



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
June 29, 2010

Vice President's observations

China has initiated a de-pegging of the Yuan from the US dollar. The US believes this will restore the US economy by boosting US exports. This school of thought seems to ignore the impact on American retailers from Wal-Mart to Toys-R-us who will now pay more for Chinese imports and so undo the decade long deflationary effect which has delivered benefits to American consumers.

Evaluating winners and losers is not as simple as some US lawmakers would like us to believe. The biggest winners from the Yuan appreciation are Chinese companies involved with Chinese domestic consumption and infrastructure investment are. They win for three reasons.

- They are paid in Yuan, which becomes more valuable,
- Chinese consumers have more money to buy goods and services.
- The company assets are denominated in Yuan, and will appreciate in U.S. dollar terms.

The increase in domestic purchasing power suggests China will spend more on natural resources. Commodity companies will also benefit from this appreciation as a result of the increase in Chinese domestic buying power. Chinese domestic consumption will sharply increase, and stocks and real estate denominated in Yuan will become more valuable. In the short term it is consumer and infrastructure companies that offer the best opportunities as they are the most direct winners.

Yuan appreciation is most likely to be slow and controlled, perhaps in the range of 2.5% to 3.5%. The Government doesn't want to encourage currency speculators and it wants to avoid large currency inflows. The SAFE (State Administration of Foreign Exchange) has already tightened some regulations in relation to currency transfers. Transfers made from previously unused foreign accounts into Chinese accounts are now red flagged. The receiving Chinese bank may refuse to process the transfer.

Equally important changes are the wave of labor strikes and the reactions of Government and company management. The strikers have received surprising support from Government. Calls for higher wages and better working conditions have not been dismissed, and police have not been sent to break up striking workers. Policymakers seem to be supporting the demand for higher wages, even at the expense of some export jobs. The Beijing municipal government has raised the monthly minimum wage in the city to RMB960, effective from July 1. Companies have also been quick to offer higher wages and better conditions.

The core reason for this support is driven by concerns for social stability. The gap between the richest and the poor is increasingly a topic of discussion in Beijing and elsewhere in China. Poverty fuels unrest and also impedes domestic growth. The shift away from reliance on exports requires the growth of domestic demand as a replacement. People on low wages are not able to drive domestic demand.

Domestic demand accounts for around 35% of China's GDP. Putting more money into people's pockets via higher wages will stimulate domestic demand. This will have some impact on the production of goods that rely on low wages with a potential shift to lower labor cost countries like Vietnam and Cambodia. This impact is offset by the migration to higher value added production of electronics and other manufactured goods. Higher wages empower Chinese consumers to buy China production.

No-one aspires to be the bottom of the development pyramid. These are structural changes to the economy and Australian business will need to adjust their thinking about the nature of new market opportunities.

Daryl Guppy
Vice president, NT Branch – Newsletter editor

MEET YOUR ACBC NT EXECUTIVE MEMBERS

John Carroll – Junior Vice President



John Carroll, Principal of John Carroll Consulting, is a Darwin business consultant specialising in assisting businesses work in the Northern Territory, with a particular focus on government relations. He has a number of clients in the resources industry.

Prior to becoming a consultant in late 2008, John worked in government for over 40 years and had extensive experience at senior levels, including heading a number of departments in Queensland and the Territory. His work included trade and investment attraction with a particular emphasis on Asia. He was involved in the development of the initial investment attraction activities undertaken by the Northern Territory Government in China and represented

the Territory in Beijing and Hunan Province. He has had extensive contact with senior officials in the Chinese and provincial governments.

John believes great opportunities can be found from the development of closer economic relationships between the Territory and China. The ACBC provides an excellent way to develop new contacts and relationships. It can also assist those moving into the market gain a greater understanding of the cultural and other issues that impact on business outcomes. As a member of the ACBC NT executive John is very interested in what the ACBC can do to assist members in their dealings with China.

On a personal level, John thinks China is a fascinating country with an incredible history. It is an exciting place to visit and its sheer size and variety is breathtaking. The achievements of the last 20 years are remarkable and there is much to learn from China. There is no doubt that China will be a major force in the 21st century.

John is happy to share his experiences with members if they think they might be of use in developing their business links with China.

