by 32.4% year-on-year, however, increased by 16.6% month-on-month.

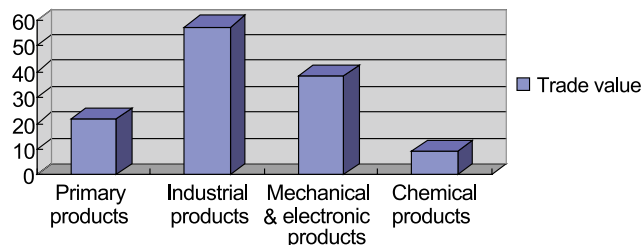
Among them, iron ore imported 57 million tons, 33.2% increased yoy, 14.7% increase mom. Import of crude oil reached 16.17 million tons, increasing 13.6% yoy, 3.7% increase mom. Import of refined oil amounted to 3.7 million tons, 2.6% increase yoy, also 2.6% growth mom. In addition, China's import for soy beans had increased by 55.2% yoy, (a slight increase of 0.7% mom), reaching 3.71 million tons. (See Chart 2)

Meanwhile, in April 2009, China imported industrial products for US\$57.25 billion, 18.4% falling down yoy, 14.6% increase mom.

Among them, mechanical and electronic products were imported by US\$38.39 billion, 20.2% drop yoy, 12.4% increase mom. Chemical products and related products were imported by US\$9.15 billion, 18% decline yoy, 14.4% growth mom. 26 thousand units of automobiles and vehicles were imported in April, 31.4% decreased year-on-year, but 16.4% increased month-on-month. (See Chart 3) ④

**Chart 3 China's main import commodities in April 2009**

Unit: Billion USD



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



# 商业纠纷 Business Dispute

## 对话 Dialogue

丽丽：今天又有新闻了。

Lily: Big news happened today.

大卫：什么新闻？

David: what's new?

丽丽：一语网站被告了！

Lily: Yiyu Website was accused.

大卫：被谁告了？

David: By who?

丽丽：被新力公司告了。

Lily: It was accused by Xinli Company.

大卫：快说说，具体怎么回事？

David: Please tell me what is going on after all.

丽丽：新力公司告一语网站违反了他们的合作协议。

Lily: Xinli Company accused Yiyu Website of violating the cooperation agreement.

大卫：那么新力公司不再为一语网站提供服务了吗？

David: So Xinli Company won't provide services for Yiyu Website anymore?

丽丽：根据新力公司官方网站的公告，他们不仅停止了相关服务和技术支持，而且已经向中国国际贸易仲裁委员会申请了仲裁。

Lily: According to the announcement from Xinli's official website, they not only stop the related services and technology support, but also apply to China International Economic

and Trade Arbitration Commission for arbitration.

大卫：没有向法院提起诉讼吗？

David: Didn't they submit a suit to the court?

丽丽：没有。申请仲裁通常比提起诉讼要简单方便一些。

Lily: No. Usually applying for arbitration is more convenient and easier than filing a suit.

大卫：那在中国，哪个费用高一些？

David: Then in China, which one costs more?

丽丽：申请仲裁费用高一些，不过程序更简单。

Lily: Applying arbitration is more expensive, while with simpler procedures.

大卫：近年来和网站有关的商业纠纷可真不少啊！

David: Quite a number of business disputes involving website emerged in recent years.

丽丽：是啊，毕竟网站还算新生事物，有很多存在争议的地方。

David: Yes, the websites are newborn stuff after all, and lots of controversies still exist in them.

大卫：商业纠纷的新闻也可以提高公司的知名度，达到炒作的目的。

David: The news about business dispute could raise the popularity of the involved companies, so as to achieve the purpose of speculation.

\*注：“一语网站”和“新力公司”为虚构名称，请勿对号入座。

(Note: "Yiyu Website" and "Xinli company" is not real, just for the convenience of expression. Please do not take them into shoes.)

## 生词 Vocabulary

新闻	xīnwén	N	news
违反	wéifǎn	V	violate, go against
协议	xiéyì	N	agreement; protocol
官方网站	guānfāng wǎngzhàn		official website
停止	tíngzhǐ	V	stop
服务	fúwù	N	service
技术	jìshù	N	technology
支持	zhīchí	N	support
申请	shēnqǐng	V	apply for
仲裁	zhòngcái	N	arbitration
法院	fǎyuàn	N	court
诉讼	sùsòng	N	lawsuit
程序	chéngxù	N	procedure
纠纷	jiūfēn	N	dispute
新生事物	xīnshēngshìwù	N	newborn things
存在	cúnzài	V	exist
争议	zhēngyì	N	controversy
知名度	zhīmíngdù	N	popularity level
炒作	chǎozuò	N	speculation

## 语法 Grammar

### 1. A+ 被+(B)+verb

被 is a prep here, and B makes the action, while A is the object of the action. In such a sentence, A is often emphasized.

Examples:

这个网站被告了。

This website was accused.

他的书被人拿走了。

His book was taken away by somebody.

牛奶被小明喝了。

The milk was drunk by Xiaoming.

### 2. 没有……吗?

It is a kind of negative question, to express the speaker's doubt upon why something hasn't been done. The tone of the sentence is similar to "why not?"

Examples:

没有人知道这件事吗?

Haven't anyone known this?

中方代表没有提议取消合同里的这一项吗?

Didn't the Chinese representative suggest to cancel this item in the agreement?



# An Efficacious Sage of Traditional Medicine in Modern Times

— Interview with Dr. Chi Wai Wong

**D**r. Chi Wai Wong is a licensed Traditional Chinese Medicine (TCM) practitioner in New York who focuses on the healing modalities of acupuncture, herbology, Qi Gong and medical massage (Tui Na). He is a native from Shen Zhen of Guang Dong province in China. He received his Medical Degree in China and became a surgeon where he learned acupuncture anesthesia. When he immigrated to United States, he established his family-run herbal dispensary called Zhong Guo Yao Chai Inc. Since the development of his practices in New York City and Long Island, he has specialized in the research and advancement of utilizing Chinese medicinal modalities for modern clinical application.

