



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  
December 15, 2009

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## Vice President's observations

I am often asked if it is necessary to learn Chinese to work effectively in China. The answer is that it is not necessary. Knowing some Chinese will give you an advantage. You can follow conversations and confirm that translations are correct. But speaking or not speaking Chinese also has a lot to do with face. We think that speaking some Chinese or good Chinese, gives us face. Its not always correct.

Face is a concept we find difficult to understand but it is a vital factor in every relationship in China. Perhaps in southern China in the major cities it is slightly less important, or people are more forgiving of Western habits. In northern China, and Beijing, there is less latitude.

My Chinese language skills are not good enough to allow me to do complete public presentations in Chinese. I do use Chinese when I am speaking in public, but it is kept to a smattering. It is a politeness. In formal functions and dinners where I am a guest, I will use more Chinese, again more as politeness. In informal situations, meals with friends and colleagues, I will use a much wider mixture of Chinese and English. Face is still involved, but its related to my skill, or lack of it in Chinese, and my dedication to learning. It may be politely acknowledged with the comment 辛苦了! Xin Ku Le! Work hard, endure and improve. The face in each situation is different.

When I am speaking as a foreigner, as a foreign expert, or as a representative of Australia, I am expected to speak English. By speaking English I give face to the country I represent, or to the foreign company I represent. Even if I can speak fluent Chinese I would not do so in this formal public speaking environment because I lose face. Not because my language skills are inadequate, but because I am not effectively representing my foreign company or country. I am not Chinese, and my country is not Chinese, so why am I not speaking my own language? There is a danger that people will assess you as knowing how to speak Chinese, but not understanding Chinese.

Knowing Chinese makes it easier to get around, to make simple hotel and restaurant requests, to give instructions to taxi drivers and to participate in informal conversations. The skill is appreciated and admired, and it does give you face in these situations. However, when you put on your public face, speaking Chinese does not always give you face. In fact, it may lose face for you and your company, and your country.

Working in China is relatively easy. Working effectively in China is more difficult and challenging. Often the result, despite our best intentions, is the opposite to what we expect.

This is the last edition of newsletter for 2009. The first edition for 2010 will be published on January 11, 2010.

Sheng Dan Kuai Le! 圣诞快乐! Merry Christmas

Daryl Guppy  
Vice president, NT Branch – Newsletter editor

## **Events calendar**

### **ACBC branch members meeting– Usually every 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**

### **Report - ACBC NT Special Event –Outlook for future business opportunities between China and the Territory.**

An enthusiastic crowd gathered at the Hanuman Restaurant on Thursday 3 Dec 09 to share a delightful meal interspersed with details of the recent NT Government delegation to China. Minister Kon Vatskalis, who holds the Resource portfolio, amongst many others, and Mr Chris Darby of Minter Ellison shared their views on the recent trip and described some outcomes.

Minister Vatskalis entertained the crowd detailing the journey from his initial idea of taking the opportunities in the Territory to the World rather than waiting for the World to come to the Territory and the most recent trip in October. Since 2003 the delegations, consisting of the Minister, some government staff, but always at least three private companies with projects to promote, have visited China and forged strong relationships with Government, Regional Associations and individuals. The centres visited include Beijing, Shanghai, Changsha, Shandong, Nanjing and Tianjin.

Investment seminars which target particular groups or regions have resulted in some well publicised buy in and joint venture agreements for companies such as Energy Metals and Arafura Resources. The after meeting dinners only prove how similar Australian and Chinese culture is – all enjoy a good meal accompanied by a good drop or two. Bringing together NT business people with Chinese investors; providing advisors who can facilitate the smooth progression from early interest to formal agreement and ongoing interaction; and the ongoing strengthening of relationships between the two jurisdictions is of such vital importance that the Department is currently undergoing a review of its Marketing the Territory unit.

The response to the Minister's presentation showed that all in attendance supported the expansion and strong continuation of the unit's role for the Resource sector of the Territory. The common interests of those present – building links, doing strong and ongoing business, engaging in mutually agreeable arrangements for all, but especially sourcing investment opportunities between the NT and China – are well supported by the ongoing activities which the Minister personally wishes to see continue.

