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OVERVIEW

Highlights

- The GDP growth in the third quarter of 2009 was 8.9% and it is widely expected that the annual figure will exceed 8%.
- It is the crucial stage for the national economy to realize a stable growth, yet the basis of the economic recovery still needs to be consolidated, and the insufficient external demand is still severe, with the arduous task of expanding domestic demand and adjusting the structures.

Chinese Economy in 2009

(National Bureau of Statistics of China)

According to preliminary estimation, the gross domestic product (GDP) of China in the first three quarters of this year was 21,781.7 billion yuan, a year-on-year increase of 7.7 percent, which was 0.6 percentage points higher than that in the first half of this year. In terms of growth by quarters, it was up 6.1 percent for the first quarter, 7.9 percent for the second, and 8.9 percent for the third quarter. In terms of growth by sectors, the value added of the primary industry was 2,250.0 billion yuan, up by 4.0 percent; that of the secondary industry was 10,647.7 billion yuan, up by 7.5 percent; and that of the tertiary industry was 8,884.0 billion yuan, up by 8.8 percent.

(The exchange rate of Chinese Yuan, or RMB and Canadian Dollar, is approximately CAD1=RMB6.0)

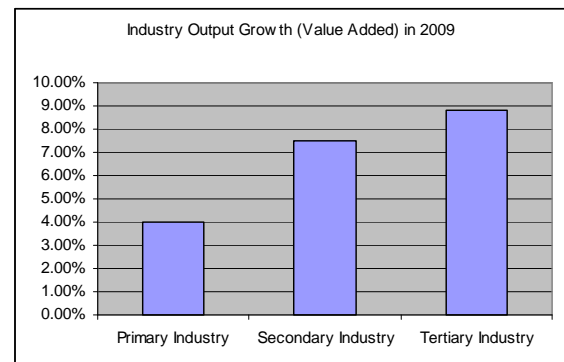
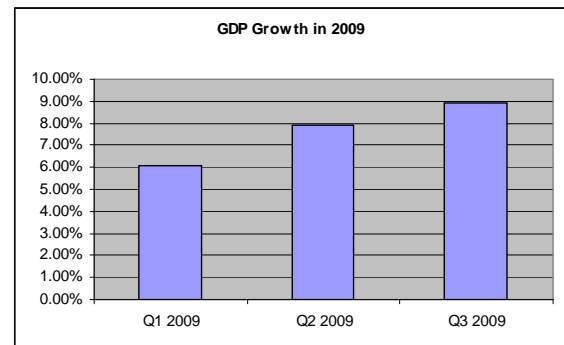
The Increased Industrial Production Growth and Slowed down Profits Decrease

In the first three quarters of this year, the total value added of the industrial enterprises was up 8.7 percent year-on-year, or 6.5 percentage points lower than that in the same period of last year. Of this total, the growth in the first quarter was 5.1 percent, the second quarter 9.1 percent, and that in the third quarter was 12.4 percent. Analysis on different types of enterprises showed that the value added growth of the state-owned and state holding enterprises went up by 4.1 percent while those of other types of enterprises were at a higher rate. The year-on-year growth of heavy industry was 8.7 percent, and 8.7 percent for the light industry. Among the 39 industrial divisions, all were increased over the same period of last years. In terms of different areas, the growth in eastern, central and western regions went up by 7.5 percent, 8.7 percent and 13.8 percent respectively. The production and market of industrial products went on well. In the first three quarters of this year, the sales ratio of industrial products was 97.43 percent.

In the first eight months of this year, the profits made by industrial enterprises above designated size stood at 1,674.7 billion yuan, a year-on-year decrease of 10.6%, as compared to the decrease of 12.2% from January to May.

Investment in Fixed Assets Enjoyed Fast Growth

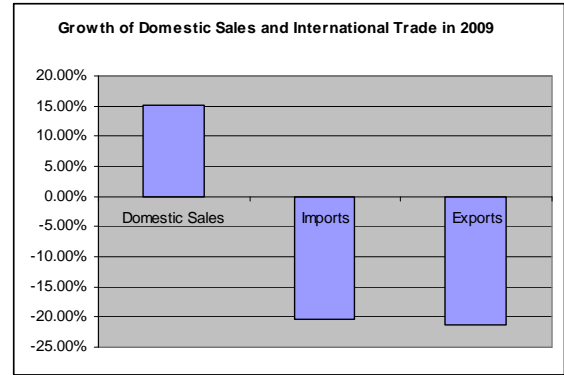
In the first three quarters of this year, the investment in fixed assets of the country was 15,505.7 billion yuan, a year-on-year growth of 33.4%, or a rise of 6.4% as compared with the growth in the same period last year. The investment in the primary industry, secondary industry and the tertiary industry in urban areas went up by 54.8 percent, 26.9 percent and 38.1 percent respectively. In terms of the areas, the investment in eastern, central and western regions grew by 28.1 percent, 38.3 percent and 38.9 percent respectively. The investment in



infrastructures was increased by a large margin. In the first three quarters, the investment in infrastructure (excluding electricity) went up by 52.6 percent, of which, that in the railway transportation, up by 87.5 percent, that in road transportation, up by 50.7 percent, and that in health, social security and social welfare up by 72.9 percent. In the first three quarters, the investment in real estate development was 2,505.0 billion yuan, up by 17.7 percent year on year, or a 7.8 percentage point higher than that in first half of this year.

