



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
November 3, 2009

Vice President's observations

Australians believe people are born equal. Chinese believe people are born connected. The idea of connected relationships - guanxi (关系) - is at the core of Chinese culture. I was reminded of this recently during a stroll through the Temple of Heaven in Beijing. On either side of the Temple of Heaven are two buildings. The one on the left is a museum and it showcases a large scale cut away model of the Temple showing its construction.

Ancient European construction methods are based on simple mortise and tenon. This is literally a plug in a hole and this unstable union is held together with nails and nailed braces using a triangle pattern for stability. Ancient Chinese construction relies on extended relationships to tie the structure together without the use of external forces such as nails or the need for geometric triangles.

This construction is far more complex than mortise and tenon, or dovetailing. The Dougong (斗拱) method incorporates a unique structural element of interlocking wooden brackets or set of interlocking parts. The pieces are fitted together by joinery alone without glue or fasteners. The building method succeeds because it establishes connected relationships that reinforce each other and they are exceptionally difficult to break or separate.

This construction is not only applied in buildings such as the Temple of Heaven, but it is found in furniture and other constructed items. The construction and maintenance of connected relationships is the foundation of Chinese society. It starts with family, and then extends to school friends in a way we find difficult to fully understand or appreciate. In many ways China is the original home of 6 degrees of separation. It is connectedness that turns the wheels of modern, and ancient China in so many aspects of life and thinking.

This connected building structure gives the building strength. It also makes it very difficult to add extensions. Simply nailing on an addition does not add to the connected relationship in the building. Unless properly integrated, the addition is unstable and temporary. Simply swapping money for goods does not add to the connected guanxi relationship that drives Chinese business. This is not a problem if all you need is widgets at the cheapest possible price. It is a problem if you want to build serious business and service relationships.

As outsiders we are never aware of the lifetime of connected relationships developed by our Chinese partners. However, if we are more aware of the role that the philosophy of connected relationships plays in Chinese life then we can make it easier to become included. Once established, it's very difficult to break out of the connected relationship. It's also unforgivable.

You might not aspire to building a Temple of Heaven but when you next visit take the time to look at the scale model. It will give a better understanding of the connected framework that underpins Chinese society and it will help develop your business in China.

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

Lunch with the vice premier of China, Mr Li.

Friday, October 30, the Vice Premier of China, Mr Li Keqiang made a rapidly organised visit to Australia. He met with the Prime Minister in Canberra for talks. But he also made a public appearance to make public announcements to the business community. This as an a luncheon hosted by the Australian China Business Council. The choice of using the ACBC for this is significant and it underlines the role of the ACBC in supporting cross-country business ties.

Two Darwin ACBC members, who were in Sydney on other business, attended the invitation-only luncheon. They were ACBC NT Vice President and national board member, Daryl Guppy and member Michael Chin.

The luncheon meeting was widely reported in Australian media and on CCTV in China. Generally it was felt that the most important announcement was the indication that the stalled free trade negotiations would now proceed with more speed. This was only part of the redirection of China Australia relations.

Vice Premier Li underlined China intention to continue to develop domestic demand in China which included an accelerated program of domestic reform. He suggested that this would provide opportunities for Australian business beyond those opportunities currently available to the resource industry. The speeding of FTA negotiations is part of this process.

He stressed the need to consider the relationship from strategic perspective. He acknowledged Australian influence in the region and indicated that each country needed to treat the other with mutual respect and draw on each other for more mutual benefit. This included closer social and cultural ties to reduce mistrust and misunderstanding. Look at the big picture and do not let small details obscure the big picture. He said in effect, do not let your hand hide the mountain, drawing on a traditional Chinese saying.

He emphasised the need for complementarity in the relationship. China needs Australia, but Australia needs China. He suggested new investment opportunities would open up to Australia, particularly in the services sector. This has long been a goal of the Australian banking and accounting sectors. He talked of diversified trading and investment opportunities which would lay the foundation for increased bilateral trade and long term growth.

He indicated China would support increased cultural exchange and he noted that China was developing a range of expanded programs to meet this objective. Although not reported in the press, he concluded the speech with what is referred to as panda diplomacy in other countries. He announced that China is gifting 2 giant pandas to Australia. Symbolically this is particularly significant. The normalisation of relations between Taiwan and China was confirmed with a gift of Pandas to Taiwan.