Australia China Economic and Trade Co-operation Forum, Canberra

On Monday June 21 I attended as a national ACBC board, and ACBC NT, representative at the Australia China Economic and Trade Co-operation Forum in Canberra. The forum was addressed by Chinese Vice President Xi Jinping, the Prime Minister Kevin Rudd, the Treasurer Wayne Swan, and the Minister for Trade, Martin Ferguson. In addition two panel sessions were held with leading Chinese and Australian representatives. These panel session covered Finance and Banking and Natural resources.

This visit signalled the re-start of Free Trade negotiations. A new MOU was signed earlier in the day particularly covering energy, low carbon emission technologies, and oil and gas.

Message was do not lock us out of resource access because we need each other. Also a shift in focus to China clean energy requirements, of which nuclear is a clear choice. The Deputy Administrator of the National Energy Administration, Qian Zhimin, signalled greater demand for uranium suitable for the next generation of nuclear reactor processes. They also signalled an increasing interest in LNG as they class this as clean energy. It was noted that the English test is being used as a means of preventing Chinese experts from servicing and working with China installed and supplied equipment in Australian projects.

Vice-Presidents remarks were general about co-operation, we need each other, and complimentarity. He and other speakers were concerned about 'behind the border' barriers which are slowing investment in Australia.

From Daryl Guppy

Shanghai Expo 2010 –NT week guest nominations.

Details of NT Week at the Shanghai Expo are being firmed up. ACBC members have the opportunity to nominate some of their Chinese business colleagues and counterparts as guests to NT Government functions throughout "NT Week" at the Expo. This nominated guest list will be considered by the Chief Minister's Department for various NT events. Nominations of your key or potential partners in China, including those from outside of Shanghai are encouraged.

The time for this nomination opportunity is very limited so please send your nomination requests to Daryl Guppy china@guppytraders.com so they can be forwarded to the Chief Ministers Department for consideration.

Members and associates China News ACBC branch members meeting – Wednesday June 30

The next ACBC members branch meeting will be held on **Wednesday June 30, 2010**.

Time: 5:00pm - 6:00pm

Location: Clayton Utz Board Room, 17-19 Lindsay Street, Darwin

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.

SCHEDULE OF CHINA BUSINESS BRIEFINGS 2010

The Business Briefings will continue in 2010 and be provided free of charge for members only. Visitors are welcome to attend, but a small \$30 fee is payable. Briefings run for about 60 minutes. Business Briefing sponsorship options are also available.

Proposed briefing events in the second half of the year include:

- Economic/political/business forecasts
- Importing/exporting
- Translation tips
- Negotiation and deal structuring in China for Australian companies.
- Creating and using business cards in China

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

ACBC NT MEMBER BUSINESS PROFILES



As the premier legal firm in the Northern Territory and a leading commercial law firm in the Asia-Pacific region, Clayton Utz have been the key legal advisers on many of Darwin's most significant commercial projects over the last decade.

Our clients include many of Australia's top 100 companies, as well as Federal, State and Territory Government departments and agencies, investment banks and large international companies. Because we have a local presence in Darwin, clients know they can draw on our experience, knowledge and national depth to get a mix of strategic and tactical advice, both for their day-to-day transactional issues and key strategic needs.

We constantly find innovative and practical ways to find our clients the best commercial solutions for their businesses. And because we've acted on all sides of transactions, we can give you practical legal advice, no matter what position you're in.

Our multidisciplinary teams offer a full suite of products and services, including:

- Energy and Resources;
- Construction, Projects and Infrastructure;
- Property;
- Commercial Litigation and Dispute Resolution;
- Environment;
- Native Title and Aboriginal Land; and
- Government.

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

CHINA INTERNATIONAL SMALL & MEDIUM SIZE ENTERPRISE FAIR (CISMEF) 2010

The International Business Council is leading a delegation of exporters and importers to this fair being held in Guangzhou Province at the Guangzhou International Convention and Exhibition Centre on 15th – 18th September 2010.

Participants of the delegation will have the opportunity to attend the fair, which is expected to attract over 250,000 visitors. Australia is the only co-host of the fair which aims to attract Australian Importers and Exporters to China alike. Australian companies are invited to register their interest in managing booths at the fair with a predicted 150 booths being Australian companies. Contact Greg Bicknell GBicknell@chambernt.com.au for more details.

