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Beijing Revises Foreign Trade Law

A high-level Chinese trade official said a draft to amend laws pertaining to foreign trade has been completed and will be submitted to the State Council in a few days.

The draft seeks to offer domestic enterprises more avenues of redress to resolve disputes involving foreign trade barriers, said Zhang Yuqing, director of the Department of Treaty and Law of the Ministry of Commerce.

Once ratified, the draft will also further reform the legal system to meet China's commitments to the World Trade Organization (WTO) while striking a better balance between compliance to the international trade organization's rules and the needs of domestic enterprises.

Under the new law, Chinese enterprises will be able to conduct investigations, turn to arbitration and even resort to the WTO to solve trade barrier or discrimination cases which go against WTO principles.

China is now the world's leading victim of anti-dumping and safeguard measures in international trade. Since the 1990s, one out of every six anti-dumping cases involved Chinese products. As of the end of last October, 544 anti-dumping and safeguard measures investigations in 33 countries and regions involved China. However, China only initiated 20 of such cases.

Further, the amendment will for the first time define private individuals as parties able to engage in foreign trade - a move to facilitate private foreign trade business, insiders said.

Boost for Exports

China's exports for the first quarter of this year are expected to grow 50% mainly because of a jump in overseas demand ahead of the disruption caused by the United States-led war on Iraq, a top trade official said.

"China's exports in the first quarter are doing very well, up about 50%," Long Yongtu, a former deputy trade minister who now heads an economic forum, told reporters in Hong Kong. Long said the high growth was partly because of a flood of demand from countries concerned about transport disruptions caused by the war.

"Of course the growth is a bit unusual, I think it was mainly because people, in anticipation of a war, bought more than usual due to worries that it will be hard to buy stuff if a war broke out," he said. Chinese exports in February rose 27.8% from a year earlier.

Domain name opening for foreign firms

Non-Chinese companies are now allowed to register internet domain names ending .cn.

A US-based company selected to accept registrations outside China, said tens of thousands of foreign organisations had enquired about registration before the newly liberalised policy was launched in March.

It has a target of one-million registrations in the first 18 months, compared with a total of just 130,000 companies that currently use a .com.cn name.

Chinese and Foreign Banks Unite to Fight Debt Evasion

About 68 Chinese and foreign banks in Shanghai signed a pact recently to join their efforts to fight against debt evaders.

The pact passed at a banking trade conference in Shanghai makes detailed regulations on fighting against debt evasions and bad loans. According to the pact, the banking trade union is responsible for the management of bad debts and the protection of the banks' rights as creditors.

All debt evasions should be reported to the trade union, which will make decisions on them.

The pact also stipulates that every member bank should record the information of its borrowers in the loan consultation system of the People's Bank of China. The credit record of the borrowers would help other member banks to avoid the risk of unpaid debts.

According to the pact, a special department is to be set up within the banking trade union in Shanghai to ensure the implementation of its regulations. About 46 foreign banks in Shanghai have responded favorably to the pact.

Taxation Terms

增值税

"Zeng Zhi Shui"

(Value Added Tax)

增值税

"Ying Ye Shui"

(Business Tax)

消费税

"Xiao Fei Shui"

(Consumption Tax)

所得税

"Suo De Shui"

(Income Tax)

High Spirits

A couple in China are offering a fortune for a man to marry a ghost. The couple, from Tianjin, were distraught when their daughter died at the age of 28. But they were even more horrified when she appeared in a dream proclaiming that she was lonely in the spirit world, never having been married. So the parents, who run a successful restaurant decided to place a newspaper advertisement. They offered a prospective husband the equivalent of \$120,000 plus an apartment.

The bridegroom must be aged 25 to 35, and be willing to go through a wedding ceremony. The ad attracted only a handful of hopefuls, since it was thought that most men were put off by one clause: The applicant would have to stay faithful to the ghost while they were both around.

Source: Far Eastern Economic Review, March 20th 2003.

Commercial Giant Emerging

The Shanghai municipal government is planning to re-organise the State-owned companies under its control into one large commercial organisation in an effort to enhance the city's role as the country's leading commercial and financial hub and meet the challenges of increasing competition from foreign companies.

The group is set to include the city's leading State-owned players, such as the Shanghai No 1 Department Store, Shanghai Hualian Group, Shanghai NewAsia Group, Shanghai Friendship Group and several aquatic, vegetable and foodstuff groups. Ownership of the group will be placed under the direction of a special management agency that is to be established in Shanghai.

The pioneering project is in line with the central government's goal to revive State-owned assets and it is hoped will serve as an example to other cities across the nation. Cai Hongsheng, director of the Shanghai Municipal Committee of Commerce said the project would give "these companies a competitive edge, at least within the country."

"Although the new group is being established to deal with competition from foreign companies, it will not exclude the possibility of allowing foreign investors to participate," Cai said, noting that Shanghai would continue to maintain control of the project even with the introduction of foreign funds.

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