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business

CHINA DAILY 中国日报 chinadaily.com.cn/business TUESDAY, JULY 31, 2012

ONE US$ EQUALS

▲RMB	▲HKD	▼JPY	▲EUR	▼GBP	▲AUD	▲INR	▲CAD	▲KRW	▼THB	▼BRL
6.3793	7.7546	78.24	0.8145	0.6371	0.9535	55.39	1.0040	1137.22	31.58	2.0214

SOURCE: REUTERS, 9PM MONDAY

Survey: Growth to bounce back in H2

Economists say they expect more stimulus policies to spur economy

By CHEN JIA
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A new survey of leading Chinese economists, suggests they expect to see lower inflation and more government stimulus in the third quarter, and higher confidence in the second half of this year.

ECONOMY

The quarterly survey from the China Economic Monitoring and Analysis Center under the National Bureau of Statistics was conducted among 78 leading economists, and showed that 72 percent of them expected higher than 8 percent growth this year supported by further economic policies.

The survey's overall index, which indicates respondents' confidence in the country's economic situation, is expected to rebound to 4.8 in the second quarter, compared with 4.48 in the first three months. The evaluation range for the index is from 1 to 9.

Respondents said they expected China's inflation rate to further ease in July, because of continued low food prices, giving the government more leeway to loosen price policies, economists said.

Many experts predicted that the consumer price index, a main gauge of inflation, may drop to 1.7 percent in July from June's 2.2 percent, to reach its lowest level in 30 months.

Lian Pin, chief economist with the Bank of Communications Co Ltd, said that if no unexpected factors arise in the third quarter, the CPI may reach 2 percent during the July-to-September period.

To support economic growth, the government's monetary policy may move to "moderate easing" from its current "prudent" stance. Further cuts are expected in interest rates and reserve requirement ratios in the third quarter.

The People's Bank of China, or the central bank, lowered the RRR twice in the first half of the year, by 50 basis points each time, to increase market liquidity.

It also lowered benchmark interest rates twice in a month, responding to worse-than-expected economic indictors in the second quarter.

"The central bank may cut benchmark interest rates again this quarter, while fiscal deposits may increase faster during these three months," said a recent report from the China Securities Co Ltd.

Overshadowed by weaker GDP growth that reached 7.6 percent in the second quarter, the slowest growth rate in three years, investors in the stock market became pessimistic.

The Shanghai Composite Index, a tracker of the biggest listed companies in China, has slumped 5.2 percent this month, and closed on Monday at 2109.91, its lowest since March 2009.

The stock index has now dropped 14 percent from the year's high on March 2 amid concerns that the economic slowdown is deepening and European debt crisis is worsening.

According to the survey, 52 percent of the economists expect a decrease in the country's trade surplus in the second half and relatively stable growth in exports and imports, while the global economy remains at a slow recovery rate.

Pan Jiancheng, deputy director with the China Economist Monitoring and Analysis Center, said: "The increase in investments may accelerate for the rest of this year, stimulated by ongoing policy fine-tuning, to 21.8 percent for the whole year," compared with 23.8 percent in 2011.

According to the economists surveyed, to support investment, new bank lending is likely to continue increasing and may rise by 700 billion yuan ($109.7 billion) in July.

The approval of major projects, especially infrastructure construction, may speed up in the coming months, driving up bank lending and boosting fixed-asset investment growth, added E Yongjian, a researcher with the Bank of Communications.

