



# WEEKLY NEWS

News from India & China

ICCCI CELEBRATES 20TH ANNIVERSARY

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## India, China have regained pre-financial crisis trend

**Chennai:** Further increases in fuel price would pose a greater challenge to the Indian Government compared with other South Asian economies, according to Mr Paul Gruenwald, Chief Economist, Australia and New Zealand Banking Group.

India and China are the only two big countries in Asia that have regained the pre-financial crisis trend. On the lingering concerns of whether to address growth or inflation, he said inflation is definitely a bigger risk seen by higher food and fuel prices.

Mr Gruenwald said that Reserve Bank of India has been one of the more aggressive central banks in emerging Asia to hike rates, and it appears that more needs to be done. Compared to other countries in Asia, India had posted solid steady growth through the financial crisis with only a minimal dip in activity in 2008. Both consumption and investment growth have been strong throughout .

## Bt cotton puts India at 4th slot in GM crop acreage



**New Delhi:** India has the world's fourth largest area under genetically modified (GM) crops. The country's GM crop acreage in 2010, at 9.4 million hectares (mh), was next only to the US (66.8 mh), Brazil (25.4 mh) and Argentina (22.9 mh), while ahead of Canada (8.8 mh) and China (3.5 mh), according to the latest global status report of the International Service for the Acquisition of Agri-biotech Applications (ISAAA). The 9.4 mh GM area in India consisted entirely of Bt cotton. This was unlike in the US, where the 66.8 mh acreage was distributed among maize (31.7 mh), soyabean (30 mh) and cotton (3.9 mh), besides canola, alfalfa, sugarbeet and potato. In Brazil,

too, the 25.4 mh area was split between soyabean (17.8 mh), maize (7.3 mh) and cotton (0.25 mh), while in Argentina, soyabean (19.5 mh), maize (3 mh) and cotton (0.375 mh) accounted for the total 22.9 mh coverage.

According to ISAAA, the number of cotton hybrids approved for marketing in India has gone up from a mere three in 2003 and four in 2004 to 20 in 2005, 62 in 2006, 131 in 2007, 274 in 2008, 522 in 2009 and 780 (including one open pollinated variety) in 2010. Of the total 780, 438 hybrids incorporated the dual gene Bollgard-II event of MThe ISAAA report estimated the total global GM crop acreage in 2010 at 148 mh, up from 134 mh in 2009 and just 1.7 mh in 1996. Of the 148 mh, 73.3 mh was under soyabean, 46 mh under maize, 21 mh under cotton (with India being No. 1), 7 mh under canola, 0.5 mh under sugarbeet and 0.1 mh under alfalfa.onsanto.

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## Lead-Battery Demand for Cars to Rise 2.6% on China, India

**(Bloomberg)** -- Global demand for lead-acid batteries may rise 2.6 percent this year amid increased car sales in China, India and Southeast Asia, said an executive at GS Yuasa Corp., the world's third-biggest producer.

Demand for car batteries will rise to 390 million units from 380 million in 2010, Hiroharu Nakano, general manager at the Kyoto, Japan-based company, said in an interview yesterday. GS Yuasa forecast demand will climb to 400 million units in 2012.

“Demand from China, India and Southeast Asian nations has been leading global growth and this will continue for the time being,” Nakano said in Tokyo. Battery demand for new vehicles has increased in those countries, while worldwide replacement demand has risen moderately, he said.

In 2010, actual demand was expected to exceed the company's forecast of 380 million units by about 5 million units following higher-than-expected car sales in China and other emerging markets, he said.

China's vehicle sales will grow 10 percent to 15 percent this year after jumping 32 percent to 18.06 million vehicles in 2010, the China Association of Automobile Manufacturers forecast.



### China Demand

Demand in China will increase 9 percent to 49 million units in 2011 and then 54 million units in 2012, while consumption in India may climb to 14.5 million units in 2011 and then 16 million in 2012 from 13 million last year, Nakano said.