CHINA TIPS

TRADING CHINA MARKETS

How can traders and investors take direct advantage of this strategic development when foreigners are unable to trade Shanghai and Shenzhen A listed shares? It's a question asked by several readers after the notes in the last issue of China In Touch.

There are several methods and they start with the newly listed iShares China ETF over the CSI 300 index. This gives the most direct exposure to the China market because the constituents of the ETF are only Shanghai A share listing. As the Shanghai CSI goes so does the ETF. They provide unleveraged and direct exposure to the China market for traders and investors.

Some China ETFs are a mixture of mainland shares and H shares, or red chips. These are Chinese companies listed outside of China, or Hong Kong based companies with extensive business in China. These ETFs and funds do provide access to China market growth, but the access is diluted by the inclusion of western based and traded companies.

The key impact is the difference in behavior between Western and Chinese markets. In a study undertaken with our China CEO, Chen Jing, and published in the US we found profound behavioral differences in the two markets. Co-listed stocks, such as Jiangxi Copper are the same company trading in two different locations. The shares cannot be exchanged– they are not fungible. The company and balance sheet is a single company but traded in different jurisdictions. This is very different from ADRs which are a type of derivative.

Our study showed that the trending behavior, the nature of trends, and the start and end points for trends for the same co-listed companies were very different between the mainland traded stock and the Hong Kong traded stock.

The difference is not explained by currency, or fundamentals. It is a difference in the behavior of market participants. Generally the Western behavior was less bullish than the Chinese behavior. Western co-listed China stocks were slower to move up, and faster to move down. This disparity in behavior is an important factor if you are trading a fund or ETF that provides a mixture of China exposure.

A third method is to trade a QFII (Qualified Foreign Institutional Investor) fund, such as Morgan Stanley China A which has direct access to mainland stocks and which has a good history of closely matching the index performance. QFII funds show a wide variety of performance as a result of the reliance on the selection of companies. One Australian QFII fund has lost 46% during the time the Shanghai Index retreated 18%.

From Daryl Guppy. This is not intended as investment advice. It is a discussion of different trading instruments for the education of readers. Readers are advised to contact a licensed investment advisor. Daryl Guppy holds positions in several of the stocks mentioned.

CONNECTING WITH CHINA - Joan Turley

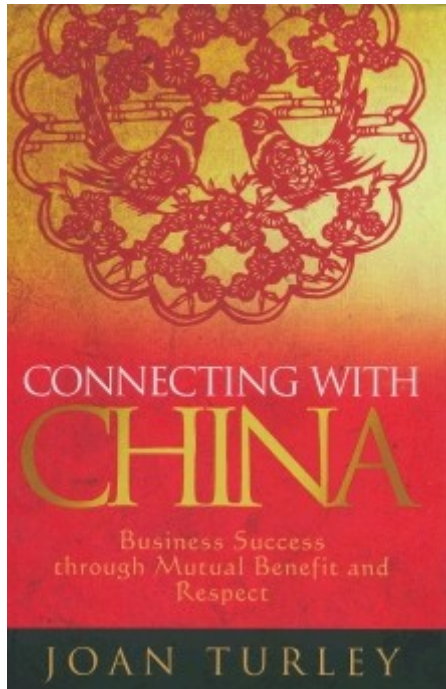
Review by Daryl Guppy

If you really really want to do successful long term business in China then you must read this book. If you are not prepared to make the commitment that successful China business requires, then you will see this book as a waste of time. If you believe China is not significantly different from any other international market, then the wisdom in this book will be wasted on you.

This book is one of the clearest explanations of the role of relationship building and its importance within a Chinese context. This moves well beyond the Western concept of networking

which can be compared with a game of chess. Networking Chinese style is more akin to three dimensional chess and much more sophisticated than simple networking.

It's easy to read the terms sincerity, trust and integrity and believe we understand their meaning. We understand their meaning within a Western context but their meaning within a Chinese context is subtly different and this carries significant consequences. In Chinese terms, trust means thinking with the heart which is a radically different interpretation of the meaning we ascribe in Western business.