Minter Ellison is one of the leading legal firms in Australia and has a strong presence in China and Darwin and they were one of the advisor companies with the Delegation. Their participation in the Delegation provided direct accessibility as a start point for attentive Chinese investors – helping to smooth the transition from a point of Chinese interest to that party actively participating in an NT business. Chris Darby spoke whilst the rest of us managed our main course. And he did it in style.

Minter Ellison has existing offices in China (Shanghai (10 years), Beijing (this year) and Hong Kong (25 years)) and sees the participation in the NTG delegation as a beneficial way to expand their knowledge and improve service standards for their clients. Nothing beats face to face contact and Chris was impressed with the meetings and presentations organised by the NT Delegation. It created pathways into a number of groups all at the one time.

Minter Ellison's ability to respond to client's needs is enhanced by the alignment with the NT Government trip and their well established presence in China. Chris sees great value in the ACBC and in the participation in "Kon's Crew" - Minter Ellison are looking forward to seeing the ongoing development of the valuable relationship between China and the Northern Territory.

The Committee took the opportunity to wish all seasons greetings, to give away some valuable publications containing facts and studies of assistance to any pursuing business in China and to mix with the room full of interested individuals.

*From Barb McInnes, Australia Wide Mining*

## Shanghai Expo 2010

The Northern Territory Government is awaiting confirmation from the Department of Foreign Affairs and Trade regarding its participation in the Shanghai World Expo. The dates for the NT Government's VIP events at the Australian pavilion are expected to be confirmed in December. The ACBC will then work with the NTG in developing options to work the Shanghai Expo into any events calendar.

## Australia's Composition of Trade 2008-09

Australia's total value of trade in goods and services increased 14.6 per cent in 2008-09 to \$563.7 billion, according to a Department of Foreign Affairs and Trade publication, Composition of Trade Australia 2008-09, released today.

Despite the adverse impact of the global economic crisis on world trade, Australia exports rose 1.8 per cent in volume terms in 2008-09, while imports fell by 2.5 per cent.

Australia's top three two-way trading partners in 2008-09 were China (\$83.0 billion), Japan (\$75.3 billion) and the United States (\$53.1 billion).

Japan was Australia's largest export market in 2008-09, accounting for 19.3 per cent (\$55 billion) of total exports, rising 46.7 per cent.

China was Australia's second largest export market (\$44.4 billion) increasing 41.3 per cent; and India became Australia's fourth largest export market (\$18.8 billion) up from seventh in 2007-08.

Exports increased by 21.9 per cent in 2008-09 to \$284.7 billion and 1.8 per cent in volume terms.

Australia's top three exports were coal (\$54.8 billion), iron ore and concentrates (\$34.2 billion) and gold (\$17.5 billion)

Australia's terms of trade continued to increase in 2008-09 by 7.6 per cent.

Composition of Trade Australia 2008-09, (COT) provides a comprehensive analysis of the growth, direction and commodity breakdown of Australia's exports and imports in recent years.

The COT is part of a series published each year by DFAT, providing a valuable account of Australia's international trade in goods and services. DFAT also offers a customised consultancy service, producing reports tailored to specific requirements. For further information please contact (02) 6261 3114, or fax (02) 6261 3321 or email [statssection@dfat.gov.au](mailto:statssection@dfat.gov.au)

The analyses and tables from the publications are placed on the DFAT website at:

[http://www.dfat.gov.au/publications/stats-pubs/composition\\_trade.html](http://www.dfat.gov.au/publications/stats-pubs/composition_trade.html).

Hard copy orders can also be placed at this site.



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[www.chinaconnections.com.au](http://www.chinaconnections.com.au)

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](mailto: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:

- Construction industry opportunities in China
- Importing from China
- Working with interpreters and translators – a half day hands-on 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](mailto:Lisa.Mutch@nt.gov.au)

## CHINA REGIONS GUIDE - HU BEI 湖北

Think the Three Gorges Dam and you are in Hubei province. The dam wall is in Hubei, but most of the lake is in the neighbouring province of Chongqing. The dam has led to a large infusion of infrastructure funding and accelerated development. It is in this province that Mao Zedong staged the famous swim across the Yangtze. It is also the foundation location of the 1911 Chinese Republic. These notes are designed to give you more starter points so you can talk to guests from Hubei about the distinctive features of the province. This series is designed to give some basic background information on some of the provinces and cities in China. Its not an exhaustive list but a starting point for conversation.



