



**INCHINCLOSER**

Bringing India and China closer.

### Notes from the Editor,

Welcome to Inchin Closer's March Newsletter!

Emerging triumphantly from their protective cocoons post the financial crisis, China and India each witnessed major upheavals domestically and internationally during the past month. While China grappled with google, battled bribery in the Rio Tinto case and won the bid to acquire Volvo from Ford for US\$1.8 billion, India passed the Women's bill allowing 33 percent women's participation in politics and an Education bill permitting foreign educational institutions to set up campuses and collaborate with Indian institutes of higher and vocational education.

Bilateral relations between the two neighbors began on a sour note this spring with recurrent spats on the lack of adequate business visa's, an unbalanced trade in favour of China, a rise in duty and subsequent cut in Indian iron exports to China dampening headlines. However, the month ended on a positive note as Chinese and Indian External affairs ministers agreed to meet in Beijing to smoothen ties and build a better relationship.

During March, the neighbors continued to imbibe virtues of growth from each other in order to inch towards a more sustainable economy. While China which has till date being bolstering ahead, announced policies to

### What are we looking forward to in the next month

- The 'Year of China' in India and 'Year of India' in China will officially kick off with and exchange of music concerts and dance troupes performing in both countries.
- India and China will compete more fiercely over fast depleting natural resources such as iron ore and steel as domestic demand increases.
- The US will continue to raise the issue of revaluing the yuan, further straining China-US ties.
- India and China will sign an agreement towards more equitable bilateral trade.
- India will reap benefits from google and Rio Tinto's fall out with

concentrate on social welfare, India which has taken the slower, more democratic path implemented changes to attract additional FDI and boost GDP figures.

After almost a decade of competing to grow with different economic models, growth policies of China and India now seem to overlap. The debate might no longer remain which growth model will be more successful China's or India's, rather which country will be able to implement changes and raise towards a more equilateral growth?

**Whats new at Inchin Closer** – Inchin Closer has begun displaying twitter updates on the websites' right hand column. The updates aim to provide users with up-to-date, relevant news and analysis on China and India as it happens. This feature addition is aimed to give the website cutting edge information and seeks to complement the in depth analysis which is updated daily.

**Spread the word** - In order to bring India and China closer, a joint effort of exchanging information, news and views needs to be undertaken. Inchin Closer requests all subscribers to interact /collaborate more amongst each other and with the website and forum. Show your support towards bringing India and China together by sharing links, becoming fans on facebook, sending this newsletter to friends and suggesting this website to people you feel would benefit from this rich resource.

Thanking you,

Yours faithfully,

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the Chinese government.

**Help  
make India, China an  
easier place to  
understand!**

In order to help subscribers decode news and analysis from India and China effectively, help them better understand changes, and the impact on their business, Inchin Closer invites *you* to offer your expert analysis on news and views from across Inchin. You may have an opinion, professional advice or a keen insight into either or both nations, Write in to us, and we will be happy to publish your work with full credit to you.

## **Starting afresh, India wants to align itself closer to China in the future**

Indian External Affairs Minister S M Krishna, will meet his Chinese counterpart Yang Jiechi on a four-day visit to Beijing beginning April 5 to strengthen bilateral ties and resolve border issues. During this visit, Krishna plans to convince the Chinese not to dwell on the past, but rather concentrate on the future...

## **Differences in Doing Business in India and China**

As global investments shift east and both China and India offer unique, compelling markets to operate in, it's vital for a company to understand the legal and tax differences in doing business in China and India. In order to simplify and provide investors with an overview of the distinct characteristics the two markets offer, Inchin Closer has compiled a chart....

## **10 Chinese power equipment companies suspend work in India**

Distrust over labour and technology from China recently meant that as many as 10 Chinese power equipment companies have had to suspend work on power projects already sanctioned in India. The Indian government caught in a catch 22 situation, claims its protecting national security by protecting jobs for locals and import of technology from China, a close aide of Pakistan...

## **China, India's rapid growth enlarges black economy**

Short supplies, a high demand, government apathy and years before a case comes up in court mean that companies are resorting to black tactics at achieving immediate targets. While India was shocked last year with the Satyam Computers Scandal, where one of India's largest IT companies fudged financial statements, China's corporate world is being rocked by the current Rio Tinto scandal...

## **China's Provinces - What lies beneath?**

Helping you navigate China's provinces, Inchin Closer provides an over-arching view on some of the major changes sweeping through China's hinterlands. We also help you understand why it is important to know China beyond her booming Eastern Coast and what advantages and potential her varied provinces hold. A detailed report on China's provinces by Deutsch Bank can also be found here...

## **AFRICA - China and India's sweet spot**

More than a century after Mahatma Gandhi went to South Africa, and three decades after China began to woo the rich continent for its natural resources, foreseeing the need for energy, modern India is following suit. 400 business and political leaders from 34 African nations and India gathered recently at the sixth India-Africa business conclave in New Delhi to firm up 145 business projects worth US\$9 billion...

## **Robust emerging markets M&A deals surge**

The number of Emerging-to-Developed deals registered in the second half of 2009 stood at 102, representing a strong bounce back from the 78 recorded in the first half of 2009. By contrast, the number of Developed-to-Emerging deals fell to 216; making it four consecutive six month periods during which that figure has fallen, reported KPMG...

## **The new silk route's made of steel**

Less than two years after China's first high-speed train from Beijing to Tianjin rolled out of the platform, top officials in Beijing are busy drafting a global rail network of high-speed trains that will connect China with 17

neighboring nations including India by 2012 at a cost of US\$500 billion. The railway holds strategic importance for India, which shares one of the world's longest disputed borders with China...

### [India's rising iron ore demands, cut exports to China](#)

Citing booming domestic demand, India the third largest exporter of iron ore to China (after Australia and Brazil) has been gradually cutting supplies to the mainland. India's share of iron ore exports to China fell 17 percent to a record low of 628 million tons in 2009, down from 20 percent in 2008...

### [China will get old before it gets rich](#)

Demographers in China will celebrate 2010 as the year in which the nation's demographic dividend will peak. From this year on, the population of China's elderly will overtake the number of working children, meaning there will be less people supporting a larger population, adding to demographic stress and lower growth rates...

