



Australia China Business Council
澳大利亚中国工商业委员会

CHINA IN TOUCH

A newsletter for Northern
Territory branch members

Northern Territory Branch
July 28, 2009

Vice President's observations

China made headlines when it revealed that its foreign reserves were more than \$2 trillion. The headlines overshadowed China's decision to relax rules on August 1 for overseas investment by Chinese companies. The changes make it easier for Chinese companies to make foreign investments, and to use foreign financing for those deals.

The new rules make it simpler for Chinese firms to make major overseas investments. Chinese companies no longer have to report foreign currency transactions, or go through China's central bank. Instead, they will be able to buy foreign currencies in the market they happen to be operating in. They can borrow directly from the local banks in those markets. Additionally China-based firms doing business abroad will no longer have to repatriate assets. They can take their foreign profits and directly reinvest them overseas.

This is a bold move because it changes the dynamics of trade and investment financing. By allowing Chinese companies to make direct investments, and by no longer forcing them to repatriate foreign currencies, China believes its dollar-based foreign reserve holdings won't keep rising at an accelerating rate.

The new financing rules will help China in three key ways.

- Enabling China-based firms to more easily diversify abroad, making them more globally competitive, and much more flexible in terms of the opportunities available to them. China saw the credit crisis as an opportunity. We can expect China-led and funded mergers and acquisitions to jump significantly in the next few years. A leading question is to decide how much of these funds will find their way into lower level second-tier Australian resource companies that are below the political heat.
- Help China balance the need for steady domestic growth against expanding international reserves held in an increasingly fragile U.S. dollar. This balance is behind the increasing use of the multi-country-swap agreements with trade settlement in Renmimbi.
- Develop ways to help China offset the economic risk associated with its concentrated dollar holdings. We can expect to see continued pressure on the World Bank to create special drawing rights and/or China-led currency equivalents as this situation develops further.

The immediate impact of the new rules is to encourage Chinese companies to go on a shopping spree and seek out the world's biggest bargains. China has essentially provided a highway for the hot money and it connects with companies involved with oil, commodities and currencies. Companies with high-tech know-how will be prime takeover targets.

Oil and commodities are obvious investment destinations. If China wants to slow down the accumulation of reserves in U.S. dollars then natural resources and hard assets are the most logical place to be. The real danger is that this torrent of capital will by-pass Australia. Foreign investment capital simply flows around regulatory rocks and political obstructions and finds locations where it is more welcome.

Daryl Guppy
Vice president, NT Branch – Newsletter editor

Events calendar

ACBC branch members meeting— usually second Thursday in the month.

All meetings are open to all members of the ACBC, not just the committee members. Most matters discussed at the meeting are passed by general agreement. All members are encouraged to contribute ideas to the discussions.

Members and associates China News

CHINESE CULTURE AND LANGUAGE COURSE – Only one position

left! Course fee is \$290.00. If you wish to attend please ring 89270061 or email support@guppytraders.com before Friday August 7. Walk-in positions on the day are not available as the course is full.

Events with Rio have highlighted some of the communication issues which are significant when working in China or with Chinese companies. This course will help you recognise and avoid some of this pitfalls.

This course will be held on Tuesday August 11, 9:15am to 5:00 pm, conference room, Department of Regional Development, Primary Industry, Fisheries and Resources, on Level 4, Paspaley Centrepoint Building, The Mall, Darwin. Entire course delivery is from an Adelaide based certified trainer from CLCA.

The first half day is **CHINESE CULTURAL AWARENESS**

This includes

Similarities and differences in the Greater China Region (China, Taiwan and Hong Kong)

Pronunciation of Chinese names

- Method to pronounce Chinese names correctly
- Business card etiquette

Understanding the Chinese hierarchy

Chinese communication styles

Marketing material

'Face'

'Guanxi' (networking/relationships)

- What is guanxi?
- How to build and maintain guanxi

Meetings

Hosting Chinese delegations or visiting China

The second section is a 2 hour session **CHINESE COMMUNICATION STYLES OUTLINE**

This includes

Communicating in a 'circle' model rather than in a 'straight-line' model

Expressing personal opinions in a group environment

What is group culture and how is it different to team culture?

Understanding the non-verbal messages and hidden messages

Different understanding of 'time' and 'deadline'

Does 'yes' mean yes and 'no' mean no?