Lead for immediate delivery was little changed at \$2,499 a metric ton on the London Metal Exchange at 4:28 p.m. in Tokyo. The price has gained 16 percent in the past year, touching \$2,712.75 on Jan. 6, the highest level since May 2008.

Demand for lithium-ion batteries will jump to 3.8 million cells in 2015 from 1 million cells in 2012, he said.

The company plans to increase its share in China to 11 percent or 6 million units in 2012 from 9 percent or 3.8 million units in 2009. It also expects to raise its share in Southeast Asia to 45 percent or 9.4 million units from 43 percent or 7.5 million units in 2009, and 10 percent or 1.6 million in India from 5 percent or 0.6 million.

## ARTICLE OF THE WEEK

### Major Asian Currencies Rise On Overseas Funds To Increase This Year



Amid Asian economies' efforts to find new stimulus to fight inflation rates during the New Year, where the Asian currencies advanced in the markets, and they are continuing to increase, led by South Korean currency (the Won), after the market's forecast pointed that overseas investment to pour more funds into the region, as benchmark rates increased to curb gains in consumer prices.

Higher interest rates which have a positive effect on attracting overseas funds, are driving inflows and Asian currencies to high against their the U.S. dollar. Moreover, Chinese currency (the Yuan) reached to the highest level in 17 years, after Chinese policy makers allowed the Yuan to strengthen to help curb inflation. Further, the Yuan gained this week, the most appreciation in a month, on speculations that China's inflation fight will lead to faster appreciation sought by major trading partners including the U.S., Brazil and India.

China, India, Indonesia, South Korea and Thailand have all increased borrowing costs this year, widening the gap with the Federal Reserve's near-zero benchmark rate, as Asia leads a global economic recovery. On the other hand, inflation is a hot topic and one of the most reasons for the currencies that Asian Central Banks raised their rates, and they are going to increase borrowing costs next month.

While inflation rates in China has accelerated to the fastest pace in more than two years as consumer price surges, so China's central bank decided to increase overnight cash target by 25 basis points to 6.06% from 5.81%, which is a third time since mid-October 2010 in an effort to curb rising inflation risk during this year.

#### Biotech sector to see uptick in M&As: Grant Thornton

The biotechnology industry in India is likely to see a significant uptick in the merger and acquisition (M&A) activity, primarily on the back of drastic restructuring that companies from the West had to undergo post the economic recession. However, challenges such as funding constraints may continue to persist, even as the Asian biotech economy would maintain growth with focus on research, according Grant Thornton.

Releasing the whitepaper — The Asia Promise — at the eighth edition of the BioAsia conference here recently, Mahadevan Narayanamoni, national leader (healthcare and life sciences advisory), Grant Thornton India, said: "Asia promises to be a biotechnology hub and this is made evident by the growing number of cross-border collaborations in 2010. India, China and Japan, which witnessed largest deals last year, signify that Asia is shifting strategically from a mere outsourcing destination to a centre of innovation."

The Indian biotech industry crossed the \$3-billion mark in 2010, witnessing a 23 per cent growth over the previous year. Of this, while the share of domestic firms stood at 47 per cent, exports accounted for 53 per cent of the overall revenues. The report also says that the Indian biosimilars market, which was \$200 million in 2008, is expected to grow to \$580 million by the end of 2012. Key biosimilar enterprises like Dr.Reddy's Laboratories Limited, Cipla and Biocon with other significant ones like Ranbaxy, Wockhardt, Intas, Shantha Biotech and Bharath Biotech have seen large investments and alliances over the last three years, it adds.

## NEWS FROM CHAMBER'S DESK

## Special Report

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

|          | Indian Imports<br>From China | Indian Exports<br>To China | Trade Volume | Trade<br>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) Medical Fair India 2011 Date: 25-MAR-11 - 27-MAR-11

Exhibitions Centre: Pragati Maidan, New Delhi, India

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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