



INCHINCLOSER

Bringing India and China closer.

Notes from the Editor,

Welcome to Inchin Closer's April Newsletter!

Bilateral trade between India and China matured in April as the two countries made conscious efforts towards altering the traded basket of commodities. As correctly predicted by Inchin Closer last month, high domestic demand meant that India reduced exports of raw materials such as iron ore and cotton to China. Moving up the value chain, China invested into India's burgeoning automobile industry, by seeking seats on the board and top management of General Motors India.

An evening out of bilateral trade between the two neighbors further shrunk India's trade deficit with China to US\$ 2.5 billion in Q1 2010 as compared to US\$ 2.7 billion in Q1 2008. Statistics revealed by the Chinese customs also showed bilateral trade between India and China ballooned 66 percent during the first quarter 2010 touching US\$ 14.14 billion, against US\$ 9.3 billion in Q1 2009, inching closer to the trade target of US\$60 billion set for 2010.

Recognizing their growing bilateral trade and global clout, the World Bank also increased both China and India's voting share. While China's vote share increased from 2.77 percent to 4.42 percent, making the Asian giant the third most influential member of the World Bank behind the US and Japan, India's voting rights increased marginally from 2.77 percent to 2.91 percent, placing India in seventh place.

What are we looking forward to in the next month

Foreign Direct Investment will continue to pour into both China and India as both countries display high returns and Europe recovers from the Greek debt crisis.

Both governments will be challenged with the juggle between monetary tightening to cool the economy and efforts to stimulate growth.

Trade tensions will rise between India and China as the governments compete over a whole new basket of goods including telecom equipment, diamonds, pharmaceuticals and technology, goods that are seeing raising volumes of trade

Overall, a 3.13 percent shift in favor of the developing countries was decided on, giving them just over 47.19 percent of the total votes, while the advanced economies' share of the total fell to just under 52.81 percent.

Diplomatic relations between India and China also strengthened last month with leaders of the two countries meeting and supporting each other at various forums internationally.

Indian Foreign Affairs Minister S M Krishna met Chinese leaders including Wen Jiabao in Beijing earlier this month to discuss strengthening bilateral trade ties and bettering border issues. Chinese Premier Hu Jintao and Indian Prime Minister Manmohan Singh met in Washington for a multi-nation nuclear security summit where both nations supported the West in reducing global nuclear proliferation, after which they convened for the BRIC's summit in Brazil where strengthening the role of developing economies was discussed. Later in the month, Chinese Vice Foreign Minister Wang Guangya was invited as an observer to the SAARC summit where India is the largest member.

Below are the top 10 news stories that most impacted India and China in April 2010. Inchin Closer covers these and many more stories on a daily basis. To receive news and analysis as it is broken please do subscribe on our home page.

Whats new at Inchin Closer – Inchin Closer has begun a new section titled 'Events', The new section provides Inchin Closer users with links to trade fairs, conferences, and exhibitions in both India and China. The new section was started with the hope to help our clients decide which trade fairs to attend in advance so that they can plan and prepare for the event better. If you are interested in hiring professional translators or interpreters for any event in China or India, please do contact Inchin Closer.

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

between India and China.

China-India political tensions will remain strained as China is seeing to be supporting Pakistan and India joins the US in pressuring China to revalue the yuan.

**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.

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 best of Inchin Closer in April

A review of the top 10 news articles impacting India and China as covered by Inchin Closer

An India-China competition in the rough

India exported about US\$17.5 billion in cut and polished diamonds last year. That dwarfs China's US\$3 billion a year in diamond exports. However, closer ties to governments in Africa, infrastructure and financial support, equally low labor costs and a large affluent Chinese consumer base mean that a growing percentage of Africa's diamonds are being sent to China for cutting and polishing instead.

World Bank raises China, India's voting share

China's vote share increased from 2.77 percent to 4.42 percent, making the Asian giant the third most influential member of the World Bank behind the US and Japan. Germany, Europe's largest economy, fell to fourth place. Comparatively, India's voting rights increased marginally from 2.77 percent to 2.91 percent, placing India in seventh place after the US, Japan, China, Germany, France and United Kingdom.

Comparison: Growth of Indian and Chinese cities

If current trends hold, in 20 years China's cities will have added 350 million people, more than the entire population of the United States today, totaling almost a billion urban dwellers. Meanwhile India's urban population would've soared from 340 million in 2008 to 590 million in 2030.

Who should attend the Shanghai Expo 2010?

About to commence in tomorrow, the Shanghai Expo 2010 is not a trade fair. Businessmen should not expect to visit the Expo to display their products, meet potential buyers or sellers or pass around cards to network. Further, attending the expo without setting up prior meetings will also prove to be fruitless.

5 prudent strategies for investing in India/China

With raised foreign asset investments, escalating GDP growth figures, higher exports, a sizable talented workforce and open investment policies, companies looking at expanding overseas are keen to invest in India and/ or China, however doing business in either of these countries remains fraught with their own challenges.

India implements unified National Permit for commercial goods vehicles

Transporting goods across Indian state lines will now be much easier with a unified national permit effective from May 1, 2010. In creating a seamless pan-India market, the new permit aims to give a further impetus to the goods and services tax or GST which will be implemented next fiscal year.

India becomes China's largest cotton exporter, New Delhi imposes duty on cotton exports

India replaced the US, as China's largest exporter of cotton when it exported 265,460 tonnes or 1,694 percent higher cotton in the first two months of this year, as against last year. With effect from April 9, New Delhi imposed an export duty of 2,500 rupees (US\$56.47) a tonne on all varieties of raw cotton in order to cool domestic prices. A strengthening rupee added to the additional burden of export duties will hopefully curtail overseas sales, the government report said.

India joins the US in pressuring China to revalue the renminbi

After keeping mum on its stance on the yuan revaluation, on Tuesday, India said that it would favor a stronger Chinese currency which would ease balance of trade deficits.

Chinese automaker SAIC enters India via GM

Chinese automaker Shanghai Automotive Industry Corporation (SAIC) will soon get a say in shaping the burgeoning Indian auto market as representatives of SAIC will sit on the board of General Motors India. The re-organisation of GM India's board is due to a new 50:50 joint venture agreement between SAIC and GM China for support in expanding GM's presence in emerging markets such as India.

Cricket – An insect or a sport in China?

Cricket in China is little more than an insect that is roasted, spiced up and sold by street vendors, it's a bat and ball game some locals are beginning to understand. Not hailing from the league of commonwealth nations, China is alien to the gentleman's game; however the growing influence of expatriates especially from the nations of India, Australia, England, South Africa and Pakistan has created some cricket aficionados in the mainland.