Some achievements include being selected into the book of *World's Chinese Who's Who* (2009); *Chinese Overseas Who's Who Foundation* (1993); the book of *World's Who's Who Foundation* (1994); the book of *American Who's Who* and to be honorary president of the *International Medical Association* (1995); and the Most Admired Man of the Decade (1998) for the *Who's Who's Intellectual Foundation*. At the present time, Dr. Wong is an Associate Professor for Beijing University of Traditional Chinese Medicine, a consultant for the Association of Hong Kong Orthopedic & Traumatology and is an author for various medical textbooks, articles and journals in the areas of acupuncture, orthopedics and internal



medicine for the field of Traditional Chinese Medicine in China. He has been featured in Time Out New York magazine, Newsday, and NBC news. He has a weekly radio segment on 1040AM in regards to issues pertaining to TCM and general health.

As a medical practitioner for over 35 years, Dr. Wong, has applied his clinical experience when participating in research and publishing academic texts. His published works include furthering the field of Qi Gong (Energy Work) where he received an award for Best Article, entitled the "*Clinical Effect of Inducing Medical Qi Gong: an analysis of 40 Clinical Cases*" at the First International Conference on Traditional Rehabilitation of Medicine held in Beijing in 1989. Currently, he is the Director of the World Academic Society of Medical Qi Gong. In the area of Chinese Herbology, Dr. Wong has developed and improved over 200

types of traditional Chinese herbal formulas. These medicinal herbs are now widely used around the world, to treat pathologies that cause hypertension, diabetes mellitus, hepatitis, migraines, arthritis, eczema and cancer. The signs and symptoms related to these diseases are just some of the conditions that Dr. Wong has been able to treat with immense success. He has become an experienced family physician that continuously sees patients with illnesses related to the pain management, internal medicine, neurology, addiction, orthopedics, obstetrics/gynecology, and pediatrics.

When asked about Dr. Wong's greatest accomplishment in his years of research for Chinese herbology, unquestionably, it is the development of the herbal supplement called *Wild Ginseng & Collagen Complex*. Overall, the principle behind the combination this supplement is that these ingredients together, make the body and its cells more viable and stronger; thus effective for treating diseases related to bone degeneration, alopecia, dermatology and supporting the immune system.

Dr. Wong feels that with proper diagnosis and treatment, the application of TCM modalities can be an essential source of therapeutic application. The fundamental principle of TCM is to prevent illnesses through maintaining a healthy way of life and if one does get ill, he must use all the available resources to get better. From his experience, he finds that integrating Western and Eastern approaches to medicine is the most effective. Dr. Wong not only strives to promote TCM, but indirectly the preservation of Chinese culture since it derives from ancient Chinese philosophical thought. He has spent over thirty years lecturing in the media and various universities along with being published in journals and newspapers. His aim is to determine the many ways one can incorporate TCM in the daily life, through diet and nutrition. ☺

## Being A Chinese, Behave Patriotic even Overseas

**M**r. Liao Zhifeng, the general manager of Seychelles Chinese Products Franchisee Ltd., also the vice chairman of Africa Reunification Promotion Federation, and the Secretary-General of Seychelles China Reunification Federation.

Mr. Liao Zhifeng, 41 year-old overseas Chinese, whose ancestral home is Lianzhou afflicted with Guangzhou city of Guangdong province, used to work and settle down in Zhongshan city in 1985 and cultivated a strong connection with the city since then. In the early 1990s, Mr. Liao went abroad and settled in Seychelles, carrying on business upon international trade, car rental, eco-tourism and etc., and also dedicating to the work for the local Chinese community.

Over the years, even though his business is very busy, Mr. Liao always tried to squeeze some time to visit the Zhongshan Overseas Chinese Federation, and the local trade department to bridge between China and Seychelles, and furthermore to create more cooperation opportunities for both parts. Recently, Mr. Liao Zhifeng organized Seychelles delegation to participate in Zhongshan Economic and Trade Fair on March 28.

### Quotations

• "I have a profound and deep affection for Zhongshan city, and great respect for Dr. Sun Yat-sen."

• "I was born in China, and moved to Seychelles. All the time, I concentrate on the development and reunification of China, and I always try my best to devote to the cause."

### Giving advices and materials to the living country Seychelles

Mr. Liao also not only attached his heart to the motherland, but also paid great attention to Seychelles. He has donated series of materials and money to the local children village, primary and secondary schools and government agencies. Last year, he donated more than 100,000 rupees worth of Zhongshan production traffic lights, for the replacement of traffic lights at the junction of the president House.

Liao Chih-feng also persuaded his domestic partners to donate to the Seychelles, such as Zhongshan Xiahu Family Garments Co., Ltd once sponsored uniforms and casual wear for the Seychelles delegation for the 2008 Olympic Games. ☺



## Interview with Sun Bingzhong, and His Sunmart

Li Zhu Yi

On the morning of August 15, 2007, with a clear ring of gong, Wuxi Sunmart Holdings Pte Ltd officially got listed on the Singapore Stock Exchange. From this moment, a new member joined in "Jiangyin block" in Singapore. Following the successful listing of Yangtze Shipping and Junxin Science & Technology respectively in Singapore Stock Exchange and London Stock Exchange, Wuxi Sunmart entered the stock market full of completion as a dark horse. The major leaders of Wuxi government, Zhu Minyang, Gao Pei and Zhang Shixian, all attended the Wuxi Sunmart's listing ceremony.

For the listing, Sun Bingzhong, the General Manager of Sunmart Holdings Pte Ltd, kept conscious of the great development opportunities and many challenges in the same time. Sun not only experienced ups and downs during Wuxi Sunmart's start-up phase, but also created the brilliant today of Wuxi Sunmart, with his team together. In the daily changing market economy, Sun successfully surfs on the tide of producing sectors in spray pumps, aluminum cans and plastic bottles, fast flow of consumer goods (FMCG), medicines, as well as health products, as a captain.

### Manage the business and life with honesty

Sun once said, "For individuals, life is the most important undertaking that needs a person devotes himself to manage, and the core belief that should be keep in heart for both individuals and enterprises is — Honesty." Sun uttered that if an entrepreneur wants to gain development and success rather than earn some short-term profits, then the honesty is the first key factor. "We should be honesty to our clients, our fellows, and everyone in the society at any moment," Sun remarked.

