



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  
January 11, 2010

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## Vice President's observations

In the quiet before Christmas an interesting event developed in Australian company relations with China. It was a wake-up call to those who believe that China offers unlimited opportunities for exploitation. Those who do not know history seem to repeat history. The relevant history here is the extended period of Western exploitation of China in the 18<sup>th</sup> and 19<sup>th</sup> centuries which included the two opium wars, the Taiping rebellion, and ultimately for fall of the Qing Dynasty and the declaration of the Chinese Republic in 1910.

For most of us, this is ancient history which, depending on your age, you may have learnt in school in the late 1960's as a by product of our involvement in the Vietnam war and a domestic focus on the history of Asia and China. By the middle of the 1970's this area of history had largely disappeared from teaching in our schools.

For most Chinese these historical events are part of the fabric of everyday life in a way that we find very difficult to understand. These events exert a powerful influence on behavior and thinking, and on the assessment of the current situation. In every business negotiation between Chinese and foreigners there is a strong determination to avoid repeating the exploitation that was suffered by China a century ago. This doesn't mean that the reverse is true – that in China negotiations the China company will seek to unfairly exploit the other side.

The Middle Kingdom (Zhong Guo 中国) prefers to adopt the middle way when developing a solution for a problem. This should not be confused with consensus, or compromise. The middle way is where conflict is avoided. This is the highest attainment in Sun Tzu work, the Art of War. It is to achieve the desired result without the need for war. The middle way is where each party gains benefits and neither party is exploited. This is subtly different from the win-win management methods developed in American management theory which is tactical and short term rather than strategic and long term in nature.

We see this in the recent takeover offer by a Chinese company for an Australian company. The original share offer was priced above the then current market price for the Australian company. The offer was not accepted. The second counter offer from the Chinese company was priced LOWER than the original rejected offer.

There are two messages here. The first is that the Chinese company believed the first offer was generous and reflected a co-operative approach for long term business. Lets call it a friendly takeover. The second and lower offer, is a more hostile approach that basically says this is what the target company is probably worth.

The second message is the most important. The subtext says do not take us for gullible fools with money to burn. Do not attempt to exploit us. Exploitation is a very sensitive historical nerve.

Rather than scratching their heads at this contradictory behavior, market analysts and others would do better in trying to understand the reasons for this lower counter offer in this situation. It tells us there is a shift in the ground rules and the relationship. Work in this area may be tougher in 2010 as shown with the recent failure to complete gas supply deals.

We treat the activities of Chinese companies as exploitable cash cows at our peril. This is not a golden goose to be slaughtered, or a golden cow to be milked by excessive greed. Co-operation means enrichment for all, not just one party. Like everybody else, China companies have a choice. They can, and will, walk away when business is conducted on the basis of greed and exploitation. On a broader front, China is inking resource deals in Brazil, Africa and green fields development in Central Asia as a way of countering what they see as the exploitative practices of some Australian companies

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**

### **Shanghai Expo 2010 – Keep August 24-26 clear for the NT.**

The Department of Foreign Affairs and Trade has approved the NT's request for access to the VIP area at the Australian pavilion 24 - 26 August 2010.

This means the NT will host a daily event in the VIP area of the Australian pavilion on the 24, 25 and 26 August. These three VIP events will form the basis of a planned NT week where the NT Government will look to involve the local business community to develop events surrounding the week.

The ACBC will work with the NTG to develop options to work the Shanghai Expo into the 2010 events calendar.

### **Jetstar continues mainland China expansion**

Low fares leader Jetstar will launch first time services direct from Singapore to Shantou – situated in the Guangdong Province - commencing from 2 February 2010. Jetstar will initially operate the new route as a three times weekly A320 return service between Shantou Waisha Airport and Singapore Changi Airport with plans to grow the service. Jetstar Asia will be the first foreign carrier to operate international flights into Shantou Waisha Airport.