Turley suggests that "The Chinese want to see what manner of sustained attitude we bring to the all important life determining area of relationships. To invite lightweight, exploitative, or inconsistent character is to reveal faulty judgement and undermine face by associating with those who possess no skills in this area."

Readers who are rolling their eyes by this stage have missed the point entirely and would do themselves a favour by withdrawing any aspirations to work on long term business with China. Already they have failed the test of sincerity which in Chinese terms is a commitment to others and an attitude of awareness of others. This sincerity is tested frequently for its depth.

The first section of the book explores the Chinese emotional landscape and values. This is the foundation of business as the Chinese understand it. It's not heavy going, although many readers will shy away from the level of commitment implied that is necessary for success, dismissing it as all too hard, or unnecessary. This in itself is a test of sincerity.

The second part of the book shows how these foundations are translated into real on-the-ground action. It provides practical advice for resolving the contradictions we bring to the Chinese environment. For instance, Western business favours the small, lean, efficient outsourced business model where time is at a premium.

In China eyes this adds up to a 'briefcase' company. In China owning land, and the business premises is a sign of business health and longevity. Large human resources gives a large pool of talent, the ability to accomplish tasks, to host events and nurture the company's relationship base. It is a sign of a solid and lasting financial framework that spans generations past, or generations to come.

Our focus on lean and mean is not reassuring to Chinese partners so how can we put this right in the early stages of developing a business relationship? Turley suggests it starts with creating perceptions that reinforce our faith in our business. It starts with the choice of hotel in China. Choose a good hotel that sends an image of respect and seriousness. The Western approach is we are trying to cut costs and hotels, travel etc represent a huge initial outlay. Despite this we have probably budgeted a large amount for meals.

In reality, if you make the correct first impression, you will be hosted and meal costs will be negligible. Your real costs will come when the Chinese visit your home country and you play the role of host. You make the correct first impression by your choice of a hotel. A top class hotel signals respects for your business partners and tells them that you are a company in sound financial shape. It is beginnings that matter in China. If you cannot afford to deploy evidence of business success in the beginning, then why should others do business with you?

The second section of the book is completed with the views of 15 China CEO's and business commentators. These interviews enhance the application of the foundations discussed in the book.

You can do business with China without this knowledge and many business do. However the foundations of long term success, particularly for business in China, are different. They are richly rewarding for all parties.

My copy of this book is heavily underlined, and many sections highlighted. Many sections reinforce lessons I have learned, and things I have observed. Other notes highlight points I have missed and areas where improvement is necessary. This is not a list or a how-to guide. Nor is it a new-age manual, although a superficial reader may reach this conclusion. This is hard won experience but don't bother reading this book unless you are prepared to make the same effort in China.

CHINA REGIONS GUIDE - 吉林

This is the heart of the area once known as Manchuria and home to the Manchu who were the last rulers of China. The last emperor Puyi, lived in Changchun. It was also the location of the infamous Japanese biological warfare Unit 100. Once the centre of industry, this has now become a rustbelt. It remains China's largest base for commercial grain production. The province borders North Korea. These notes are designed to give you more starter points so you can talk to guests from Jilin 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. It's not an exhaustive list but a starting point for conversation.



Map from www.wikipedia.org

General background

Jilin Province is situated in the central section of China's northeast region. It is bordered by Heilongjiang on the north, Liaoning to the south, Inner Mongolia on the west and North Korea on the east. This location gives Jilin Province its climate, which includes a lengthy winter with snow that can start as early as October and last until April. Despite the winter cold, people flock to this area for the Ice Lantern Festival and the winter sports. Jilin is known as an area for winter sports and has produced some of the best ski resorts in China. The area is rich in minerals and also wildlife.

History

Jilin has a turbulent history. It has been constantly fought over and invaded since historical records began. Under the Qing Dynasty Jilin and the rest of the region was off limits to ordinary Chinese. After part of the province was ceded to the Russians in 1860, the area has been flooded with Han Chinese, mainly from Shandong. In 1932 the Japanese created a puppet state. The last emperor Puyi was a puppet ruler for the Japanese.

During the Second Sino-Japanese War and World War II the Imperial Japanese Army headquartered Unit 100. This facility dedicated itself to biological-warfare. Thousands of Chinese were killed in these experiments.