"We treat each client, even the smallest customers with sincere credibility and honesty. We took them as our intimate friends and try our best to think in their position," Sun said. Just due to the good consideration for customers, there is not



a single customer walking off from Wuxi Sunmart, but oppositely more and more customers came for enjoying Sunmart's sound production and service.

In the mean time, Sun keeps good communications with enterprises in the same industry circle. Not only communicate with them upon the production offering time, quality insurance, and service after sale, but also Sun encouraged his team to cooperate with the partners in divers levels, involving technology exchange and guidance, and build friendships with them. In the eyes of Sun's business partners, Sun is more than an entrepreneur. They often invited Sun to deliver a speech in their company, and shared with him of his excellent business and life philosophy.

For getting along with the work staff, Sun insists that it is important to appreciate and trust the staff, and to know how to think in their positions. Only in this way, the employees will turn to understand their boss. Thus the enterprises can own Cohesion.

"Also, the enterprise should shoulder its responsibility to assist the government to promote the local economy's development," Sun expressed. "Although Xiake is a relatively affluent city, for us it is not enough. We still need to take continued efforts, and concern about the people here."

Sun said with a confidence smile, "The common wealth will be created by all of the community."

### From teacher to business leader

Sun Bingzhong was born in Xiake, a small town in Wuxi, Jiangsu Province. This is a beautiful place in southern China. As an outstanding teacher, if he had not sized the opportunity in 1998, he would have live in obscurity. However, excellent people are not always satisfied with their current situation and are strongly willing to chase their dreams.

In March 1998, Sun decided to quit his job, and started his business with 9 other people. Their company, Jiangsu Snow Leopard Aerosol Spray Cans Co., Ltd., mainly specialized in high-quality spray pumps that are widely used in cosmetics, pharmaceutical products, and health care products.

In the beginning, Sun encountered his first setbacks throughout his business career. Low-quality products had let to a nearly zero profit rate in the first year after he opened his company. In 1999, Sun also lost a large business contract with Russian "Vodka" out of quality issue.

But, two heavy blows have not prevented Sun from continuing his business. Instead, he tried his best to overcome the



constraints of technological bottlenecks. In 2003, all the shareholders, the management staff and a small number of technical staff from Jiangsu Snow Leopard Aerosol Spray Cans Co., Ltd., jointly formed the Sunmart Holdings Pte Ltd with a total investment of RMB 4 million. The reason why Sun started Sunmart is that he wants the business-creating process will be remained forever in people's memory.

### Taking lead while fighting storm

Advance awareness and excellent understanding (a special attribute that Confucian Merchants have) is the secret of Sun's business success in his industry. Starting as early as possible is largely responsible for Sunmart's fast growth, which displays the ability and sensitivity that an entrepreneur can grasp the market.

"We started a little earlier than others, and this is usually the key element that can decide the destiny of an enterprise," Sun said.

At the time, many people still do not know what the internet was, but Sun had frequently appeared on many leading websites. Sunmart can become an industry leader in a short period of eight years, and this is the vision that Sun uniquely owns.

When the majority of the industry started to fight for the domestic market, Sun Bingzhong placed his eyes on the international market. From the earliest fair for domestic exports, to exhibition in Europe, North America, Africa, the Middle East and Hong Kong, Sunmart has become the earliest "Go-Out" companies in 2000. After several years of hard work, Sunmart's foreign trade volume has accounts for 65 percent of the total company business.

Sun Bingzhong has his advanced views on international competition. He believes that cooperation among domestic enterprises can boost the international influence of China's plastic industry as a whole. For domestic competition, Sun has

more fresh understanding and insights. Sun said that the biggest problem encountered by enterprises is how to be bigger and stronger. Although Sunmart has taken a leading position in domestic market, it still has a large gap with international business giants.

Sun argues that domestic enterprises should help each other and learn from each other, so that the whole industry can have the strength for international competition.

### Confucian entrepreneur value management

Sun Binzhong believes that the way of management has direct effect on the development of an enterprise. Therefore, Wuxi Sunmart not only needs elite people but modern management. The most significant case arising from this vision is the implementing information management project in Sunmart.

The sales revenue of Wuxi Sunmart rose from RMB 9 million in 1998 to RMB 350 million symbolizes the rapid growth of the company, but at the same time the pressure of management and human resources and hierarchical information imbalance have gradually become the barrier of further development.

Sun decided promptly invested RMB 15 million into implementing corporation information management project in order to transform the company from a private and low-end company to a modern company with international standard. At the same time, Sunmart spent more than 10 percent of company's net capital to implement total solution with ERP/myGS-Smart core technology. Despite the risks of the project and doubt from core leader group, Mr. sun never wince back.

He said, "Compared with RMB 70-80 million investment on equipment, RMB 11 million on management is not a big investment. Once the project can reduce the loss from procedures, it is worthwhile."

After some pretesting preparation, Sun initiated to establish a management mechanism that fit his own situation. That is, standardized spot management + logistics management + information management. With this conceit, he started the CAM (Computer-aided management). The Inspur ERP/myGS-Smart adopted by Wuxi Sunmart covers every management field, such as finance, store management, sales, buying, producing plan, refining, quality

control, infrastructure, human recourses, automatic office, decision supporting, electronic businesses. It includes Inspur server, microcomputer, network and networking safety products and system integrating service. Note that the proportion of software investment in the whole plan has amounted to 1/3. Meanwhile, the period for implementation is one year. Such big project is a great challenge to the three parties involved in the cooperation.

Investing heavily in standardize corporation management, in Sun's view, can effectively reduce the producing cost, raising management, and boost up the fame and standardization of the corporation. Although their products can cover the industry in a vast scale, he still believes that they should have their core competitiveness to this industry. Actually, his foreign counterparts has accomplished great sales, and Sun is more convinced of vast growing space for Sunmart.

In comparison with advanced technology and sales model, Sunmart's visionary idea and management is difficult for other corporation to copy, which will definitely guarantee the company to keep ahead of others in the field.