Map from [www.wikipedia.org](http://www.wikipedia.org)

### General background

Wuhan is one of the furnace cities of China, with punishing temperatures of 40 °C or above in summer.

The many mountains and floodplains of the Yangtze River make this a province of lakes. The Jiangnan Plain takes up most of central and eastern Hubei. The west is more mountainous, with ranges such as the Wudang Mountains, the Jingshan Mountains, the Daba Mountains, and the Wushan Mountains. The Dabie Mountains lie to the northeast, on the border with Henan and Anhui; the Tongbai Mountains lie to the north on the border with Henan; to the southeast the Mufu Mountains form the border with Jiangxi. The eastern half of the Three Gorges lies in western Hubei; the other half is in neighboring Chongqing.

Hubei has a sub-tropical monsoonal climate, with distinct contrast between the eastern plain and the western mountainous area.

## History

Chairman Mao's swim across the Yangtze in 1966 took place in Wuhan. The city is also the site of the 1911 revolution which toppled the last Chinese emperor. This was where the Chinese Republic was established. The towns along the Yangtze were all important trading centres. This was even more so in the second part of the 19<sup>th</sup> century when the Western powers were eager to open up inland China. This is the area described in the book and the film "The Sand Pebbles"

The Wudang mountains and others are associated with various martial arts schools.

In the Spring and Autumn Period (770 BC - 476 BC), Hubei was home to the powerful state of Chu. Chu was a powerful state that held onto much of the middle and lower Yangtze River, with power extending northwards into the North China Plain.

The province - and Wuhan in particular - suffered severely from the 1954 Yangtze River Floods. Large scale dam construction followed. The construction of the Three Gorges Dam, further upstream, began in 1993. In the following years, authorities resettled millions of people from western Hubei to make way for the construction of the dam. A number of smaller dams have been constructed on the Yangtze's tributaries as well.

## Industry

This is a heavy industry province with steel and vehicle production. This is the site of joint ventures with Peugeot-Citroen and Honda joint ventures with Dongfeng Auto. It is heavy industry that built Wuhan and it is heavy industry which is leading its revival.

Hubei also has agricultural land watered by the Yangtze. It is a major producer of rice, wheat, rapeseed and freshwater seafood products.

Mineral resources found in Hubei in significant quantities include borax, garnet, marlstone, iron, phosphorus, copper, gypsum, rutile, rock salt, gold, manganese and vanadium. The province's recoverable reserves of coal stand at 548 million tons, which is modest compared to other Chinese provinces. Hubei is also well known for its mines of fine turquoise and green faustite.

## Food

Hubei used to be the state of Chu in ancient times. Hubei food began to develop its own unique style during the Warring State Period. Hubei food is noted for its freshwater fish dishes since almost every fish available in Hubei can be prepared into different dishes. In a province of a thousand lakes its fish dishes include bream, Mandarin fish, eel, turtle, giant salamander, crab, shrimp, clam, water chestnut, lotus root, wild duck, and preserved duck eggs. Among the dishes, steamed bream without soy sauce, turtle with wax gourd, instant boiled fish with tangerine pulp, and braised chicken with chestnuts are known.

Wuhan cuisine originated in an area where there is a major-scale inland fishery. An important feature of Hubei food is its blending of fish with other ingredients. Many of the famous dishes are prepared from two or more raw materials, giving prominence to the major ingredient while attaching importance to the auxiliary materials. For example the dragon and phoenix marriage is a mixture of eel and chicken. The names of the dishes indicate that Hubei dishes are prepared from more than one ingredient.

The main cooking methods are steaming and simmering. The special features of Hubei dishes are crisp bones, tender meat, and thick soup that goes well with rice.

Famous Hubei dishes include:

### Steamed Wuchang Fish

This freshwater fish, when steamed together with mushrooms, bamboo shoots and chicken soup, keeps both the original fresh taste of the fish and the nutrients. China's Chairman Mao Zedong in his poem "Swimming" writes: "I have just drunk the waters of Changsha. And come to eat the fish of Wuchang."