Severely damaged during World War II, the capital city was taken by the Soviet Red Army in 1945. The Russians maintained a presence in the city after the Chinese civil war until 1946 and then was given to Chinese by the Russians. And it became a base for the communists who defeated the nationalists.

During the Cultural revolution this area was the scene of heavy fighting between rival red guard factions. Some of this history is captured in the book **Red Colour News Soldier**.

Industry

The main industry is car manufacturing. Changchun is the biggest automobile research and development centre in China. The first Chinese truck and car was made in Changchun. FAW (First Automotive Works) Group is headquartered in Changchun. Specific brands produced in Changchun includes the Red Flag luxury brand, as well as joint ventures with Audi, Volkswagen, and Toyota.

Jilin province is rich in natural mineral deposits. Also the province is rich in large reserves of oil, gas, coal, iron mine, nickel, molybdenum, talc, graphite, gypsum, cement rock, gold and silver; its reserves of oil shale are the largest in the country. There is a wide variety of rare earths in this province.

Jilin has abundance of Traditional Chinese medicine resources, with approximately 27,000 kinds of wild plants and 9,000 kinds of medicinal herbs.

Jilin's agricultural production is centered upon rice, maize, and sorghum. Rice is mostly cultivated in the eastern parts. The Changbai Mountains are an important source of timber. Sheep farming is an important activity in the western parts.

New and Hi-tech Industry Development Zone was founded in 1992 and is located in Jilin city covering 818 square kilometers of planned area with 242 square kilometers already established. The leading industries in the zone are new materials, refined chemical products, integration of photoelectron and mechanism, electronic information, medicine and bioengineering.

The Jilin Economic and Technological Development Zone was founded in May 1998 and is situated in the northeast of Jilin city. Major industries include refined chemicals, bioengineering, fine processing of chemical fiber, and farm products. Other economic development zones include Economic and Technological Development Zone, High-Tech Industrial Development Area and High-Tech Industrial Development Zone

Food

This is the home of dongbei (North Eastern) cooking. North-eastern dishes are usually composed of large quantities of meat in thick, fairly salty sauces. Potatoes also feature heavily in Dongbei cooking. This is a great style of food to have in winter. Personally I like dongbei jiaozi (dumplings), fried potatoes, and the thick stews in a cold Beijing winter. There are several good dongbei style restaurants in Beijing including the Dongbei Hu Cai Restaurant chain 东北虎菜馆 with branches in Chaoyang. The dumplings in Laobian Dumpling Restaurant 老边饺子馆 in Haidian are very good when eaten with good quality black vinegar.

You can also get good dongbei cooking in Singapore. North East People Home restaurant is on the edge of China Town at 22 Upper Cross Street. The outside signboard is in Chinese 东北人家 (No English). Look for the red characters on the white footpath pillar near the shop wall. The menu has pictures and some interesting English translations of real Beijing favourites. The jiaozi, steamed or fried, are very good. The menu includes other Beijing local favourites which are worth trying, including the fried freshwater fish. This is smoked and preserved and then recooked. Try the Harbin beer, which is perfect for the flavours. The stir fried sliced potatoes with green chilli is excellent. Add a touch of black vinegar for a flavour lift.

Northeast Chinese cuisine reflects the region's ethnic diversity. Native Manchu, Korean, Northern Chinese, Russian and Japanese cooking styles all find their traces in Manchurian cooking. One of the distinguishing characteristics of the cuisine is the use of uncooked fresh vegetables. During the long winter season, pickled Chinese cabbage is preserved and used for cooking.

As noted above, many people migrated to Jilin from Shandong and there are many elements of Shandong cooking now found in Jilin.

Dongbei food is famous throughout China for its hearty portions and rich north-eastern flavours. Jilin cuisine is distinct in its deeply Manchurian influenced cooking techniques. Local specialties include frog oil soup, steamed whitefish, raw salmon and carp, venison, tough tofu cooked in terrines, chicken and ginseng in earthen ware pots, and the famed Manchurian Three-set Bowl Banquet.