### Quality and technology foster the company

"For the manufacturing company, the products' quality is the fundamental base for development," Sun said. He attached great importance to the quality on the basis of guarantee the producing capacity. It is a production capacity & quality balance, which interrelated with each other. Sun adopted scientific development plan to adjust himself.

"We made three plans per year: short term, mid term and long term." All these plans are made according to the previous status and prediction of market which could guarantee both production and sales."

His next quality plan is to establish a standard 200 unit of area with all dust-free workshop to launch into international market. Actually, the 100 tech members are the core competition of the company.

### Further sailing

To recognize the direction is the first step for a further sailing. The same to an enterprise's development. To Sun and his Sunmart, the future aim is to be an international company, and they are always preparing for that. A further sailing is ahead.

It's no big deal for a person to own some fortune. For someone who combines wealth and philosophy together is much stronger. And from Sun Bingzhong, we could read this strength. ☺







## A Decade Miracle: Wuxi Sunmart

### Miracle started

A decade ago, Wuxi Sunmart was just no name. At that time, few people noticed Jiangsu Snow Leopard Atomization Pot Industry Limited Company, which was established in early 1998, as it was a small workshop with a registered capital of only RMB 1.6 million. And that is where Wuxi Sunmart's miracle initiated and grew from.

With ten years of development, Wuxi Sunmart Science and Technology Company Ltd now has a total asset of RMB 4 billion, with an annual output of various spray pumps (valves) of RMB 500 million, and a sale volume of RMB 350 million. From those years accumulation, no name has grown up into a big name, not only nation wide, but internationally. Its products are exported to more than 80 countries and regions, including North America, Western Europe, South Africa, the Middle East, Hong Kong and Macao. High reputation was received from the customers.

At the same time, the company has won the honors of Outstanding Private Enterprise in Jiangsu Province, High-tech Enterprise in Jiangsu Province, Top 100 Packing Enterprise in Jiangsu Province, Quality Trustworthy Enterprise in Jiangsu Province, Top 100 Plastic Enterprises in China, Outstanding Packaging Enterprise in China, Nation Business Management Innovation Outstanding Demonstration Unit, the AAA Level Honesty Enterprise in China. New pages are being written down.

### Stories going on

Located in Xuxiake Town Industry Zone, Jiangyin City, Wuxi Sunmart Science and Technology Company Ltd is a manufacturing company specialized in preparing mini-spray pump (valves) used for various daily-chemical products, medicine, food, healthcare with assorted aluminum pot and plastic bottle, and a member of China Packaging Federation (Metal Container Committee), China Health Scientific Committee, State Environment Protection Industry Association. Sunmart has a products mix of nearly 1000 specifications, such as press vacuum proportioning pumps (lotion pumps, crimp-on pumps, screw-on pumps), mini aluminum pot, and plastic bottles of PP, PE, PET series.

Different from what the situation was ten years ago, right now Sunmart boasts of a registered capital of US\$13 million, and the plants cover an area of 270 Mu, with a building area of 100,000 square meters. The company has 1,650 employees. The company has a total asset of more than RMB 400 million, and is equipped with more than 500 sets of advanced injection-molding and blow molding equipments in China, and 400 plus sets of aluminum punches, and four modern automatic assembly lines.

Meanwhile, the company takes the advantages of over 50 sets of metal-processing equipments with high-precision molds, to meet special requirements from the costumers. Through virtual design, 3D modeling, dynamic simulation analysis and drawing, quick molds making, the company is capable of producing spray pumps (valves) of different specifications and injection products, aluminum cans, plastic bottles, and a purification area especially for preparing medicine packing material. Since 2005, Sunmart has become the leader in packaging industry in China who has the largest production and sale volume of spray pumps (valves), and also in Asia.

In 2000, the company passed French BQI's ISO9002 quality system certification; in October 2004 the company passed through the auditing by Shenzhen Huantong Certification Center and gained ISO9001-2000 quality system certification, therefore put all production process under the management of quality system.

Wuxi Sunmart pays great attention to scientific and technological innovation, keeping on improving the science and technology level of the stuff, and boosting the new products of spray pumps (valves) development. During the past nine years since the foundation, the company has had an investment on science and technology development amounting to 4% plus of the total sales income, and the employees engaged in science and technology development has taken a share of more than 15% of the total staff. Till 2007, Sunmart has 33 products (technologies) possessed state patent of intellectual copyright, and 4 identified as provincial new products.

Furthermore, the lock spray pump (valves) developed by Sunmart won award of science and technology progress of Jiangsu Province, and new product award from provincial light industry office. And high grade spray pump (valves) was awarded Star of the Creative Technology by the United Nations (China), and the aluminum printing mini-spray pot for medical





purpose has filled the blank space of this field in China, whose quality standard has reached advanced level in the world.

In 2007, the company manufactured different kinds of spray pumps (valves) in 500 million sets, and had a sale income totaled RMB 350 million, including US\$30 million from foreign trade, and the profits and taxes amounted to more than RMB 56 million. In recent years, the company was

listed as one of the top 100 companies in Jiangyin City, and was nominated as one of the top 100 good companies by Wuxi municipal government.

Based on good performance, various channels of capital filled in this ten-year-old enterprise. Better news is that, in August 2007, the company was officially listed in Singapore.

### Dream pursuer

Facing the success Sunmart has created in the decade, more and more people admire the industry leader and its creator. Sun Bingzhong, an over 53 years robust businessman, is the miracle maker and also a dream purchaser too. With Sun's strong earnest to expand business, Sunmart once small company with a capital of a few million yuan grows into a leading company in China and Asia in packaging industry in ten years. Businessman in the circle can never ignore Sunmart, which now ranks the first producer in Asia in the output of spray pumps (valves).

Sun Bingzhong has rich experiences in enterprise management and operation, and a hard spirit while pays great attention on the market. Since he changed the role from a teacher to an enterpriser, he has been engaged in spray pump (valve) research and development. In recent years, under Sun's operation, the research team has gained 33 patents for new products.

And Sun presided and participated in several development projects of high science and technology high profitability products. With high quality and specialized products, the company has won fame both in domestic and overseas markets.

