

**Subject: News Update – Week 9, 2012**  
**Date: February 27, 2012**

## **Politics and Economy Update**

### **China to raise exports tax rebates**

China will raise export tax rebate rates on a series of products including high-tech and high value-added goods and labor-intensive goods this year, when the time is appropriate, said Zhong Shan, vice-minister of commerce.

"We are studying launching relevant measures together with the authorities concerned" to stabilize export growth, said Zhong at the 2012 China Imports and Exports Work Conference held in Nanchang, Jiangxi province.

China's exports for January experienced a decline from a year ago, the first such fall during the past more than two years. Officials from the ministry have said many times that the prospects for the nation's exports are not positive and China will take measures to sustain the growth.

While it tries to stabilize tax rebate policies, China will, at the appropriate time, increase tax rebates on specific categories of goods including labor-intensive products.

The nation will also stabilize its currency policies, guiding domestic companies to take active measures to cope with currency fluctuations, he said.

*China Daily, Feb 20 2012*

### **Thirty provinces lower GDP growth target**

Thirty-one provinces have announced their GDP growth targets for 2012 and only Hainan province set a higher growth rate than last year, the Beijing News reported on Thursday.

Some provinces set the target much lower than 2011. For example, the target of Chongqing in 2012 is 13.5 percent compared to 16.4 percent a year earlier.

According to the data, Guizhou has the highest GDP goal, which is 14 percent, while Beijing and Shanghai have the lowest at 8 percent.

Experts told the paper that turning down the GDP growth rate will not affect the improvement of people's living standards.

*China Daily, Feb 23 2012*

## **Shipping Industry Update**

### **Beihai port's January container throughput up 23pc**

PORT of Beihai, in southwest China's Guangxi province, recorded a robust year-on-year increase of 23.6 per cent in its container throughput to 6,707 TEU in January.

The port's throughput tonnage went 9.8 per cent up to 1.2 million tonnes.

Facilities of Beihai Port Co., Ltd. handled 836,000 tonnes, up 26.8 per cent compared to the same month a year ago.

*Shipping Gazett, Feb 22 2012*

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## **Logistics Industry Update**

### **Inner Mongolia to spend US\$7.94 billion building 30 inter-provincial roads**

NORTH China's Inner Mongolia Autonomous Region has completed building seven interprovincial expressways with another seven under construction. By 2013, the region will have a total of 30 inter-provincial roads opened to traffic, Xinhua reports. This year, the region will invest CNY50 billion (US\$7.94 billion) to CNY55 billion on traffic infrastructure.

Inner Mongolia spent CNY50.2 billion on road projects last year, 29 per cent more than in 2010, 11.7 per cent higher than its yearly target. A total of 19,317 kilometres of new roads were built last year, bringing the total mileage to over 160,000 kilometres.

*Shipping Gazette, Feb 24 2012*

### **West China to be linked with new expressways and railway lines to seaports**

BEIJING has decided to build expressways and railways connecting to coastal ports through southwest Guizhou province.

The province, bordered by Chongqing, Sichuan, Yunnan, Guangxi and Hunan, is a gateway to both the Pearl and Yangtze rivers. But as its traffic capacity is still very restricted, southwest China's development suffers from a transport bottleneck of inadequate infrastructure.

The central government will support the building of an expressway network in coming few years from Sichuan to Guizhou and another from Yinchuan in northwest Ningxia to Longbang in southern Guangxi. This will be the second route from the southwest China coming after the first one from Chongqing to Zhanjiang in Guangdong that opened in 2005.

Construction of the main phase of the Yinchuan to Longbang expressway within the Guizhou provincial territory started last year. It will link Chongqing to the Guizhou expressway to the north, and to the south link Baotou in Inner Mongolia to the Maoming Guangdong expressway at Lanzhou Gansu to the Haikou Hainan expressway, and to the Longbang checkpoint bordering Vietnam via the Yinchuan to Longbang expressway.

Besides building expressways, the government will also start to build railways from Guizhou to Sichuan and Chongqing as soon as possible with the goal of increasing the provincial railway trackage to 5,000 kilometres by 2015, while the expressways will reach 4,500 kilometres by then.

Moreover, Xinjiang in northwest China will be connected to seaports in the Beibu Gulf and in the Pearl River Delta via railways under construction such as on from Lanzhou to Urumchi, and from Lanzhou to Chongqing and from Guizhou to Guangzhou.

China will advance port construction in Chongqing on Yangtze and other western inland river ports with an aim to improve the cargo handling capacity to more than 300 million tonnes and set up a large shipping network transporting iron ore, coal, crude oil and container cargo, said Transport Minister Li Shenglin.

*Shipping Gazette, Feb 27 2012*

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## **Industry Dynamics**

### **Massive wage hike for Foxconn workers**

Foxconn Technology Group, Apple's largest supplier, announced a 16 to 25 percent wage hike Monday for its workers in factories on the Chinese mainland, Guangzhou Daily reported Tuesday.

According to Foxconn, the wage hike, which will begin this month, will depend on different work places, jobs and skills. In addition, Foxconn promised to reduce overtime. It is the third large-scale wage hike at Foxconn since 2010.

At the Foxconn Shenzhen plant, the minimum wage reached 1,800 yuan (\$286) to 2,200 yuan (\$349) per month, higher than the 900 yuan (\$143) three years ago.

"We decided to reduce overtime and meanwhile make a wage hike for the workers after we consulted with union representatives and clients," a Foxconn executive who declined to be named said.

Foxconn was under investigation from the US Fair Labor Association (FLA) at Apple's request. Last week, FLA began investigating the working conditions at Foxconn. In addition, results of the investigation are expected to be released in March.

*China Daily, Feb 21 2012*

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