### Xiaotaoyuan Soups

These are herbal soups cooked over a low heat which preserves both the fresh taste and the nutrients. The most famous include Chicken Soup, Spareribs Soup, and Duck Soup.

### Mianyang Three Steamed Dishes

The three steamed dishes are steamed fish, pork, and meatballs or shrimp balls.

### Hongshan Vegetable Bolts

A kind of red vegetable is a speciality of Wuhan. A famous dish called Hongshan Bolts fried with Smoked Pork can be found on every menu in any restaurant. The bolts and smoked pork are cut into three centimetre long pieces and stir-fried. The finished dish should be fresh and tender.

In most of the restaurants you can find the above specialties on the menu. Well-known chain restaurants in Wuhan include Little Blue Whale (Xiao Lan Jing), Wuhan San Wu, Yan Yang Tian, Hubei San Wu, and Fu Sheng.

## Attractions

Hubei's historical ruins include Emperor Yan's Temple in Suizhou, the hometown of Quynan in Zigui and of Zhaojun in Xingshan, the ancient city of Jinan, Guqintai in Wuhan, the Yellow Crane Pavilion, the Red Cliff from the Three Kingdoms' period and the site of the government of the Wuhan revolutionary army. These sites allow tourists to learn of many significant events in China's history.

If you have read the novel "Romance of the Three Kingdoms" or seen the film, Battle Of Red Cliff, then you will find Chibi (Red Cliff) on the Yangtze.

Chu culture mixed with other influences, ancient and modern, so Hubei is rich with tourist resources. Famous attractions include:

Jingzhou City  
Mount Jiugong (in Tongshan County)  
Mount Wudang  
Three Gorges  
Yellow Crane Tower in Wuhan

The Hubei Provincial Museum in Wuhan has extensive archaeological and cultural exhibits and performance presentations of ancient music and dance.

In 1994, the ancient building complex of the Wudang Mountains was listed by UNESCO as a World Heritage Site.

The province also has historical sites connected with China's more recent history, such as the Wuchang Uprising Memorial in Wuhan, Project 131 site (a Cultural-Revolution-era underground military command centre) in Xianning, and the National Mining Park in Huangshi.

Numerous tourist boats (as well as regular passenger boats) travel up the Yangtze from Yichang through the Three Gorges area and into the neighbouring Chongqing municipality.

The mountains of western Hubei, in the Shennongjia District, offer a welcome relief from summer heat. The tourist facilities in that area concentrate around Muyu as the gateway to Shennongjia National Nature Reserve

### Capital city – Wuhan

Population about 6.5 million. Wuhan is one of China's main industrial cities. It is the most important city in the middle area of the Yangtze River and is located at the junction of the Yangtze and the Han rivers. Wuhan is actually an amalgamation of three cities. They are Wuchang, Hanyang and Hankou. Old books refer to Hankou as Hankow. This is a major industrial centre for steel and vehicles. Huge sums have been invested in upgrading infrastructure. The city attracts industry mainly on the basis of cheaper costs and its central location. It also has the highest concentration of universities outside Shanghai and Beijing.

## Weather

July/August 26 to 33. Jan/Feb 2 to 21

## Additional Resources

<http://english.cnhubei.com/>

Compiled by Daryl Guppy. If you have a province you would like reviewed please send your request to [china@guppytraders.com](mailto:china@guppytraders.com)

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

### 87 million internet users bought goods online in China this year

More than 87 million shoppers bought goods online in China this year, up from 63 million last year, an increase of 38.9% year-on-year, state media reported, citing a report by the China Internet Network Information Center. Shoppers were typically students or white collar workers between the ages of 18 and 30 with a monthly income between US\$146 and US\$439. The majority of the shoppers are women and most purchases were clothing or household goods. Consumers made US\$17.5 billion worth of online purchases in the first half of the year, 89% of which were on consumer-to-consumer sites such as Taobao.com.