Till now, with Sun and his staff's great efforts, Sunmart has developed a product mix of nearly 1,000 specifications of spray pumps (valves), with many passed the technology examinations by national or provincial offices, and won awards including the United Nations (China) Inventions and Innovations Star Award and Jiangsu Province Scientific and Technological Progress Award. With the capacity continues expand and the sale volume increases, now Sunmart has become a star enterprise and high and new technology company in Jiangsu Province, and AAA Level Honesty Enterprise in China, and outstanding private company in Jiangsu Province, and technology center in Wuxi City.

Rich life experience endow Sun with never-give-up gift. Sun has ever taken positions like teacher, director of school-run factory and manager of school-run industrial company. In the hard times, he never forgot his dream: to be the best, to create a best company. Now, he made it.

Titled with a MBA Chairman and General Manager of Sunmart Holdings Pte Ltd, this listed company in Singapore Exchange, at the same time, Sun is also a member of municipal Science and Technology Association, vice chairman of science and technology association in Xuxi-ake Town, a member of China Enterprise Directors Association, standing director of China Packaging Federation, Metal Containers Committee, and model labor in light industry in China. ☺

## Honors of Sun Bingzhong



✿ Individual member and director of China Association for Standardization of General Administration of Quality Supervision, Inspection and Quarantine of PRC(AQSIQ)

✿ National industry standard setter for BB/T0028-2004 press vacuum quantitative pump

✿ 33 patents of spray packaging owner

● Member of China Enterprise Directors Association

● Standing director of Metal Containers Committee of China Packaging Federation

● Outstanding CIO in China in 2005

● Outstanding Entrepreneur of China Packaging Federation

**2001-2004** Advanced Worker in Jiangyin City, Jiangsu Province

**2002-2004** Outstanding Party Member of CCP in Wuxi City, Jiangsu Province

**2005/06** Outstanding Director (Manager) in Jiangyin City

**2006** Medalist of Wuxi City's "May 1 Labor"

**2006/07** Good Faith Entrepreneur in China

**2007** Model Worker in light industry in China





*The Measures of the General Administration of Customs of the People's Republic of China for Implementing the Regulations of the People's Republic of China on Customs Protection of Intellectual Property Rights discussed and passed at the executive meeting of the General Administration of Customs (GAC) on Feb. 17, 2009 is hereby promulgated, which take effects on July 1, 2009. The Measures of the General Administration of Customs of the People's Republic of China for Implementing the Regulations of the People's Republic of China on Customs Protection of Intellectual Property Rights promulgated by No. 114 Decree of the GAC on May 25, 2004 shall be repealed simultaneously.*

# Measures

## of the General Administration of Customs of the People's Republic of China for Implementing the Regulations of the People's Republic of China on Customs Protection of Intellectual Property Rights

### Chapter 1 General Provisions

**Article 1** These Measures is formulated in accordance with the Customs Law of the People's Republic of China and other laws and administrative regulations for the purpose of effectively implementing the Regulations of the People's Republic of China on Customs Protection of Intellectual Property Rights (hereinafter referred to as the Regulations).

**Article 2** Where intellectual property right ("IPR") holders request the Customs to take measures for protecting their IPRs or handle filing of Customs protection of their IPRs at the GAC, domestic IPR holders may file an application directly or by entrusting a domestic agent, and overseas intellectual right holders shall file an application by entrusting their representative offices or agents in China.

Where an IPR holder files an application by entrusting its/his agent in China in accordance with the provisions of the preceding paragraph, it/he shall produce the power of attorney in the prescribed format.

**Article 3** Where an IPR holder and its/his agent (hereinafter collectively referred to as IPR holders) request the Customs to detain the goods suspected of infringement that are to be imported or exported, it/he shall file an application with the Customs to detain the goods suspected of infringement according to the relevant provisions of these Measures.

**Article 4** A consignee of imported

goods or its/his agent, or a consignor of exported goods or its/his agents (hereinafter collectively referred to as consignees or consignors) shall know the conditions of IPRs of the goods imported or exported by it/him within a reasonable extent. Where the Customs requires declaration of the conditions of the IPRs of the goods to be imported or exported, the consignees or consignors shall make declaration truthfully and submit relevant certification documents to the Customs within the period prescribed by the Customs.

**Article 5** In case any business secret is involved in the relevant documents or evidences submitted to the Customs by the IPR holders or the consignees or consignors, the IPR holders or the consignors or consignees shall give written statement to the Customs.

In implementing protection of IPRs, the Customs shall keep the business secrets of the parties concerned, provided that the Customs is obliged to open information according to law.

### Chapter 2 Filing of Intellectual Property Rights

**Article 6** When applying for filing of Customs protection of IPRs with the GAC, an IPR holder shall submit an application to the GAC. The application shall include the following contents:

(1) Name, registered place or nationality and address of the IPR holder; and the name, telephone, fax and email of the contact persons;

(2) Name of registered trademark, type and name of the goods to which the trademark is approved to use, trademark figure, effective period of the registered trademark, and assignment, alteration and renewal of the registered trademark; name of works, finish time, type of works, photograph of works and assignment and alteration of works; name, type and application date of patent right and assignment and alteration of patent right;

(3) Name of the licensee, goods licensed for use and term of license;

(4) Name and origin of the goods whose IPR is legitimately exercised by IPR holders, the Customs of the place of entry and exit of the said goods, importer and exporter, main features and price of the said goods; and

(5) Manufacturer and importer or exporter of the infringing goods that are known, the Customs of the place of entry and exit of the said goods, and main features and price of the said goods.

An IPR holder shall submit an application separately for each item of IPR that it/he applied for filing. Where an IPR holder applies for filing of international registered trademarks, it/he shall submit an application separately for each class of goods that it/he applied for filing.

