



# WEEKLY NEWS

News from India & China

ICCEI CELEBRATES 20TH ANNIVERSARY

## Inside this issue:

LPs look beyond	1
Sony booming	1
should focus on	2
aviation markets	2
<b>Article of the week</b>	<b>3</b>
<b>News from Chamber</b>	<b>4</b>
<b>INDIA-CHINA TRADE</b>	<b>4</b>

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## LPs look beyond India, China in emerging markets theme

The current tide of global institutional investors money could be flowing out of emerging markets such as India, but recovery in emerging market private equity activity has out-paced global industry like most other sectors in 2010, according to Emerging Markets Private Equity Association (EMPEA). EMPEA, an independent global industry association working in the field of private equity and venture capital investment in the emerging markets of Africa, Asia, Central/Eastern Europe and Russia/CIS, Latin America, and the Middle East, estimates that emerging markets PE/VC investments rose 30% over the previous year.

Emerging Asia maintained its status as the most favoured emerging market investment destination, drawing almost two thirds of the total dollars invested in emerging markets last year. Investments in Emerging Asia grew 32% to \$18.3 billion in 2010, according to EMPEA. While still representing the majority of emerging markets fundraising with a 61% share, Emerging Asia saw a drop in funds raised from \$15.9 billion to \$14.2 billion between 2009 and 2010, it said. EMPEA's CEO, Sarah Alexander said, "While China and India will continue to anchor many investors' portfolios, perhaps more than at any other time in recent history LPs are ready to entertain strategies that include markets previously seen as too risky or shallow, such as Latin America, Sub-Saharan Africa or SoutheastAsia."

## Sony booming in India on strong brand image

**TOKYO:** Sony is doing booming business in India, dominating in flat-panel TVs and digital cameras, and is in good shape to keep growing in coming years, a top executive said Friday. Sony success in India -- where a new middle class is snatching up gadgets -- is a bright spot for the Japanese electronics maker that's getting beaten in North America by U.S. rival Apple Inc. and Samsung Electronics Co. of South Korea.

Sony Corp. has No. 1 market share in flat-panel TVs in India at 34 percent and digital cameras at 40 percent, according to the maker of Bravia TVs and Cybershot cameras. Sony is also No. 1 in India in home theaters and camcorders. Sony doesn't target newcomers into the middle class -- which it defines as starting at an annual income of \$4,000 -- who may buy 22 inch TVs. Instead, it aims for higher income groups of at least \$10,000 a year, who can afford TVs 32 inches and bigger. Middle class Indian households are expected to outnumber the total number of Japanese households by 2012. Those earning between \$10,000 and \$20,000 a year number 10 million households already in India, according to Tamagawa.

## Budget should focus on Infra, education: Infosys

Continued investment in education sector, allocation for development of infrastructure and investment in technology to improve e-governance were the three key areas that the coming budget should lay focus on, according to Infosys CEO, Kris Gopalakrishnan.

"My request to the government is to focus on development of infrastructure including education and improvement of governance in the coming budget," Gopalakrishnan said, addressing a press conference here.

He said the service tax and income tax problems being faced by companies should also be resolved by making processes simple so that business friction was reduced.

No other country, except China, was growing at this rate. In United States, the sector was stagnating. Infosys was focussing on emerging markets like India, China, Mexico, Brazil, Middle East, Australia and Japan, he said.

The annual ITES exports from Kerala were worth Rs. 2,400 crore which was not a small amount, he said. On the general perception that Kerala was not an investor-friendly state, he said the company's experience had always been positive.



## India, China among top five domestic aviation markets



**NEW DELHI:** India and China will be among the five largest domestic aviation markets in the next two years but the US will remain at the top, the IATA has estimated, saying the focus of the global aviation industry will continue shifting eastward.

By 2014, the five largest markets for domestic passengers would be the United States with 671 million, China with 379 million, Japan (102 million), Brazil (90 million) and India (69 million), the International Air Transport Association (IATA) said in its latest global forecast.