Jilin cooking is also noted for its exotic wild ingredients. The "Changbaishan Treasure Banquet" includes famous dishes with unique local flavors which are prepared by very experienced chefs with special local ingredients like ginseng, bear's paw, venison, Feilong Bird (Flying Dragon Bird) meat, frog fat and monkey-head mushroom.

Attractions

Once the thriving centre of the surrounding area, Jilin is home to many historical and scenic spots, such as the Jilin Wen Temple, which is the largest Confucian Temple in North-East China includes architectural styles from Buddhism, Taoism and Confucianism. The Jilin rime ice is the most famous natural tourist destination of Jilin, and may be viewed from November to February. Jilin Meteorite, the largest stone meteorite in the world, is also very popular with tourists within this city.

Changbaishan (Tall White Mountain) includes a nature preserve that has tigers, deer, black bears, leopards, and sable among the more than 200 varieties of wildlife that live in its original, undisturbed forests. Within the forests are innumerable hot springs and a more than 1,500 species of plants. Rare birds, such as the flying Dragon Bird, also make their home in this mountain forest. On the very top of the mountain is Tianchi (Heavenly Lake).

Another nature preserve in Jilin is Xianghai in Tongyu County. This preserve contains more than 100 swamps of varying sizes, 170 species of birds including many that are rarely seen elsewhere, a wide variety of fish, more than 250 different herbal plants, and a wide variety trees.

In Fu Yu County there is a stele monument called Deshengtuo. The stele was built in the Jin Dynasty (1115-1234 A.D.) Made of a green stone, the top has four dragons carved into it. The centre part has 815 characters of poetry and praise on one side. At the base is a giant tortoise, whose body is also heavily inscribed, finishes the composition of this stele.

Pu Yi, the last Emperor of the Qing Dynasty, lived in Chang Chun, the capital city of Jilin, in an Imperial Palace of Manchu State for 14 years (1931 - 1945). This luxurious palace, which also was the administrative departments of the 'Puppet Manchurian Government' has hills, gardens, ponds,

swimming pools, and various other forms of recreational facilities. Photographs of the emperor, his weddings, wives, parents, and English teacher are on display in the museum.

Capital city – Changchun . Population 2.8 million

Changchun is an important transportation and communication hub of Northeast China. This is sometimes referred to as the “car City” because of its automobile manufacturing. It is home to a large array of industrial corporations. Changchun's main industry is the manufacturing of transportation facilities and machinery. It produces 20%, 50%, and 10% of all automobiles, passenger trains, and tractors made in China.

Weather

July/August 18 to 25. Jan/Feb -25 to -5

Additional Resources

<http://www.jl.gov.cn/zt/english/>

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



Australian Pavilion Business Program

This snapshot of business program events at the Australian pavilion has been compiled exclusively for Australia-China Business Council members. All events are invitation-only, but members wishing to register their interest in involvement in a particular event should contact the organising agency as follows:

Commonwealth Agencies

Stakeholder	Contact
Attorney-General's Department	shanghaiexpo@ag.gov.au
Austrade	Web: www.austrade.gov.au/shanghaiexpo2010 Email: ShanghaiWorldExpo2010@austrade.gov.au
Department of Agriculture, Fisheries and Forestry	shanghaiworldexpo2010@daff.gov.au
Department of Broadband, Communications and the Digital Economy	richard.desmond@dbcde.gov.au
Department of Climate Change	vicki.cronan@climatechange.gov.au
Department of Education, Employment and Workplace Relations/Australian Education International	ShanghaiWorldExpo2010@deewr.gov.au
Department of the Environment, Water, Heritage and the Arts	Web: http://www.environment.gov.au/ Email: ciu@environment.gov.au
Department of Health and Ageing	expo2010businessprogram@dfat.gov.au
Department of Innovation, Industry, Science and Research	emma.lumb@innovation.gov.au
Department of Resources, Energy and Tourism	Max.Whitby@ret.gov.au
Tourism Australia	rmatkowski@tourism.australia.com
The Treasury	ShanghaiWorldExpo2010@treasury.gov.au

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.