Domestic Sales Grew while the Foreign Trade Declined

Sales on domestic markets continued to steadily accelerate with higher growth rate. In the first three quarters, the total retail sales of consumer goods reached 8,967.6 billion yuan, a year-on-year rise of 15.1 percent; the real growth was 17.0 percent after deducting the price factors, which was 2.8 percentage points higher than that in the same period last year. The retail sales in cities reached 6,101.3 billion yuan, up by 14.8 percent, and the retail sales at and below county level stood at 2,866.3 billion yuan, up by 16.0 percent. Among the sales by wholesale and retail businesses above designated size, apart from the telecommunication devices, the sales of all the other 20 categories of commodities realized positive growth. Of these, the sale of furniture increased by 32.3 percent, and that of the automobile up by 24.5 percent.



The foreign trade continued to drop but the decrease rate obviously lowered. In the first three quarters of this year, the total value of imports and exports was US\$ 1,557.8 billion, down 20.9 percent year-on-year. Of this total, the value of imports and exports in the first quarter down 24.9 percent, second quarter down 22.1 percent, and third quarter down by 16.5, with obviously narrowed declining rate. In the first three quarters of this year, the value of exports was US\$ 846.6 billion, down by 21.3 percent; the value of imports was US\$ 711.2 billion, down by 20.4 percent. The trade surplus was US\$135.5 billion, down by US\$ 45.5 billion year-on-year.



The CPI and PPI

The month-on-month changes of consumer price and producers' price reversed from decreasing to increasing while the year-on-year decrease narrowed. In the first three quarters of this year, the consumer price index (CPI) went down by 1.1%. Of which it dropped by 1.3% in cities and 0.7 percent in rural areas. Grouped by commodity categories, three out of eight went up while the rest five dropped. The month-on-month change of consumer price in July reversed from decreasing to maintaining the same level, the figure in August and September was up 0.5% and 0.4% respectively. In the first three quarters, the retail prices of commodities dropped by 1.6% year-on-year. The producers' prices for manufactured goods went down by 6.5% year on year, by the end of September the month-on-month changes enjoyed growth for six consecutive years, it was up 0.6% in September. In the first three quarters of this year, the purchaser's prices for raw material, fuel and power decreased by 9.5% year-on-year. The year-on-year growth of the prices for housing in 70 large and medium-sized cities went up by 0.1%.

Income of Urban and Rural Residents Continued to Grow

In the first three quarters of this year, the per capita income of urban households was 14,213 yuan. Of this total, the per capita disposable income of urban population was 12,973 yuan, a year-on-year growth of 9.3%, or a real growth of 10.5% after deducting price factors. Of the total per capita income of urban households, the income from wages and salaries was up 10.2% year-on-year; transfer income was up 15.7%; net operating income up 5.0%; the property income up 12.3%. The per capita cash income of rural population was 4,307 Yuan, up by 8.5%

year-on-year, or a real growth 9.2% after deducting price factors. Of this total, the income from wages and salaries was up 9.9%; income from the sale of agricultural products up by 4.0%; income from production operation in secondary and tertiary industry up by 10.5%; property income up by 11.7%; transfer income up 26.4%.

Money Supply Grew Rapidly with Continued Increase in Loans of Financial Institutions

By the end of September, the supply of broad money (M2) was 58.5 trillion yuan, a year-on-year growth of 29.3 percent, which was 11.5% higher than that at the end of last year; that of the narrow money (M1) was 20.2 trillion yuan, a rise of 29.5 percent, or 20.5% higher; the cash in circulation (M0) was 3,678.8 billion yuan, up by 16.0 percent, or 3.3% higher. The amount of outstanding loans of all financial institutions was 39.0 trillion yuan, increased by 8.7 trillion yuan over that at the beginning of this year, or an increase of 5.2 trillion yuan as compared with the same period last year. The amount of outstanding deposits of all financial institutions was 58.4 trillion yuan, an increase of 11.7 trillion yuan over the beginning of the year, or 5.2 trillion yuan more than the same period last year.