### Beijing calls for 'balanced' stimulus

The annual domestic economic summit closed with a call for more balanced growth in 2010, relecting concerns about the excesses of the current stimulus package - specifically inflationary pressures, asset bubbles and overcapacity - and the continued weakness of local and external demand, the Wall Street Journal reported, citing state media. The Central Economic Work Conference reaffirmed Beijing's commitment to deficit spending and loose monetary policy. Chinese leadership signaled that they might toughen controls on additional investment in 2010: "We will [focus] on completing projects under construction while strictly controlling new projects." The statement did not directly discuss currency exchange policy. According to some analysts, the neutral tone of the official statement hides an increasingly fractious debate over the future course of economic policy.

### **SAIC says November sales up 91%**

SAIC Motor, China's top vehicle producer, announced Tuesday that it sold 252,190 vehicles last month, up 91% year-on-year, thanks in part to government policies encouraging automobile purchases, Reuters reported. SAIC, which has partnerships with General Motors and Volkswagen, has sold 2.44 million vehicles so far this year; sales from its joint venture with GM more than doubled to 78,777 units in November, while its Volkswagen JV increased sales from 39,039 to 65,166 units. November sales were up 4.9% from October. Automakers like SAIC are hoping that Beijing will maintain the policy initiatives that have boosted passenger vehicle sales in China by 45% this year.

### **November CPI up 0.6% on resource price liberalization**

China's consumer price index rose 0.6% in November from a year earlier, the first rise in the index since February, the Wall Street Journal reported. The increase comes as Beijing attempts to bring state-controlled prices of resources more in line with their market values. Consumer prices have also been boosted by rising food prices due to inclement weather. Producer prices fell 2.1%. Economists expect consumer price inflation to remain mild despite rising commodity prices due to overcapacity in a range of industries. The National Bureau of Statistics also released data showing industrial output increased 19.2% in November, 3.1 percentage points higher than October, and the seventh consecutive month of acceleration. Retail sales in November rose 15.8%, slightly slower than the rate of growth in October.

### **China Asset Management A-share fund attracts strong investor interest**

Beijing-based mutual fund manager China Asset Management closed fund-raising for an A-share fund 20 days ahead of schedule after it raised its target of US\$1.46 billion in a single day, the South China Morning Post reported. The fund is expected to invest as much as 90% of its assets in stocks; analysts see its fund-raising success as a sign of strong investor confidence in the market. "The buying euphoria has not been seen for two years, and it reminded investors of the good days in 2007," said China Jianyin Investment Securities analyst Yang Zongyao. Investor sentiment may have been encouraged by Beijing's recent statements that it would maintain its current loose monetary policy into the new year. However, leaders have noted that they intend to promote flexibility in monetary policy to prevent potential asset bubbles in areas such as equities and property.

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## **MEMBER PROFILES - DELTA ELECTRONICS**



Since 1969 Delta Electrics has provided Sales & Service of Industrial Pump and Power Products. In May 2007 the Directors of Delta purchased Northern Australia Pumping Services (NAPS), which now trades as Think Water – Winnellie. Delta's water products such as Pumps and Pressure Cleaners were relocated to Think Water – Winnellie. Delta now focuses on the Supply, Installation, Commissioning and Preventative Maintenance of Quality Power Equipment including;

- Solar Power Systems
  - Power Generation
  - UPS, Earthing & Lightning Protection
- High Voltage / Medium Voltage Products
  - Welding Equipment
  - Compressed Air Equipment.

For more information on our company please visit our web site [www.deltaelectrics.com.au](http://www.deltaelectrics.com.au)

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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	<b>NT Branch</b>
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

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Company phone	
Company fax	
Direct phone	
Direct fax	
Mobile phone	

**LOCATION DETAILS**

Street address	
City	
State	<b>Northern Territory</b>
Post code	
Postal address	
Country	<b>Australia</b>

**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](mailto:acbcnt@acbc.com.au)**

<b>Membership</b>	<b>AUD</b>	<b>GST</b>	<b>TOTAL</b>
<b>NT Government Departments</b>	550.00	55.00	605.00
<b>Companies</b>			
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
<b>Individual membership</b>	300.00	30.00	330.00
<b>Associate membership ** (non-voting)</b>	200.00	20.00	220.00
<b>Student member (non-voting)</b>	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!