The ball is clearly now in our court.
From Daryl Guppy

China investment perspectives

At the end of 2008, China was ranked 15th among Australia's largest investors, behind the United Kingdom, the United States, Japan, Singapore, Switzerland, Germany, the Netherlands, France and New Zealand. Next time someone bewails the takeover of Australian business by the Chinese it may be useful to make them aware of this particular fact. The media would have us believe that China is the second or third largest foreign investor in Australia. It is simply not true.

Source: Speech by Stephen Smith, Minister for Foreign Affairs, to the ANU China Institute, Oct 26, 2009

ACBC Input into the Australian Pavilion Business Program: Expo 2010

The Australia China Business Council is delighted to announce that we have entered cooperative arrangements with the Shanghai World Expo Unit of the Department of Foreign Affairs and Trade (DFAT).

As part of these arrangements, ACBC is seeking feedback from our members which will inform a set of recommendations from the ACBC to DFAT in relation to the development of the Australian pavilion's business program. The pavilion's VIP facility will host a comprehensive business program consisting of more than 200 events including targeted seminars, high level visits by senior government officials, business networking events and trade and investment promotion activities. These functions will provide a valuable platform for strengthening the bilateral relationship and profiling corporate Australia to key Chinese audiences.

We are seeking input on a range of issues including:

- Priorities and key trade and investment messages among key current and emerging industry sectors.
- Suggestions of business program activities targeted at Chinese audiences to counter perceived weaknesses in knowledge and perceptions of Australia.
- Suggestions of business program activities to highlight Australian capabilities in the context of the Shanghai World Expo 2010 theme "Better City, Better Life".
- It would be greatly appreciated if you could take the time to complete the attached survey as soon as possible. Please contact the ACBC National Secretariat on (02) 9252 4277 or national@acbc.com.au with any queries.
- Further information on Australia's expo participation is available at <http://www.australianpavilion.com/>

Click [here](#) to access the feedback survey.

ACBC SIGNS NEW MOU

The ACBC has signed a Memorandum of Understanding with the China Council for the Promotion of International Trade's Guangdong Division as part of the high level summit last week in Sydney with the Governor of Guangdong and the Chief Secretary of the Guangdong Government. The event was attended by over 1200 people. This is the second MOU signed by the ACBC in the last month. The first was with the Shandong Government in September.

GUANGZHOU AUTOMOBILE EXHIBITION 24-30 November

The annual China (Guangzhou) International Automobile Exhibition started at 2003, depend on the exceptional market and industrial advantage, with our experienced organizing and delicate service, Auto Guangzhou has become one of most famous and professional auto exhibition in China. 2009 is a significant year for the automobile industries from the world, balance the economic reduce also with a consistent extend is our attempt. Therefore, "Tech, Trend, New life" is the theme of The 7th China (Guangzhou) International Automobile Exhibition. Auto Guangzhou apply its unique market position and science orientation to promote auto industries, keep leading the cars consumption trend, create an excellent match between popular brands and people life, also impulse the development of auto industries from home and abroad.

As an annual dynamic event in China auto industries, The 7th China (Guangzhou) International Automobile Exhibition will combine the whole resources and abilities. Base on the exhibitors and visitors' satisfaction, we are expecting to present a supreme ceremony for you again.

Preview of Auto Guangzhou 2009:

Date: 24-30 November, 2009

Press day: 23 November, 2009

Venue: Guangzhou, China Import and Export Fair Complex

Exhibition area: 135,000 sqm

Media support: about 800 media and 6,000 journalists

Visitors: estimate 500,000 people

Seminars: 20 forums



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The Australia China Business Council is delighted to partner with our official journal Australia China Connections and offer an exclusive 20% discount to all Members interested in profiling their China business in this outstanding publication.

Australia China Connections is read by more than 20,000 people from a broad range of sectors in both China and Australia. This is your exclusive opportunity to engage with senior managers and key decision makers at the heart of the bilateral relationship and achieve maximum value from your membership of the Australia China Business Council.