Showing constraint and respect in the hierarchical society

Dealing with tough questions and conflicts

General etiquette including handshakes and email communications

CHINA BUSINESS BRIEFINGS 2009 –

CHINA MARKET AND ECONOMIC OUTLOOK, Tomorrow, Wednesday July 29, 5 pm, to 6 pm

This is a top-up briefing and progress report following the November 2008 Business Briefing session. Presented by Daryl Guppy it will include market analysis and outlook for China, the US, commodities and currencies and business conditions. Many of the price and market targets suggested in the November briefing have been achieved.

Time: 5:00 pm to 6:00 pm
Date: Wednesday, 29 July 2009
Venue: Clayton Utz, 17-19 Lindsay St. Darwin
Cost: FREE/members, \$30.00/non-member

Please contact **Jennifer Xi** on Jennifer.Xi@randstad.com.au or mob: 0412 048 144 to register your interest. This briefing is free for ACBC members. There is a small charge of \$30.00 for non-ACBC members but this will be refunded if they join the ACBC during the briefing.

The Business Briefings will continue in 2009 and be provided free of charge for members only. Up coming topics include:

- Understanding expectations from business partners
- Marketing campaigns in China
- China market and economic outlook
- Creating and using business cards in China
- Working with media in China – building face

For more information, or requests for specific briefing topics, please contact Lisa.Mutch@nt.gov.au

Appointment

ACBC-NT Vice President Daryl Guppy and national ACBC board member has been appointed to the ACBC Thought Leadership national sub-committee.

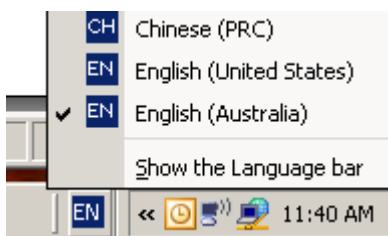
China tips- USING CHINESE ON YOUR COMPUTER

In the previous article we looked at how to install Chinese language functions. This will read any Chinese character document that arrives in your email. In time, you may also want to reply in Chinese as well. Typing Ni Hao! Qing Jian Fu Jian (Hello. Please see attached) in pinyin is OK for very basic communication, but it looks better as 你好! 请见附件。



When the language tools have been installed, as detailed in the previous article, you will observe a new language bar icon in your task bar. By default it will be set to EN. In this mode your computer will display and read Chinese characters in email, in any Word document or spreadsheet, and in most other programs.


You use the same program to write a reply in Chinese characters. You will need to know the han yu pinyin to write the reply. You only need to select the Chinese icon when you want to type in Chinese characters.



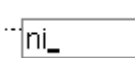
To write a reply document in Chinese first open as word document, or a new email in Outlook. You may find it easier to write in the word document first and then copy and paste to the Outlook mail. Click the EN icon in the task bar. Select CHINESE (PRC) in the task bar.

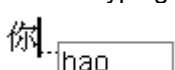


If you select SHOW LANGUAGE bar you will see this type of display with CH selected. You should make sure all these options are shown. Click on (中) will alternate between English (英) and

Chinese (中) . You may also accidentally trigger this language character switch by hitting the SHIFT+ALT key combination.

Then start to write your reply in pinyin. We start with NI HAO as an example but please remember it is best not to use any capitals when you are typing in pinyin. (We use capitals here for the pinyin words)

Type NI . You will see this display  Hit the space bar once to reveal the character 你. Hit the space bar again to confirm this is the correct character. Then start typing the

next word HAO in pinyin. There is no need leave a space between characters.  Chinese has many words that are spelt the same and sound the same but have different meanings. Its

no different to our <DEAR (friend)> and <DEAR (expensive)> or <CLOSE (near) and CLOSE (the door)>. With simple combinations such as NI HAO the correct character will automatically appear. But

sometimes you will see a different character as shown in this example. 你号 The second character HAO here means number. You must select the correct character for your meaning. Notice the second character is underlined with a dotted line. This means the character is not yet confirmed.