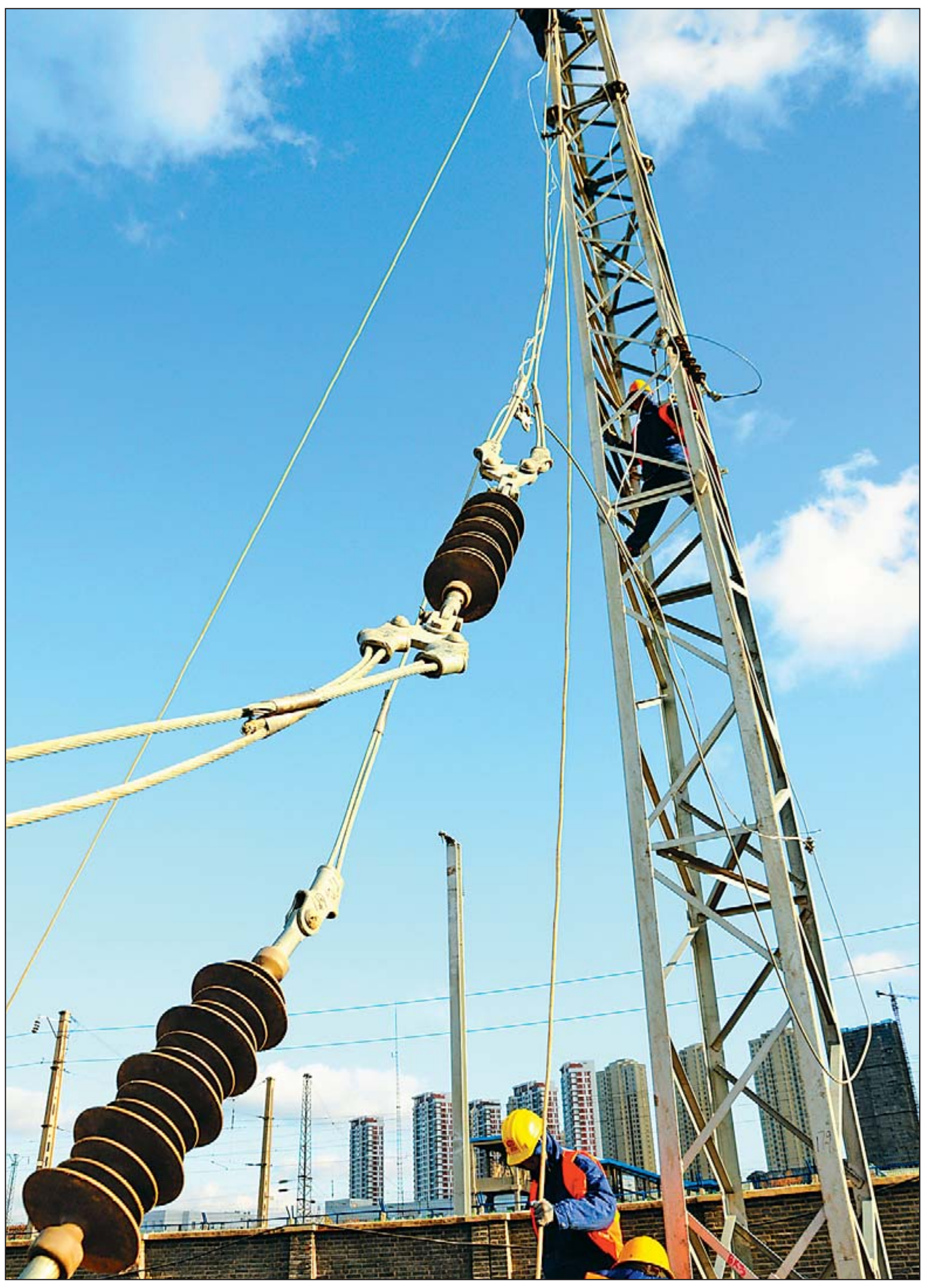
By the end of June, total lending for fixed-asset investment was 20.28 trillion yuan, an increase of 10.3 percent, 0.4 percentage points higher than at the end of March, according to the data from the central bank.

As stimulus policies continue, economic growth is expected to rebound gradually, but at a moderate pace, according to the economists polled.

They noted the recent rebound in real estate trading volumes, and the moderately dropping house prices.

"But the market is still far from its control targets, as prices have yet not declined to a reasonable level," the survey added.

"Most economists believed that it is necessary to keep property control measures stable to prevent house prices bouncing back."



YANG YONGQIAN / FOR CHINA DAILY

Workers install a power grid system for the Harbin-Dalian passenger railway terminal in Dalian, Liaoning province.

PRIVATE INVESTMENT ENCOURAGED

China's government said on Monday that it would introduce a number of projects to allow private investment in areas dominated by State-owned enterprises.

The announcement, made after an executive meeting of the State Council, said the country must "introduce some projects as soon as possible to allow private investment in the railways, public utilities, energy, telecommunications, financial, health and education industries".

The move comes a week after the National Development and Reform Commission, China's top economic planning agency, and other central ministries, issued 42 new rules to attract private investment and remove barriers.

The NDRC admitted on Friday that there are differences between the new rules and public expectations, and vowed to take concrete measures to boost investor confidence.

"The cabinet meeting urged several regions and government departments to take candid and effective measures to implement policies to create an environment that is fair, transparent and predictable to all market players, including private ones," the statement said.

The government will study and solve the questions raised by private investors, such as lack of clarity in entry rules, and standards and conditions for private capital. It also promised further overhauls of the administrative examination and approval system.

ZHENG YANGPENG

Regulation meant to protect overseas workers' rights

By BAO CHANG
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The Ministry of Commerce is calling for China's exports of labor to be better regulated, as Chinese enterprises expand more quickly overseas and an increasing number of workers are sent abroad.