All members who take advantage of this opportunity will receive free advertising on Australia China Connections' rapidly growing and dynamic website for between three and six months.

The magazine also features a new Mandarin language section offering Members the opportunity to profile their business to a wider audience in mainland China. In addition to trade statistics and comprehensive market intelligence, each bimonthly edition contains analysis and opinion from a range of prominent thought leaders including:

- Rowan Callick, The Australian's Asia-Pacific Editor
- Willy Lo Lap Lam, exceptionally well regarded Hong Kong based China watcher, CNN correspondent and reporter for The South China Morning Post
- Lynne O'Donnell, Asian Features Editor for Agence France Press
- Frank Tudor, National Chairman, Australia China Business Council

It is with great pleasure that the Council's National Board of Directors, National Secretariat and all Branches endorse Australia China Connections' latest exclusive offer for Members and encourages any company with an interest in China to consider supporting this outstanding publication.

For more information, please contact Publisher Carl Jetter on 03 9650 1598 or by email at carlj@chinaconnections.com.au

CHINA BUSINESS BRIEFINGS 2009

The Business Briefings will continue in 2009 and be provided free of charge for members only. Visitors are welcome to attend, but a small fee is payable.

Up coming topics for 2010 include:

- Working with translators – a half day workshop
- Understanding expectations from business partners
- Marketing campaigns in China
- 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

CHINA REGIONS GUIDE - CHONG QING 重庆

You may not have heard of Chongqing but you are sure to have eaten the spicy Sichuan hot pot cooking this area is famous for. This gives you a starting point of discussion for visiting delegations from Chongqing. These notes are designed to give you more starting points so you can talk to them about the distinctive features of Chongqing. This series is designed to give some basic background information on some of the provinces and cities in China. It's not an exhaustive list but a starting point for conversation.



Map from www.wikipedia.org

General background

Chongqing is the hotpot city. Its home to one of the most recognized Chinese cuisines – Sichuan cooking. Chongqing is the commercial, industrial and transportation hub of southwest China. Rivers, highways and railway lines radiate out from the capital, Chongqing. The Three Gorges dam project is coordinated from the capital city, also Chongqing. It is one of China's 'furnace' cities with hot, humid summers and cold foggy winters. It is also known as the mountain city because it is very hilly and spread over the junction of the Jialing and Yangtze rivers. There are very few bicycles. It is a keystone of the China Western Development strategy.

History

Chongqing was established as a city 3000 years ago. It was the stronghold of the Song Dynasty as they tried to hold off the Mongol invaders in the 13th century. In 1891 it was the first inland treaty port opened to the British. The old British spelling was Chunking. It was used as a base for the Allies during World War 2. During the war it was constantly bombed by the Japanese and very little of the old city survived. The region has a population of 30 million.

Industry

The region has focused on offshore export opportunities to less developed countries. Major exports include machinery, chemicals, paper, cars and motor bikes. Chongqing is China's third-largest centre of motor vehicle production and the largest for motorcycles. In 2007, it had an annual output capacity of 1 million automobiles and 8.6 million motorcycles. The municipality is also one of the 9 largest iron and steel centres in China and one of the three major aluminium producers. Important manufacturers include Chongqing Iron and Steel Company and South West Aluminium - Asia's largest aluminium plant. The main crops are rice but also wheat, corn, peanuts etc. It is a very important production base for Chinese medicines. Recently, there has been a drive to move up the value chain by shifting towards hi-tech and knowledge-intensive industries resulting in new development zones such as the Chongqing New North Zone (CNNZ).

Food

Hot pot is Chongqing's local culinary specialty. Tables in hotpot restaurants usually have a central vat (or pot) where food ordered by the customers is boiled in a very spicy broth. There are three kinds of hot pot. First, the spicy version called 'Hong tang' or 'Red soup'. Then, there is basically a bone soup without any spices and tasty, simply asking for 'Yuan Wei' or telling them 'Wo Bu Yao La' which means 'I don't want the spicy stuff!' Finally, there is a compromise 'Yuan Yang Huo Guo', or called 'mandarin duck hot pot' which originally named 'double taste hot pot'.