Right click on the character and a line of options will appear. The correct HAO in this case is number 2. Select this by moving your cursor over the correct character and clicking. Then hit the space bar again to confirm the character. Move onto the next word. (You can also just type 2 and enter to select the correct character)

If you confirm an incorrect character, then simply highlight the character, delete it, retype it and then select the correct character. Word will automatically move to the next character on the list of options, so this can be a bit frustrating at times. Also, even though you have selected the correct character, Word may decide to automatically replace the correct character with another incorrect character so it pays to proofread your work before hitting SEND.

If you are writing about green tea then the correct pinyin is LU (green) CHA (Tea). This combination will bring up these incorrect characters. 鲁茶. This occurs because LU should be written with two dots over the U. In this situation you should type LV to produce this correct character 绿茶

This process takes longer to describe than it does to do. It is the same process used by your colleagues in China when they write a document in Chinese characters, although they may use software such as Nanji Star to do the job rather than the Microsoft solution.

The reality is that most of us will struggle with just a few basic characters and perhaps never move beyond HELLO (NI HAO) 你好 and REGARDS (WEN HOU) 问候. However, unless you take the first step the journey will never begin. But be warned. Once you do take the first step your friends and colleagues will expect you to continue and it can be a wonderfully rewarding journey.

From Daryl Guppy

Do you have a travel tip, or observations or China related information or experience you want to share with members. Please email us details at china@guppytraders.com

China Language Notes - Names

What is your (family) name?

Ni xing shenme?

你姓什么?

What is your (first) name?

Ni jiao shenme mingzi?

你叫什么名字?

My (family) name is...

Wo xing

我姓。。。。。

My (first) name is ...

Wo jiao ...

我叫。。。。。

Are you married?

Ni jiehun le ma?

你结婚了吗?

I'm married

Wo jiehun

我结婚

I'm not yet married
Wo meiyou jiehun
我没有结婚

How old are you?
Ni duo da?
你多大?

I am 40 years old
Wo 40 sui
我 40 岁

What do you do?
Ni zuo shen me?
你做什么?

China News reports that did not make it into the local media.

Honda to increase production in China

Honda Motor plans to raise its annual production capacity in China by 16.7% to 560,000 units by the end of this year, Dow Jones reported. A Honda spokesperson said Thursday that Honda and its joint venture partner Dongfeng Motor plan to upgrade an existing factory in Hubei to produce an additional 80,000 units per year. The plant can currently produce 120,000 cars per year. The additional units will primarily be Honda CRV sport utility vehicles, the spokesman said. Sales of the CRV were up 24.4% in the first half of 2009 compared with the same period last year. Honda's other joint venture with Guangzhou Automobile Group has a production capacity of 360,000 units. Honda plans to expand dealerships for cars produced by both joint ventures from 663 to 730 by the end of the year. Honda's Acura brand is sold through a separate dealership network in China.

China's Suntech lands major solar deals

Suntech Power Holdings, China's largest solar company, said on Monday it had reached agreements to develop four solar power plants on the mainland, Reuters reported. The New York-listed firm said it had struck 1.8 gigawatts of solar power deals with the governments of Shaanxi and Qinghai provinces and the city governments of Shizuishan and Panzhuhua. The firm said that the projects will still require permits from the National Development and Reform Commission as well as investment and project financing. Analysts said the preliminary deals underscore the firm's ability to snare a "meaningful share" in the Chinese solar market. Suntech's New York shares rose by 4% to close at US\$14.92 on the news. The company's shares have risen by 27% this year.

China launches major solar subsidy

China launched a plan to offer significant subsidies to independent solar power projects, Reuters reported. The move is aimed at boosting the country's solar energy sector and could draw more than US\$10 billion in private funding, putting China on track to become a leading market for solar equipment in the next couple of years. The Ministry of Finance announced that the government will subsidize 50% of investment for solar power projects as well as relevant power transmission and distribution systems that connect to existing power grid networks. The subsidy will increase to 70% for independent photovoltaic power generating systems in remote regions that have no power supply. In order to qualify for the subsidy, each project must have a generating capacity of at least 300 kilowatt peak, construction will have to be completed in one year and operations will have to last for at least 20 years.