**Article 7** Where an IPR holder submits the application for filing to the GAC, it/he shall attach the following documents or evidences:

(1) The copy of the ID of the IPR holder, the copy of the business license or



copies of other registered documents;

(2) The copy of the Trademark Registration Certificate issued by the trademark bureau of the administration for industry and commerce under the State Council. In case the applicant alters any of the items concerning trademark registration, extends the trademark registration, assigns the registered trademark or applies for filing of international registered trademarks, it/he shall also submit the relevant certificate of trademark registration issued by the trademark bureau of the administration for industry and commerce under the State Council. The copy of certificate of voluntary registration of copyrights issued by the department of copyright registration and the photographs of the works certificated by the department of copyright registration. In case an applicant fails to make voluntary registration on copyright, it/he shall submit a sample of the works that can prove it/he is the copyright holder and other relevant evidences of the copyright; and the copy of the patent certificate issued by the administration of patent under the State Council. In case the patent authorization has exceeded one year from the date of public announcement, the applicant shall also submit the duplicate of the patent register issued by the administration of patent under the State Council 6 month before the applicant submits an application for filing. Where the applicant applies for filing of new utility model patent or patent of appearance design, it/he shall also submit the patent right assessment report issued by the administration of patent under the State Council.

(3) Where an IPR holder allows anyone else to use any of its/his registered trademarks, works or patents, and enters into a license contract with it/him, it/he shall provide a copy of the license contract; if no license contract is concluded, it/he shall submit a written statement on the licensee, scope and term of the license and other conditions;

(4) The photographs of the goods and their packing whose IPRs have been legitimately exercised by the IPR holders;

(5) Evidences of import or export of the infringing goods that are known. In case the infringement dispute between the IPR holder and others has been handled by the People's Court or the competent department of IPRs, the copy of the relevant legal documents shall also be submitted; and

(6) Other documents or evidences to be submitted as required by the GAC.

The documents and evidences submitted to the GAC by the IPR holders in accordance with the preceding paragraph shall be complete, true and effective. In case the relevant documents and evidences are written in any foreign language, Chinese version shall be attached. The GAC may require the IPR holders to sub-

mit the notary or certification documents for the relevant documents or evidences if necessary in its opinion.

**Article 8** IPR holders shall pay for filing when applying for handling filing of Customs protection of IPRs or re-applying for filing after expiration with the GAC. The IPR holders shall remit the filing fee to the account designated by the GAC through banks. The GAC shall issue receipts when receiving filing fees. The charging standards for filing fees shall be made and promulgated by the GAC together with other state department separately.

IPR holders are not required to pay the filing fee when applying for renewal or alteration of filing.

Where an IPR holder withdraws its/his filing application before approval by the GAC or its/his filing application is refused, the GAC shall return the filing fee. If the approved filing application has been canceled or revoked by the GAC or invalidated due to other reasons, the paid filing fee will not be returned.

**Article 9** The filing of Customs protection of IPRs shall take effect from the date of filing approved by the GAC for a term of 10 years. If the valid term of an IPR is less than 10 years from the effective date of filing, the valid term of filing shall be the valid term of the IPR.

The valid term of filing approved by the GAC before the implementation of the Regulations or renewed upon approval shall be computed according to the former valid term.

Article 10 IPR holders may, within 6 months before expiration of the valid term of filing for Customs protection of IPRs, submit a written application for renewing the valid term of filing and attach relevant documents. The GAC shall make a decision whether to approve it or not within 10 working days upon receipt of all application documents for renewal and notify the IPR holders in writing. If renewal has been refused, it shall give reasons thereof.

The valid term of renewed filing shall be computed from the following day of expiration of the valid term of filing and the valid term shall be 10 years. In case the valid term of the IPRs is less than 10 years since the following day of the expiration of the previous valid term of filing, the valid term of renewed filing shall be the valid term of the IPRs.

**Article 11** In case there is any change of the contents of the application submitted to the Customs in accordance with Article 6 herein after approval of the application for filing of Customs protection of IPRs by the GAC, the IPR holder shall file an application with the GAC for alteration of filing and attach the relevant documents.

**Article 12** Where the IPRs are no longer subject to the protection of laws

and administrative regulations before the expiration of the valid term of filing, or the IPRs that have been filed are assigned, the former IPR holders shall file an application with the GAC for deregistration of the Customs protection of IPRs and attach the relevant documents within 30 working days from the date when the IPRs are no longer subject to the protection of laws and administrative regulations or the assignment comes into effective. If the IPR holders give up filing within the valid term of filing, it/he may apply to the GAC for cancellation of the filing.

If the IPR holders fail to apply for alteration or cancellation of filing to the GAC according to Article 11 and the preceding paragraph herein and cause serious impacts on the legitimate import and export of others, the GAC may cancel the relevant filing of IPRs on its own initiative or upon the application of the parties concerned.

When canceling any filing, the GAC shall notify the IPR holder concerned in writing and the filing of Customs protection of IPR shall become invalid from the date of cancellation by the GAC.

**Article 13** The GAC shall notify the IPR holders in writing when canceling the filing of Customs protection of IPRs in accordance with the provisions of Article 9 herein.

Where the GAC cancels the filing and the IPR holder reapplies for filing of the IPR that has already been canceled for no more than one year, the GAC may reject the said application.

### Chapter 3 Detainment upon Application

**Article 14** Where an IPR holder finds any goods suspected of infringement are to be imported or exported and requests the Customs to detain them, it/he shall file an application with the Customs of the place of entry and exit of goods according to Article 13 of the Regulations. If the relevant IPRs have not been filed at the GAC, the IPR holder shall attach the documents and evidences as prescribed in Item (1) and (2) of Paragraph 1 of Article 7 herein.

The IPR holder that requests the Customs to detain the goods suspected of infringement shall also submit evidences sufficient to prove the existence of such infringement to the Customs. The evidences submitted by the IPR holder shall be able to prove the following facts:

(1) The goods that it/he requests the Customs to detain are to be imported or exported; and

(2) The trademark or work that has infringed the special use right of its/his trademark is used in the goods or its/his patent is implemented without approval. ©

(To be continued)



# SUPPLY INFO

## 2009 China Market Suppliers List

**Company Name:** Qingdao LiYikun Carbon Development Co., Ltd

**Company Profile:** Qingdao LiYikun Carbon Development Co., Ltd located in Qingdao, China, is an integrated enterprise, specializing in manufacturing graphite base products many years. The main products include graphite electrode, scale graphite, micronized graphite, expandable graphite, Continuous casting graphite mould and so on, which widely applied to the following industries: metallurgy, machinery, electronics, battery, chemical industry, light industry, military industry, national defense, and astronavigation and fire resistance industry.