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

Survey reveals more than 1 million "ants"

The Social Sciences Academy Press on Wednesday released statistics revealing that one million so-called "ants" - low-income college graduates unable to afford housing in the city's metro areas - now live in China's largest cities, reported state media. More than 100,000 low-income college graduates lacking stable employment live in Beijing alone, with similar populations in Guangzhou, Xi'an, Chongqing, Taiyuan, Zhengzhou and Nanjing. Ministry of Education statistics reveal that college graduates have increased 470% from 1.07 million to 6.11 million in the past decade. In order to relieve the stress on big cities, the Social Sciences Academy recommended further development of second- and third-tier cities.

Hong Kong tycoons invest in ABC IPO

Li Ka-shing and Lee Shau-kee, two of Hong Kong's billionaire tycoons, have subscribed to the Hong Kong segment of the initial public offering of Agricultural Bank of China (ABC), with each purchasing US\$129 million worth of shares in China's third-largest bank, the Wall Street Journal reported. The investments will be subject to a one-year lock-up period. Investment banks supporting ABC's offering continue to pursue other cornerstone investors in the Middle East, Europe, Australia and Japan to subscribe to between 30% and 40% of the total offering. ABC's IPO is expected to raise as much as US\$28 billion in simultaneous mainland and Hong Kong market listings.

CICC predicts severe job losses in 2011

China International Capital Corp (CICC) predicted that China will see "severe" employment losses in 2011 as the company's US\$586 billion stimulus concludes, reported state media. In addition, rising wages may make foreign employers more cautious about establishing new facilities in China. The National Development and Reform Commission estimates that 5.6 million new long-term jobs and almost 50 million temporary jobs were created by China's stimulus package, but a new influx of 39 million workers into the workforce could cause a severe labor market oversupply as China's growth slows to 7.5% in 2011. If only 8 million new jobs are created, CICC anticipated unemployment numbers could reach 31 million.

Beijing expands cross-border RMB settlement program

Beijing will expand a program allowing provinces to use renminbi in cross-border trade from two provinces to 20, the South China Morning Post reported. The People's Bank of China, and the finance and commerce ministries said that a pilot program for using renminbi in cross-border trade had been "smooth, in good order, convenient, and popular among enterprises and banks" in Shanghai and four cities in Guangdong province where it had been introduced. The expansion of the program is part of Beijing's efforts to encourage the international use of the currency. To date, the program has only applied to trade with Hong Kong, Macau and members of the Association of Southeast Asian nations (ASEAN), but the new regulation will permit the use of renminbi in transactions between approved provinces and any country.

China ends export tax rebates on steel, other commodities

China will remove rebates on export taxes for certain commodities, including steel exports and fertilizers, the Financial Times reported. The end of rebates follows the imposition of duties by the US Department of Commerce on imports of Chinese-made steel drill pipe after it ruled that Chinese steel producers enjoy unfair subsidies. Exports of Chinese steel products rose 127% year-on-year in the period from January to May. Analysts said that the end of subsidies could hurt domestic steel makers, particularly following Beijing's decision to remove the renminbi's US dollar peg. Tighter margins could favor large producers and accelerate consolidation of the steel sector, a major goal for the Chinese government.

New home prices up 0.81% m/m in May

Commercial home prices in 36 major Chinese cities rose 0.81% in May from the month before, state media reported. The National Development and Reform Commission said average prices rose to US\$1,247 per square meter. The National Bureau of Statistics released data earlier in June that showed home prices in 70 cities grew an average of 12.4% in May, the second-highest growth rate on record. Beijing has attempted to institute policies to rein in price growth, but is wary of excessive tightening. Measures so far have concentrated on reducing speculation at the top end of the market.

CBRC recognizes Malaysia as QDII destination

The China Banking Regulatory Commission (CBRC) signed an agreement with Malaysia's Securities Commission to recognize Malaysia as an approved investment destination under the Qualified Domestic Institutional Investor (QDII) program, Dow Jones and the Malaysia Star reported. The China Securities Regulatory Commission (CSRC) confirmed Malaysia's approval under a previous memorandum of understanding with the Malaysian Securities Commission. The country joins Australia, Canada, Hong Kong, Germany, Japan, Luxembourg, Singapore, South Korea, the UK and the US as an approved jurisdiction. The agreement permits approved Chinese fund management and securities companies to invest in Malaysian equities, fixed-income products and other securities.

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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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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!