CISA to curb speculative iron ore trading

Beijing may cancel the iron ore import licenses of some steel mills and trading companies in an effort to regulate the domestic iron ore market and curb speculative trading, the South China Morning Post reported. There has been speculation that Beijing may let ongoing talks with major ore miners lapse, and that some steel companies may accept a 33% discount on iron ore prices from miner Rio Tinto. A steel executive said the China Iron and Steel Association (CISA) and the Chamber of Commerce of Metals, Minerals, and Chemicals Importers and Exporters (CCMCIE) were examining which companies would be allowed to keep their licenses on the basis of import volumes, financial strength and credibility. At present 112 steel mills and traders are licensed to import iron ore; approximately 20 importers are expected to lose their licenses. According to steel industry executives, about 10% of ore imported under the iron ore contract each year is sold by importers to small mills at a large profit. Under the CISA's new import scheme, licensed importers would sell iron ore to non-licensed mills at the contract price plus a 3% to 5% agent's fee. China imported approximately 440 million metric tons of iron ore in 2008, about 50% of which was bought on the spot market.

Baidu 2Q profits surge 45%

China's most popular search engine operator Baidu posted a 45% year-on-year increase in second quarter profits on the back of strong advertising revenues, Bloomberg reported. Net income increased to US\$56.1 million and sales rose 37% year-on-year to US\$161 million, beating analysts forecasts. Analysts said that Baidu is benefitting indirectly from the stimulus package as companies marketing goods and services needed for infrastructure projects purchase ads. Baidu predicted third quarter sales of up to US\$190 million, also exceeding analysts forecasts. Baidu's share of the Chinese search engine market rose to 74.1% from 73.1% a year earlier. Google's share climbed more quickly, to 20.9% from 18.7%.

[Subscribe to China Economic Review Weekly News Updates](#) or subscribe to [China Briefing](#) updates.

MEMBER PROFILES

Have your member profile included in the newsletter. Send details to china@guppytraders.com

ACBC National Sponsors



RioTinto



FORWARD THE NEWSLETTER TO A FRIEND

NEWSLETTER CONTRIBUTIONS ARE WELCOME. Keep other members informed about China experiences. Please email notes or comments to china@guppytraders.com. Please use email header ACBC NOTE. Information received up to the day prior to publication will be included.

NOTE. The views of contributors are their own and do not necessarily reflect the views of the ACBC NT or the ACBC. Content is copyright and cannot be used without permission.



Australia China Business Council
澳大利亚中国工商业委员会

Northern Territory

MEMBERSHIP APPLICATION (2 pages)

Please complete this Membership Form with your details if you are applying to join the Australia China Business Council for the first time. Please see over for additional details

BASIC DETAILS

Company Name	
Company name in Chinese	
Industry sector	
Branch membership	NT Branch
Member Type - This is based on the annual turnover (See page 2 for details).	
Company email address	
Company web site http://	

Date of application	
PERSONAL DETAILS	
Title	
First name	
Last name	
Job title	
Personal email address	
CONTACT DETAILS	
Company phone	
Company fax	
Direct phone	
Direct fax	
Mobile phone	
LOCATION DETAILS	
Street address	
City	
State	Northern Territory
Post code	
Postal address	
Country	Australia
PAYMENT METHOD	
Cheque	Please post to: GPO Box 2769, Darwin NT 0801
Cash Deposit	ANZ Darwin, BSB: 015901, A/C: 487 379 699
Credit Card	Card type / VISA / Mastercard
Card number	
Name on card	
Expiry date	
Amount paid (See member type)	\$

PLEASE RETURN COMPLETED FORM TO ACBC NT GPO BOX 2769, Darwin NT 0801
Or Email: acbcnt@acbc.com.au

Membership	AUD	GST	TOTAL
NT Government Departments	550.00	55.00	605.00
Companies			
Annual turnover:			
More than \$ 50 million *	1,500.00	150.00	1,650.00
\$ 15 million to \$ 50 million	825.00	82.50	907.50
\$ 5 million to \$ 15 million	550.00	55.00	605.00
Less than \$ 5 million	300.00	30.00	330.00
Individual membership	300.00	30.00	330.00
Associate membership ** (non-voting)	200.00	20.00	220.00
Student member (non-voting)	60.00	6.00	66.00

* Companies with turnovers greater than \$50m are entitled to nominate a representative from each of the other states in which they have a business presence. For additional nominees, please provide contact details on a separate sheet, giving title, given name, surname, postal and street address, telephone and facsimile numbers, and email address.

** Associate members are academics or retired business people

Thank you for joining Australia China Business Council NT Branch!