Chongqing is the birthplace of Sichuan Cuisine. Compared with Chengdu's Sichuan Cuisine, Chongqing Cuisine has a stronger flavour and is spicier and more innovative. Its cuisine ranks first among the major cuisine styles of China because of its distinctive characteristics. Chongqing dishes are rich in flavour and use almost 40 different cooking methods in their preparation. Chilli pepper,

sesame, fermented black beans, scallions, ginger, garlic, wine, soy sauce and an array of flavourings are used. These cooking methods include drying, salting, spicing, pickling, frying and smoking. Colour, smell, flavour, shape, and nutrition are all carefully balanced in Chongqing dishes

Famous local dishes include:

Gongbao jiding

Chicken cubes, dry spices and peanuts are cooked together.

Chongqing Hotpot

Chongqing hotpot is characterized by its spiciness!! To suit customers of different preference, salty and sweet/sour flavours of hot pot are available.

Jiangtuan fish

Jiangtuan fish is also called big-head fish.

Pork leg cooked with rock candy

This is a common household dish of the Chongqing people. The finished dish, red in colour and tender to taste has a strong and sweet after-taste.

Attractions

As the provisional Capital of China for almost ten years (1937 to 1945), it was also known as one of the three headquarters of the Allies. Chongqing has many historical World War II buildings or sites:

The People's Liberation Monument. This monument tower was originally named as "Monument for the victory over Axis armies" and it is the only building in whole China area for that purpose. Even today, the monument serves as the symbol for the city.

A museum for General "Vinegar Joe" Stilwell.

The cemetery for world war II air forces in Nanshan area in memory of those air force heroes who sacrificed their lives to help China during the Japanese invasion;

Red Rock Village Museum is a diplomatic site for the Communist Party in Chongqing led by Zhou Enlai during World War II. It's where Mao Zedong signed the "Double 10 (October 10th) peace agreement" with the Kuomintang.

The Dazu Rock Carvings date back as far as the 7th century A.D., depicting and influenced by Buddhist, Confucian and Taoist beliefs.

The natural bridges and Furong Cave in Wulong were listed as a World natural Heritage site.

Chongqing hot springs. There are dozens of them located throughout the city. The water temperatures at them are kept at 35-37 degrees Celsius. People have been coming to Chongqing for centuries to visit the local hot springs due to the high mineral content of the waters.

Ciqikou is an ancient 1000-year-old town in the Shapingba District of Chongqing. It is otherwise known as Small Chongqing. The town, located at the lower reaches of the Jialing River, was at one time an important source of chinawares and used to be a busy commercial dock during the Ming and Qing Dynasty.

Fishing Town or Fishing City is one of the three great ancient battlefields of China. It is famous for its resistance to the Mongol armies in the latter half of the Song Dynasty. One of the most notable events was the death of Mongol leader Mongke Khan by cannon shot, which forced the immediate withdrawal of Mongol troops from Europe and Asia and prevented the Mongolian Empire from expanding towards Africa and Western Europe.

The city is home to one of the largest public assembly buildings in China, the Great Hall of the People.

A modern and well stocked zoo exhibits many national and regional animals, including the Giant Panda and the extremely rare South China Tiger.

The religious cliff sculptures of Dazu and Baodingshan and the Three Gorges scenic region are nearby.

Capital city – Chongqing

Population 8 million. Chongqing is spread over the mountainous junction of the Jialing and Yangtze rivers. The steepness of the city means there are very few bicycles. Chongqing is famous for its shopping. In Chongqing there are 4 main shopping regions. Jiefangbei is the heart of the city. Its pedestrian street contains clusters of modern shopping malls and exclusive shops. Banks, theatres, bookstores, hotels, and bars are quite easy to find. Chaotian Market is the largest market in Chongqing.

Weather

Chongqing July/August 24 to 34. Jan/Feb 6 to 13

Additional Resources

<http://english.cq.gov.cn/>

Compiled by Daryl Guppy. If you have a province you would like reviewed please send your request to china@guppytraders.com

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

US Energy Secretary: China ahead of US in green energy race

US Energy Secretary Steven Chu says that the US will have to exercise entrepreneurial spirit if it is to compete with China in the race to develop green technology, Reuters reported. Speaking at an event hosted by internet search giant Google in Silicon Valley, Chu said that China was aggressively developing green technology, and the US would quickly fall behind unless businesses could develop new and unconventional ideas. "(China) are now spending more than US\$100 billion a year in developing clean energy," Chu said. Announcing US\$151 million in funding for green research projects in the US, Chu added that the country had "incredible opportunities" to lead the way in green technology.