The new services, representing the 2nd mainland Chinese market to be served by Jetstar, will provide an unprecedented direct flight link for Teochew descendents now based or living in Singapore and the Guangdong Province as well as leisure and business travelers. Shantou, a city of 5 million residents, is one of five special economic zones in China, and its commercial activities include it being the communication hub of southeast China.

Jetstar Asia / Valuair Chief Executive Officer Ms Chong Phit Lian said the addition of Shantou to the airline's Singapore hub would provide first time direct flight access between Guangdong Province and Singapore.

"Shantou is an exciting and strategic addition to our expanding network which will now grow to 20 international markets directly connected to Singapore," Ms Chong said.

"Jetstar plans to increase our existing capacity from our Singapore hub by 46 percent through the arrival of three additional A320 aircraft and these are directly supporting such expansion into new markets including to mainland China."

Shantou will become Jetstar's second mainland China service from Singapore with the impending commencement of 4 times weekly Singapore-Haikou flights within Hainan Province from 16 December 2009.

"China will remain a major focus for future growth considerations by Jetstar and has immense potential for our low fares offering and broader Jetstar Group network connections," Ms Chong said.

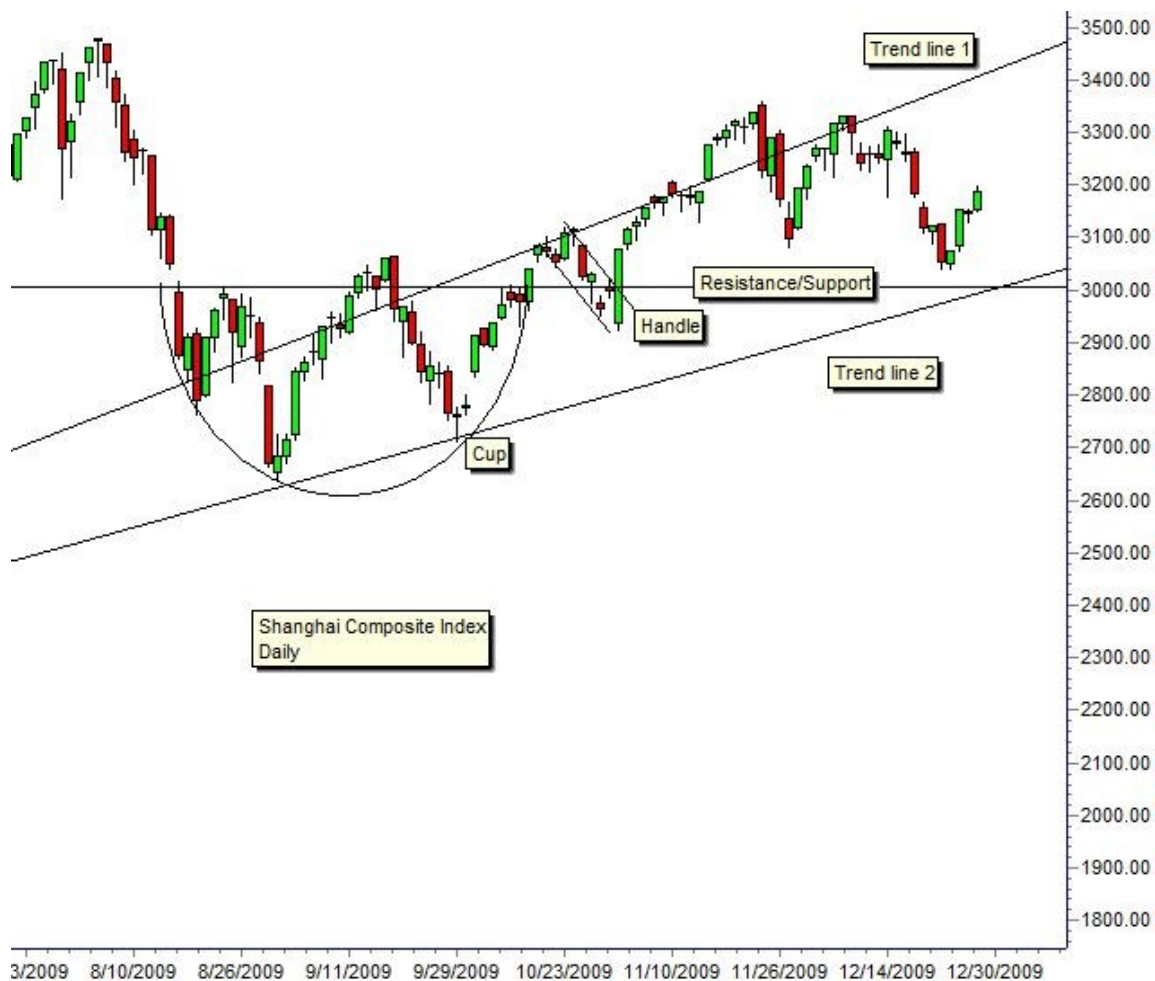
## **CHINA MARKET OUTLOOK 2010**

The world depends on the strength of the China market and it continues to provide good guidance to how Western markets will develop in terms of market behaviour. The degree of trend correction and volatility is different, but the nature of market behaviour is the same.

China is the only global market which showed a true and powerful "V" shaped recovery. This is best observed on the weekly chart. This recovery started before the recovery in Western markets. The behaviour of the Shanghai market leads the behaviour of Western and regional markets. The DOW increasingly follows Shanghai behaviour but with a lag of several months and with a smaller degree of movement.

There are four important features of China market development.

The first feature is that the cup and handle pattern on the daily chart did show a successful breakout towards the target at 3400. The exact chart pattern target was not achieved. However, the cup and handle pattern shows a long term bullish feature in the market for 2010.



The second feature is the strength of long term support near 3000. This has been a significant historical support level. There is a high probability this area will continue as a support area with a rally rebound from near the 3000 to 3050 support area.