**Contact Person:** Yu Hua

**Tel:** 0532-85875203

**Fax:** 0532-85968205

**Post Code:** 266071

**Email:** [liyikun@liyikun.com](mailto:liyikun@liyikun.com)

**Company Name:** MinDong ShengYuan Electromechanical Co., Ltd

**Company Profile:** It is located in famous China MinDong Engine City-the city zone of Fu'an Fujian. Its traffic is very convenient, and environment is so beautiful. Our company occupies 3600 with abundant strength and skill base. We produce all kinds of generators, electromotor, SY series gasoline gene-sets and pump professionally. Our products move off in the national market and export to the international market, and trusted by the customer.

It is a modern enterprise with generator, motors and electric pumps as its main products, and the establishment of modern enterprise system as its goal. It strictly carries out ISO9001-2000 management system and tries to create first-class product bands. It has strong technical forces, and its products include 20 series and regions as Southeast Asia, the Middle East, Africa, America, etc.

**Contact Person:** Jonathan Zhu

**Tel:** +8613860383013

**Fax:** +86-593-6580911

**Post Code:** 355000

**Email:** [pump@minsun-motor.com](mailto:pump@minsun-motor.com)

**Website:** [www.minsun-motor.com](http://www.minsun-motor.com)

**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 cer-

tification; 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](mailto:kate@changhuapower.com)

**Website:** [www.changhuapower.com](http://www.changhuapower.com)

**Company Name:** Hunan Ren Yuan Corp

**Company Profile:** Hunan Ren Yuan Corp industry group is takes the agriculture, the forest and the minerals industry as the foundation, it is a stock enterprise, whose production and investment development is one body. It has 11 subordinate product enterprise, which mainly produces the Daily products, Home products, kitchen & toilet products, Handicraft Decoration, the everyday use sundries, the festive present, Solar lights the Canned Foods, the construction template the electrolysis metal manganese and so on, the many varieties specification product, which are sells to European and American, the Southeast Asia country and the area, and have been received high praise by the domestic and foreign customers.

The management of the company devotes to humanist for foundation, strives for perfection; The enterprise product devotes to the item strives for new; the quality asks the essence, the cost to strive for lowly, the benefit strives for high.

The company insists taking the good faith as the principle, makes the enterprise the high quality brand. Greeting the challenge of the new century and honestly invites the domestic and foreign merchants, the union development, hand in hand will create better tomorrow.

**Contact Person:** Frank

**Tel:** 0086-739-7223151

**Fax:** 0086-739-7224389

**Post Code:** 424322

**Email:** [hnr ydk@163.com](mailto:hnr ydk@163.com)

**Website:** [www.hnr ydk.com](http://www.hnr ydk.com)

**Company Name:** Himin Solar Energy Group Co., LTD

**Company Profile:** Himin Group is a large limited liability company integrating R&D, manufacturer and marketing. The company has approx. 330 hectare in land area, 5000 staff members in Dezhou operation and more than 50000 employees nationwide. The company was among the top 30 private enterprises in terms of taxation, one of top 5 of influential brands of house-

hold electric appliance across the country and the exclusive "Chinese famous Trademark" in solar energy industry and its brand was valued of RMB5.1 billion Yuan.

The Group has recently undertaken on four national projects under 863 Plan, owned nearly 200 patents, established independent intellectual property system and entered into photovoltaic, Winpin energy-saving glass, solar energy integration building and other fields to produce solar water heater, vacuum heat collection tubing, large solar energy water heating system.

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**Website:** [www.himin.com](http://www.himin.com)

**Company Name:** Longyan Zhuoyue New Energy Development Co. Ltd

**Company Profile:** China Biodiesel International Holding Co., Ltd is an international renewable energy corporation focusing on Biodiesel R&D, manufacturing, marketing and investment. Its major subsidiaries include: Longyan Zhuoyue New Energy Development Co., Ltd. and Xiamen Zhuoyue Biomass Energy Co., Ltd.

We demand large quantity of used cooking oil, palm acid oil, jatropa oil, coconut acid oil, sunflower oil, soybean acid oil, or Rapeseed Oil as material to produce biodiesel.

Our leading product is Biodiesel (Fatty acid methyl ester), a renewable, non-fossil fuel alternative to mineral diesel. It can be used as a burning fuel. It can also be used to synthesize many chemical products, or to be an additive in soap, PVC plastic and leather production. Our clients are some gas stations and many chemical factories.

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**Company Name:** Eversafety Precision Industry (Tianjin) Co., Ltd

**Company Profile:** Eversafety Precision Industry (Tianjin) Co., Ltd. is a Taiwan sole investment enterprise founded in 1996, inheriting Taiwan over 40 year professional lock manufacturing technology and experience, its EVERSEF brand product with reliable properties and good quality has been sold well domestically and internationally.

Eversafety Precision Industry (Tianjin) Co., Ltd. has passed the ISO9001 international quality system certification and the U.S ITS tests and conformed to



ANSI grade III standard specification. Its yearly capacity is six million sets of lock product and the quality warranty is 25 years. With the development of the design and research, many new projects such as 6 ways latch project cooperated with Kwik-set, pad lock project are under execution. It is also planned for future expansion.

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**Company Name:** Yantai Yongsheng Plastic Co., Ltd

**Company Profile:** Yantai Yongsheng Plastic Co., Ltd. was founded in 1991, located at the junction place of Zhifu District, Fushan District and Yantai ETDZ. We mainly produce the plastic net including shade net, dust protection net, wind protection net, pe safety net, construction net and pp woven bags and others with an output of more than 3000 tons.

The mainly products are: shade net, dust protection net, wind protection net, pe safety net, construction net, horticulture net and pp woven bags. We are the leading supplier to Japan, Canada, U.S.A. Singapore, Australia, Dubai markets. We will supply series of service including production, printing, packaging and inspection with advanced and completed testing equipments internationally.

We sincerely wish we could cooperate with clients worldwide, exchanging the needed products, developing together.

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**Company Name:** Gulf Security Technology Co., Ltd

**Company Profile:** GST, established in 1993, is one the world's leading high-tech business specializing in the design, development, manufacturing and distribution of a complete range of fire alarm systems and fire alarm network products, security systems, building automation systems and electronic power meters. GST is the only enterprise in fire industry listed on the main-board of Hong Kong Stock Exchange.