Applied Materials opens US\$250m Xi'an research center

Solar energy giant Applied Materials has opened its US\$250 million research and demonstration facility in Xi'an, Reuters reported. The Applied Materials Solar Technology Center, which broke ground in 2006, is the largest non-government solar energy research facility in the world, covering more than 400,000 square feet. Mike Splinter, chairman and CEO of the company, said: "This opening represents a critical breakthrough for the photovoltaic industry and China." Splinter said that the center represented the "industrialization of the global solar industry." The company's chief technology officer, Mark Pinto, added that research conducted at the center could drive down the cost of solar power worldwide.

Sohu: profits down 15% while revenue rises to \$137m

China's second biggest internet portal Sohu.com has reported a 15% drop in profits in third quarter, despite sales rocketing to a record high, Bloomberg reported. The company's net income fell to US\$34.4 million from US\$40.3 million, while sales rose 13% to US\$136.6 million. Profits dropped on a lower share of earnings from Sohu's online games unit, Changyou.com, which was separately listed in a US\$138 million initial public offering in April. Revenue from online games rose by a record 26% due to the popularity of its Tian Long Ba Bu multiplayer game, as well as a new game, Blade Hero 2. Chairman Charles Zhang said he expected Sohu's online game business to continue to grow, with fourth quarter sales up to US\$138.5 million.

First non-mainland RMB bond issue meets strong demand

Beijing's first issue of renminbi-denominated bonds outside mainland China attracted strong demand from investors, the Wall Street Journal reported. The RMB6 billion (US\$879 million) offering attracted RMB18 billion worth of subscriptions, a higher subscription rate than is usually seen for government bond issues on the mainland. Expectations that the renminbi will appreciate attracted investors to the bonds, which were issued in tranches with maturities of two, three and five years. Vice Finance Minister Li Yong said last month Beijing would consider investor response in deciding whether to issue more renminbi-denominated bonds; the outlook for more issues was "very good," he said.

China, India sign 5-year climate-change deal

China and India have signed a climate-change agreement to cooperate on renewable energy and energy efficiency, Bloomberg reported. The five-year deal is seen as a potential alternative for developing countries to any climate-change deal agreed upon at global climate talks to be held in Copenhagen in December. Analysts said the deal was a sign that China and India would take bilateral action on reducing carbon dioxide emissions if the Copenhagen talks fail to produce an effective multilateral agreement; Lu Xuedu, the director of China's National Climate Center, has predicted failure unless rich countries change their demands for binding carbon emissions cuts. Under the agreement signed Wednesday, China and India will set up a working group to discuss international climate-change negotiations.

Shanghai to introduce smoking bans

Shanghai legislators are working to implement a ban on smoking in the city by the end of the year, the South China Morning Post reported. New regulations, which have incorporated feedback from a rare public consultation process, would see total bans on smoking in hospitals, schools, internet cafes, large restaurants, cinemas, museums, banks and airports. The bans on smoking in schools would extend to entire campuses, not just indoor areas. Under the legislation, Shanghai's Health Promotion Commission would be responsible for enforcement of the ban and the issuing of fines of RMB50 to RMB200 (US\$7 to US\$29). Intended as part of Shanghai's preparations for the 2010 World Expo, the ban would be the first such regulation in mainland China.

China Vanke profits up 30%

Profits at Shenzhen-based property developer China Vanke are up almost 30% year-on-year, Reuters reported. China Vanke earned a net profit of US\$433 million in the first three quarters of 2009, selling 5.1 million square meters of housing nationwide between January and September. In the third quarter the company posted a net profit of US\$62 million, double its profits from last year. Following stagnation in China's property market in 2008, the market has grown rapidly this year. A significant pick-up in sales volume and rising prices have even prompted fears of a property bubble in the country.

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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.

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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!