The third feature is the importance of the long term trend line 2. When the cup and handle pattern developed it looked as if the long term trend line was not relevant to the new up trend strength. When the cup and handle pattern ended the market has retreated back to the value of the long term uptrend line. The current value of this trend line is near 3000. The value of the long term trend line will move above 3000 and this should act as a new support level for a long term trend rise. The position of the long term trend line is not exact. This line will be adjusted to include the current Shanghai Index rebound activity.

The fourth feature is the influence of the shorter term trend line 1. There is now a high probability this trend line 1 will act as a resistance level in the rising trend. This is not a strong resistance level. The market may move 100 points above this trend line before a retreat develops. The short term trend line acts as a resistance area.

The market retreat towards 3000 was not a high probability development after the bullish cup and handle pattern. However the combination of long term up trend and strong support levels suggest there is now a higher probability the long term uptrend will continue.

Santa Clause is coming to town, but its Beijing, not New York.

From Daryl Guppy, reprinted from weekly notes on CNBCAsia web site.

# WORKING WITH TRANSLATORS AND INTERPRETERS

Wednesday March 10

Workshop provided by Guppytraders.com Pty Ltd  
in association with Australian China Business Council NT

Workshop consists of 5 sections and is limited to 10 participants. Places are limited so book early

1. Background to working effectively with interpreters in public speeches and in formal and informal meetings. Daryl Guppy will present this section of the workshop and use this as the basis for the practical sections of the workshop.
2. Hands on training practice for all participants with mainland Chinese interpreters using consecutive translation. You speak, they translate, you speak, they translate. All participants will be expected to deliver a pre-prepared short 3-5 minute speech such as they would deliver if they were in China. This experience also applies to working with Chinese delegations who are visiting Australia. Includes feedback assessment from interpreters on participants performance
3. Hands on experience of working with simultaneous translation. Some people find it impossible to work in this situation. Its best to find out before you are involved in a critical meeting with simultaneous translation. Includes feedback assessment from interpreters on participants performance
4. Hands on training practice in a meeting situation with English to Chinese translators so people understand the flow and difficulty in this type of situation. All participants involved. Includes feedback assessment from interpreters on participants performance
5. Each segment includes summary of best practice, areas needing attention, methods for improvement. Includes feedback from interpreters. Depending on time, workshop will also touch on handling Chinese media interviews, press and TV, when translation is involved.