While China will record the highest compound annual growth rate in passenger traffic of 13.9 per cent contributing an additional 181 million passengers, India with 10.5 per cent will be among nations which will record double digit growth. Other countries with double-digit growth would include Vietnam with 10.9 per cent, South Africa (10.6) and the Philippines (10.2), the figures published by the global airlines' body showed.

The United States will remain the largest single country market for domestic passengers, projected at 671 million and will have 215 million international passengers.

## ARTICLE OF THE WEEK

### China Plans Panel to Scrutinize Foreigners' Local Acquisitions



**Bloomberg:** China plans to create a ministerial panel to review takeovers of local companies by foreign investors.

The panel will be led by the National Development and Reform Commission and the Ministry of Commerce and will be overseen by the State Council, according to a statement published today on the council's website.

Coming under scrutiny will be acquisitions involving military industrial companies and others relating to national defense, the statement said. It also will look at takeovers involving producers of agricultural goods, energy and natural resources, as well as companies in some parts of the infrastructure and transportation-services industries.

"Now foreign-funded M&A in China would be subject to review by a state-level investment-review authority and can be blocked on the ground of endangering national security, which may not be received favorably by international investors," said Hubert Tse, a Shanghai-based partner at law firm Boss & Young.

Takeovers of companies in Brazil, Russia, India and China, surged almost 80 percent last year and account for a record 22 percent of the \$2.23 trillion of transactions worldwide, according to data compiled by Bloomberg. Acquirers from BRIC nations announced \$402 billion of takeovers, a 74 percent increase from 2009 and more than quadruple five years earlier, the data show.

In 2011, China has accounted for 278 transactions valued at \$9.1 billion, compared with \$19.6 billion for the Asia-Pacific region and \$229.4 billion globally, according to Bloomberg data.

In 2009, the Chinese government blocked Coca-Cola Co.'s planned purchase of China Huiyuan Juice Group Ltd., which would have been the biggest foreign takeover of a Chinese company. The commerce ministry said competition would have been hurt by Coca-Cola's control over China's juice and beverage market.

## NEWS FROM CHAMBER'S DESK

## Special Report

## INDIA-CHINA TRADE (US\$MIL)

	Indian Imports From China	Indian Exports To China	Trade Volume	Trade Balance
10.5	31499.75	20280.74	51780.49	-11219.01
Growth %	31.2	38.7	34.0	
2009	29666.56	13714.29	43380.85	-15952.27
Growth	-6.1	-32.3	-16.3	
2010	40918.80	20841.16	61759.96	-20077.64
Growth	38.0	51.4	42.4	

In 2010, the bilateral trade between the two leading economies of Asia amounted to a total of US\$61.76 billion, an increase of 42.4% over the figure for 2009. Compared to the figures for the year 2008 (the last normal year before the global economic slowdown), the increase works out to 19.3%. This has also exceeded the target figure of US\$60 billion envisaged by the two governments for the year. The trade has been maintaining an average annual growth rate of over 35%. This is a welcome rate in the context of the global slowdown.

**Exhibitions in India & China 2010 :**

1) Chemtech World Expo 2011, 23rd - 26th February 2011

Bombay Exhibitio Centre, NSE Complex, Mumbai

2) Guangzhou International Travel Fair

Date: 24-MAR-11 to 26-MAR-11 Jinhan Exhibition Centre, Guangzhou

3) **Canton Fair 2011 is the 109th China Import and Export Fair (For all products & Industries)**

Phase One: 15th-19th April, 2011 9:30-18:00

Phase Two: 23rd-27th April, 2011 9:30-18:00

Phase Three: 1st - 5th May, 2011 9:30-18:00

<http://www.cantonfair.com/> OR <http://www.cantonfair.com/guangzhou-fair/>

**Next Batch for Mandarin Class:**

Starts: 1 March 2011, Weekday

Venue: Andheri East

Contact: [prita@indiachinachamber.com](mailto:prita@indiachinachamber.com)

Thanking You,

*Jenny Zeliang*

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