JOBS

"According to the country's first regulation of exported labor, the ministry will work with other government organizations and local governments to establish a means of cooperation and stronger supervision of enterprises that send workers abroad," Chen Deming, minister of commerce, said on Monday.

Chen made the remarks during a videophone conference held by the Ministry of Commerce, the Supreme People's Court and the Ministry of Transport.

In June, the State Council issued a set of rules to regulate export of labor and protect workers' rights abroad. The regulations will take effect on Wednesday.

Chen said they mark a significant change in China's regulation of labor exports and will lead to improvements in the industry.

Diao Chunhe, director at the China International Contracts Association, said the protection of workers' lawful rights and interests is the regulations' chief goal.

They will subject companies to higher standards covering the export of labor and clarify responsibilities of the various governmental departments involved.

According to the regulations and other laws, businesses are qualified to export labor if they have at least 6 million yuan ($940,000) in paid-up registered capital, have three or more people familiar with foreign labor services and the laws involved, have a sound internal management system and have an emergency management system.

As China invests more in other economies, the number of Chinese workers overseas will increase rapidly and labor disputes related to such workers are likely to become more common.

"That is pushing the government to take further steps to regulate labor issues abroad," Chen said.

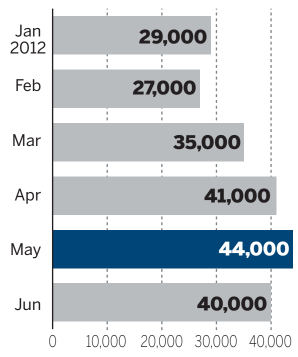
In the first half of the year, China's non-financial outbound direct investment increased by 48.2 percent to $35.42 billion. Chinese enterprises' investment activities are being conducted in 116 countries and regions around the world.

In the first six months of the year, China sent 216,000 people to work abroad, up 2.4 percent from a year earlier.

"The foreign exchange revenues brought in by sending workers abroad has surpassed $4 billion each year and more than 4 million people's livelihoods have been improved," Chen said.

"Many professionals who were working abroad start businesses themselves, taking advantage of the experiences they had abroad and the technology they learned about. The social benefits are obvious, for this promotes general prosperity."

CHINESE WORKERS LEAVING TO WORK OVERSEAS



Source: Ministry of Commerce
SHEN WEI / CHINA DAILY

LI AN / XINHUA

Workers fill in forms before going to work overseas in Xinxian county, Central China's Henan province.

Major lenders broaden horizons and flex financial muscles

By WANG XIAOTIAN
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Major lenders from the world's second-largest economy are expected to accelerate their aggressive program of global investments of recent years, especially in the wake of the financial crisis.

Although still highly dependent on domestic business, all major players in the Chinese banking sector are predicted to strengthen their international positions — but market watchers are also cautioning that much still needs to be done to improve their chances of winning a larger share of the pie, faced with fierce foreign competition.

GOING GLOBAL

Figures reveal that from the end of 2008 to the end of 2011, foreign assets of the Big Four banks — Industrial & Commercial Bank of China Ltd, China Construction Bank Corp, Bank of China Ltd and Agricultural Bank of China Ltd — have mushroomed from 2.41 trillion yuan ($379 billion) to 4.13 trillion yuan.

"The internationalization of Chinese lenders will become inevitable and we see more mergers and acquisitions outside China by those banks as well as more overseas branches," said Guo Tianyong, director of the Research Center of the Chinese Banking Industry at the Central University of Finance and Economics.

He said that China's tight control over credit has been a dominant factor in this greater willingness to explore overseas.

Closer ties between Chinese banks and the international market after China joined the World Trade Organization in 2001 have also played a major part in increasing their chances of becoming truly future global players.

Dong Xian'an, chief economist at the Peking First Advisory Co Ltd, said the lenders' progress in terms of asset quality, profitability and liquidity against the rivals has helped accelerate the expansion of Chinese banks into international markets. He agreed that this is likely to be a continuing trend in the long term.

"However, Chinese banks are still in the early phases of internationalization and lag far behind their foreign counterparts," added Hong Qi, president of China Minsheng Banking Corp, a major private lender in China.

Hong said the capability of Chinese banks taking part in international competition requires them to play by universally applied rules, but their ability to up their game has been restricted in part by often complex and conflicting regulations at home.

"It makes no sense if banks go out just for internationalization, regardless of their own strategy and capability," he said, adding that his own Minsheng learned a hard lesson after loosing 900 million yuan on the acquisition of the US-based Wachovia Corp.

In September 2007, Minsheng's board of directors proposed buying a 19.9 percent stake in Wachovia, and the following year landed the deal for $887 million.

During the global financial crisis, Wachovia was hit with huge losses and Wells Fargo acquired it under a forced sale by the US government to avoid its collapse.

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