## Workshop Leader Background



Daryl Guppy has been actively involved in China for more than 6 years. He has offices in Beijing, Singapore and Darwin. He has presented papers at numerous Financial conferences in China, the most recent in Beijing and Shenzhen, and soon at the upcoming China fund managers conference in Shanghai. He has conducted many full day 2 day training classes in China working with translators. He has worked extensively with translators and interpreters in simultaneous and consecutive translation situations in China and Europe. He works extensively with Chinese media, including CCTV, Shanghai Security News, Hong Zhou Kan print media and China Daily. He writes around 8,000 words a week for translation for Chinese media and has a good

understanding of the differences and nuances in expression in the two languages. He has provided consultancy advice on doing business and working in China for several Singaporean companies including NextView Pte Ltd, NT Government Departments and organizations from other countries including the Moscow Commodity Exchange.

Training class interpreters are of a similar standard and background of interpreters provided for many business functions in China.

Workshop duration is 5 hours – 9.00 am to 2.30-2.45 pm. Includes 30-45 minute on-site lunch

**Venue** – Darwin Convention Centre

Maximum participants is 10 to ensure all participants have the opportunity to participate in hands-on sessions.

**Cost per person** - \$800

To register please contact Guppytraders.com 89270061, email [support@guppytraders.com](mailto:support@guppytraders.com) for details.

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## 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
- 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 - Guang Xi 广西

The jagged vertical mountains swimming in a sea of mist in classical Chinese paintings draw their inspiration from this region. The landscape in Guilin is often described as the most beautiful place in China. This is the home of the Miao ethnic group. This region borders Vietnam and has a similar climate. 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

This region is more correctly known as an autonomous region rather than a province. This is because of its ethnic diversity, although Han make up 62% of the population. This is the location of the limestone karst mountains with the Dragons teeth towers of rock seen in classical Chinese paintings. This is a well developed tourist area and the relatively small town of Guilin has direct international flights. The terrain of Guangxi is very mountainous. Many mountain regions are located around Guangxi including the Nanling Mountains and Yuecheng to the Northeast. The Duyao Mountains and Fenghuang are just above the northern border.

### History

The area become part of China in 214 BC. The area has a long revolutionary history and was the base from which the Taiping rebellions spread in the 1850's. The region was opened to direct foreign trade in 1889 when the French established a railway line between Vietnam and China. The area has been a staging post for conflicts with Vietnam, most recently in 1979.

In 1958, the Guangxi Zhuang Autonomous Region was established, and it is now one of the five Minority Autonomous Regions in China.

### Industry

This region has large mineral and gas reserves. It has the largest deposits of tin, iridium and manganese in China. The offshore gas reserves are also significant. The region is a major producer of timber and forest products. Guangxi has sufficient coal and iron deposits to support moderate industrial development

Most people are farmers, and agricultural production includes rice, wheat, corn and peanuts.

The region has significant industrial production in automobile parts, heavy machinery, electrical equipment and instruments. Investment in the area comes from Hong Kong and Japanese companies.

### Food

Many of the dishes appear to be more at home in South East Asia, but its not as sweet as Hong Kong and Cantonese style cooking.

Dishes include Guilin Rice Noodles. Taking pride of place as the most popular local snack in Guilin. The noodles are pliable but strong, fragrant and mellow, and cheap. Guilin rice noodles can probably be found within 100m of any town or city area.

Rice noodles, gravy, fried peanuts or soybeans, chopped scallions and thin slices of different kinds of meat are added for various versions of this renowned and tasty dish. Well-chopped condiments include: spring onions, chilli, pickled beans and pickled white radish in chilli sauce. Soup may be ladled on or dispensed from an urn.