GST products have obtained international recognition and are certified by UL, LPCB, CCC and CE. GST products have been sold in the Middle East, Asia, Europe, Africa and America. GST production process and products strictly follow its quality control system in accordance with international standards, such as ISO 9001, ISO 14001, and ISO 10012.1. With its successful performance in the

past decade, GST brand has been globally recognized as one of the top brands in the industry.

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**Company Name:** Shandonng Kangtai Industry Co., Ltd

**Company Profile:** Shadong Kangtai Industrial Co., Ltd. (originally as Shandong Zhaoyuan Kangtai Industrial Group Company) is located in Zhaoyuan, Shandong—China Gold Town. This company is a comprehensive company engaged in science, industry and trade. This company has 5 backbone enterprises, one technology center, one overseas department and 4 sales company the above five enterprises are: Taikang Massage Chair Factory, Yantai Zhaoyuan Automatic Center, Kangtai Hardware Factory, Kangtai Baolei Door Company and Kangtai Toy & Gift Factory. This company is elected as National High and New Technology Enterprise, Shandong Contract-emphasizing & Contract-keeping Enterprise, AAA Enterprise of Shandong Agriculture Bank of China, Shandong Famous enterprise of China patent, Shandong Customs AA Enterprise. This company is also the partner of Japan Panasonic Enterprise. This company passed ISO9002 Certificate in 1999. Massage chair passed CE Certificate. Adhering to the principle of "talents as basis, credibility as promise, clients paramount, perfect services", the products are sold to 30 provinces and cities in China and pare exported to over 30 countries and districts including America, Europe, Mid-east, South-east Asia with deep trust of our clients. Thanks for supports and help from all the friends and experts, Taikang Group is booming. Now in the globalization era, we would like to develop lovely and high quality products together wit all the friends both at home and abroad. We would like to contribute more to China. All the friends are welcome for visitation and business negotiation!

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**Company Name:** Tianjin Commercial Import & Export Co., LTD.

**Company Profile:** Tianjin Commercial Import & Export Co., Ltd. is a professional Import and Export Corporation, belonging to Tianjin Yishang group Co., Ltd. which is one of the top 500 corporations in China and has a yearly turnover more than US\$ 1.5 billion.

We use modern high technology and

the network management. We mainly export cashmere and cashmere yarns, cashmere sweater, clothing and other textile; red Beans products and steel strip products. The products are exported to Japan, the EU, the United States and Hong Kong, etc. The major import deals are in whey, lactose, fish meal, and amino acids - based feed additives, chemical products and electromechanical products.

We are engaged in general trade, feed processing, material processing, and other import-export businesses. All the staff of trade, declaration and bonded warehouse is obtained professional and knowledgeable training, so they are capable of dealing business and responsible for their jobs. Customs declaration has EDI channel; 570,000M2 bonded warehouses is managed by computer systems which can be used to contact with customers; our business entirely on the market, scientific, professional operation.

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**Company Name:** Henan, Luoyang Huadu Safe Group Co., Ltd

**Company Profile:** Luoyang Huadu Jingui Jituan Co., Ltd the Henan province Yanshi Pangcun industry district, and establishes to 1992, and registered capital 3000 thousand Yuan produce trademark is "Huadu", is an anthology pestles the large specialization steel system office furniture enterprise group that design, production-manufacturing and the sale service is to a man , in imposing state nation between two parties the west area colleague's trade.

Having six the most well-developed domestic digitals control cuts, dashes and rolls over the assembly line, and four automatic phosphorus static electricity spout the pipeline molding, and adopt at present the most well-developed nine workman's pre-editing system and static electricity to spout to mold technology to give birth to, and is living to choose the stuff and employs the stuff going up and extremely observes and studies, and chooses the intonation to go up the most the high grade cold roll plate, and whether or the steel is anticipated that the hardness is the vertical column and is put up plank and side plate, is still the underpin, and wholly overtakes domestic ordinary mould criterion over 20% completely, and attains to overtake the supremeness profession criterion of country.

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# 第五届中国吉林·东北亚投资贸易博览会

## The Fifth China Jilin Northeast Asia Investment and Trade Expo



## 机遇、交流、合作、发展

主办单位：中华人民共和国商务部  
国家发展和改革委员会  
吉林省人民政府

时间：2009年9月2日—6日

地点：中国吉林·长春国际会展中心

联系方式：中国国际贸易促进委员会吉林省分会

联系人：周美辰

电话：86-431-88549452 13159759801

Sponsored by:

Ministry of Commerce of P.R.China

National Development

and Reform Commission of P.R.China

People's Government of Jilin Province

Time: Sept.2-6,2009

Place: China.Jilin Changchun International  
Conference & Exhibition Center



# 2009 中国(青海)国际清真食品及用品展

The 2009 China (Qinghai) International Halal Food and Products Fair

2009年8月6日-9日 青海 西宁

August 6-9, 2009 Xining, Qinghai

*An International Fair for World Buyers and Chinese Manufacturers of Halal Products*



—打造国际清真食品和用品交易平台—

- 主办方

中国国际贸易促进委员会  
中国青海省人民政府

- Hosts

China Council for the Promotion of International Trade  
People's Government of Qinghai Province, China

- 支持单位

马来西亚外贸促进局  
中国—东盟商务理事会  
中国食品土畜进出口商会

- Supporting Organizations

Malaysian External Trade Development Corp. (MATRADE)  
China-ASEAN Business Council  
China Chamber of Commerce of Imp. & Exp. of Foodstuffs,  
Native Produce & Animal By-Products

- 承办方

中国国际贸易促进委员会宣传出版中心  
中国国际贸易促进委员会青海分会  
西宁市人民政府

- Organizers

CCPIT Media and Press Center  
CCPIT Qinghai Sub-Council  
People's Government of Xining, China

中国食品工业协会

中国伊斯兰教协会

中国轻工工艺品进出口商会

China National Food Industry Association

China Islamic Association

China Chamber of Commerce for Import and  
Export of Light Industrial Products and Arts-Crafts