Yangshuo Beer Fish. Fish from Li River cooked in a local beer with some local vegetables is very popular in Yangshuo. The fish will contain bones and is served whole, but the meat tastes delicious.

Lotus Leaf Braised Duck. Deep-fried duck covered with a fresh lotus leaf, then braised, served with some pork, shrimp, mushroom and preserved ham.

Lipu Taro and Pork Loaf. This is a famous traditional dish of Guilin. This dish gets its name from Lipu, a county in the south of Guilin Prefecture. It is made with taro and streaky pork with meat, fat and skin. The meat is first cooked, then steamed with the taro, pepper, mashed onion, preserved Guilin bean curd, cooking wine, sugar and other condiments

The Miao minority have different cooking styles, and these Miao restaurants have become popular in Beijing. Often the wait staff wear traditional dress which includes extensive necklets and hats with silver decorations. Some Miao restaurants also have wait staff playing the traditional bamboo flutes.

The Miao are an ethnic minority, and admiring the glistening silver jewellery the women wear from head to toe, you may think they are rich. But their life is quite hard and simple because of the tough living conditions in mountainous areas of southern and south-western China. The Miao have some unique food that you can't find anywhere else in China.

In ancient times, it was very difficult for the Miao to get salt, so they used hot peppers to add flavour to their dishes and developed a taste for very spicy food. Today the Miao use the minced and fried chilli peppers as important flavouring for their dishes. They use lots of chilli. They can be fried or baked, then mixed together with ginger, garlic, wine or soy sauce to achieve different tastes.

You can try Miao food in Beijing at the Jun Qin Hua 88 Meishuguan Houjie, Dongcheng district 君琴花餐厅 东城区美术馆后街 88 号

Jun Qin Hua is a small and simple restaurant serving the savoury dishes of Guizhou, and specializing in Miao cuisine. Mi doufu and juanfen, two types appetisers, are rice noodles doused in a sour and spicy dressing. Highly recommended is the Guizhou-style lazi ji, bite-sized pieces of chicken smothered in cloves of garlic and crushed chillies, totally different from the Chongqing standard of the same name. Zaola tudou pian, stir-fried potatoes cooked with zaola, a type of crushed chilies popular in Guizhou, is one of the best dishes on the menu here. Suantang yu, or sour soup fish is delicious. Save some room for some delicious huangba, sticky rice with brown sugar, or babao xiao mizha, Guizhou glutinous millet steamed with dates and lotus seeds

### **Attractions**

For the visitor, the great appeal of Guangxi is its karst limestone topography which creates the stunning scenery of jagged green mountains beside clear blue waters. It is said that the mountains and rivers of Guilin, are the most picturesque in the world. Cruising down the Li River between Guilin and Yangshuo is a highlight of many visits to Guangxi. The Tang dynasty poet Han Yu described the Li as "a blue silk ribbon surrounded by jade hairpins" and the river is just as beautiful today.

### **Capital city – Nanning**

Population around 1.5 million. This is a small but prosperous industrial city. With the proposed ASEAN free trade zone, Nanning will become a key transport hub for Vietnam and other nations.

### **Weather**

July/August 25 to 32. Jan/Feb 10 to 18

### **Additional Resources**

<http://www.gxtravel.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.**

**China becomes world's top goods exporter**

China became the world's largest merchandise exporter in 2009, toppling Germany's US\$917 billion with a figure of US\$957 billion in exports, the Wall Street Journal reported, citing data from Geneva-based consultancy Global Trade Information Services. The shift has been expected given China's high annual export growth over the last decade and its relative resilience in the face of the financial crisis. During the downturn, China's exports of consumers goods remained comparatively strong, while Germany's high-end machinery and manufacturing equipment exports suffered the effects of a worldwide decline in investment spending. China's currency ties to the dollar also allowed its exports to gain market share and benefit from the depreciating US currency.

### **China bans individual internet domain names**

Beijing has now barred individuals from registering internet domain names and has begun a review of millions of existing personal websites in one of the biggest web censorship drives yet, the Financial Times reported. Internet service providers have already begun to examine their customer base for potentially "harmful" sites, which could mean sites with content as diverse as pornography and politically sensitive issues. According to government-backed China Internet Network Information Center, those applying to register a domain name must present a company chop and a business license. This latest move to control user-generated web content follows the blocking of a social media sites including YouTube, Facebook and Twitter as well as domestic versions of these sites.

### **China's pension fund to triple overseas investments**

China's National Social Security Fund (NSSF) intends to triple its overseas investments as part of plans to diversify assets, the Wall Street Journal reported. Having racked up its first losses on the stock market last year, the pension fund wants to keep the equities proportion of its holdings static while simultaneously reducing exposure to fixed-income products and branching out into investments in unlisted companies and offshore private equity. The aim is to boost the proportion of overseas assets to 20% of the total, up from the current level of 7%, said Dai Xianglong, the fund chairman. He didn't give a timescale for reaching this target. At the end of September, NSSF had US\$99.3 billion in assets under management, of which 45% was in fixed-income investments, 30% in domestic and foreign stocks, 20% in private equity and 5% in cash.

### **Copper may decline on China stockpiling**

Chinese stockpiling of copper may force lower prices of the metal, as speculators fear that Chinese imports will decrease in 2010, Bloomberg reported, citing the results of a survey of 22 analysts, investors and traders. Of the 22, 11 of those surveyed believed copper prices would fall next week and nine said they would rise while two were neutral. China has been stockpiling copper throughout 2009, with reports earlier this year that pig farmers were hoarding the metal to benefit from rising prices. According to the Shanghai Futures Exchange, currently tracked stockpiles in China may be as high as 104,377 metric tons, up from 17,822 tons earlier this year. The Royal Bank of Scotland estimates additional stockpiles at 900,000 to 1 million tons. November shipments of refined copper to China totalled 194,388 tons, 15% up from October but 49% below record imports of 378,943 tons in June.

### **Beijing establishes framework for industry growth**

Beijing announced on Wednesday new regulations to limit overcapacity in some sectors and encourage growth in others, the Wall Street Journal reported. The directive requires lending curbs be applied to companies and investment projects in violation of industry policies. Such companies, as well as others in sectors with excess capacity, will not be permitted to issue bonds or shares. Beijing fears that sectors such as steel and cement which are regularly plagued by excess capacity could lead to bad investments, bad loans and job losses if they are not reigned in. Meanwhile, sectors such as textiles and automobiles will benefit from government restructuring. Observers, however, remain wary, noting that comparable policy directives from on high are not always implemented on the ground, as with previous failed efforts to consolidate the steel industry.

### **China applies duties to EU steel fastener imports**

Hours after it was announced the EU would extend tariffs applied to shoes imported from China for another 15 months, Beijing announced new anti-dumping tariffs on carbon-steel fasteners from the EU, state media reported. Starting December 28, steel fastener imports from the EU will pay tariffs between 16.8 -24.6% the Ministry of Commerce stated in an online announcement. The EU has already imposed five years of anti-dumping tariffs of up to 87% on steel fasteners imported from China earlier this year, at the same time the US launched an anti-dumping and anti-subsidy investigation into imports of Chinese carbon-steel fasteners. China exports 50% its steel fastener production annually so domestic industries have been particularly hard hit. The UK joined China in protesting the latest round of tariff-slapping. UK Business Secretary Peter Mandelson said: "I hope the EU will in the future see the importance of turning its back on protectionism."

### **China Launches World's Fastest Train Route**

The rail link between Wuhan and Guangzhou opened on Saturday in what is described as the world's fastest train service covering a distance of 1,068 kilometers at the average speed of 350 kph. [Subscribe to China Economic Review Weekly News Updates](#) or subscribe to [China Briefing](#) updates.

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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**

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!