Chinese Development Zones

(China Association of Development Zones (<http://www.cadz.org.cn/en/>) & the US Embassy in China)

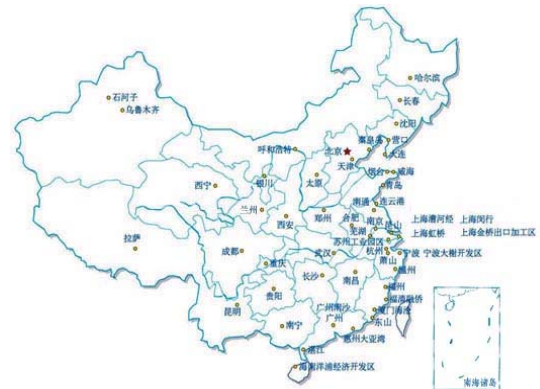
China currently has just over 2,000 development zones. The main types of state-level zone are described below. In addition, there are also many municipal and provincial level Industrial Zones and Economic Development Zones, amongst other types.

The main state-level types China include:

Economic & Technological Development Zones (ETDZ)

At the beginning of 1984, as part of its “opening up” process, China government decided to establish ETDZs along the coast using successful experiences of earlier “special economic zones”.

The state-level ETDZ is a relatively small piece of land carved up in the coastal cities and other open cities. Serving as “windows and bases” in the fields of opening-up, capital attraction, export enlargement, hi-tech development and regional economy promotion, they become a powerful engine in developing regional economy and plays an important role in adjusting regional economy and industry structure. The ETDZs have scored great achievements and become the hot places of foreign investment and main forces of export.



Currently there are 54 ETDZS in china. Please visit <http://www.cadz.org.cn/kfq/index.jsp?id=561> for details.

Free Trade Zones (FTZ)

Established with State Council approval, free trade zones are economic areas under special customs supervision and have been widely used as basis for foreign investment and export trade. Processing-export trade has been – and still remains – of paramount importance for China’s economic development. China currently has 15 free trade zones sited on or next to major ports with customs and import/export facilities.



Please visit <http://www.cadz.org.cn/kfq/index.jsp?id=562> for details.

High-Tech Industrial Development Zones (HIDZ)

The China Association of DZs notes, “the new/high tech industrial development zones are based on intensive intelligence and open environment and mainly depend on China’s own scientific and technological and economic strength...are concentrated zones established for purposes of transforming achievements of science and technology into practical productive force to the maximum extent through local optimization of soft and hard environments, orienting to both domestic and overseas markets and developing China’s new/high tech industries”. Enterprises in these zones may enjoy tax benefits and certain preferential PRC customs treatment. Currently there are 53 HIDZs in China.



Please visit <http://www.cadz.org.cn/kfq/index.jsp?id=624> for details.

National Border & Economic Cooperation Zones (BECZ)

One special type found in the north-east and north-west is the BECZ. For the open cities along a land border, BECZs develop frontier trade and carry out processing for re-export. Opening to the outside world along the border areas in China’s central and western parts is an important policy to develop trade, economy and good relationship with the surrounding countries. It also plays positive roles in flourishing the economy of the national minority areas. Totally there are 14 BECZs in China.



Please visit <http://www.cadz.org.cn/kfq/index.jsp?id=563> for details.

Export Processing Zones (EPZ)

The State Council approved 15 cities such as Guangzhou, Beijing and Dalian to have EPZs in April 2000. The EPZ is intended to be a special enclosed area supervised by the Customs. EPZs provide a less bureaucratic method of carrying out export processing activities. This is because goods may be brought into these zones without formal declarations having to be made or the need for payments of duties on goods that are being re-exported after processing.

The China Association of DZs explains, “the EPZ is intended to be a special enclosed area supervised by the Customs.....one of the major steps taken by China to expand its involvement in the international market and further open its market to the outside world”.

Currently there are 60 EPZs in China. For a detailed list, please visit <http://www.cadz.org.cn/kfq/index.jsp?id=623>



Ontario's trade with China in July 2009

China is Ontario's second largest trading partner, with two-way trade totaling \$24.40billion in 2008 (up 10.4% from 2007). China is Ontario's fifth largest export market in 2008 (after the US, the UK, Mexico and Norway) with total exports of \$1.89 billion, an 8% rise when compared with 2007. This increase is mainly contributed to by the sales of basic metals such as nickel (unwrought or powders), copper. Exports of rubber and machinery/mechanical appliances also increased sharply. China is Ontario's 2nd largest import source in the world (only after the US). Imports grew from \$20.36 billion in 2007 to \$22.51 billion in 2008, an increase of 11%.

The top 5 exports and imports (based on HS2 code) in August 2009 between Ontario and China with their historical data (24 months) could be found in the following two charts.

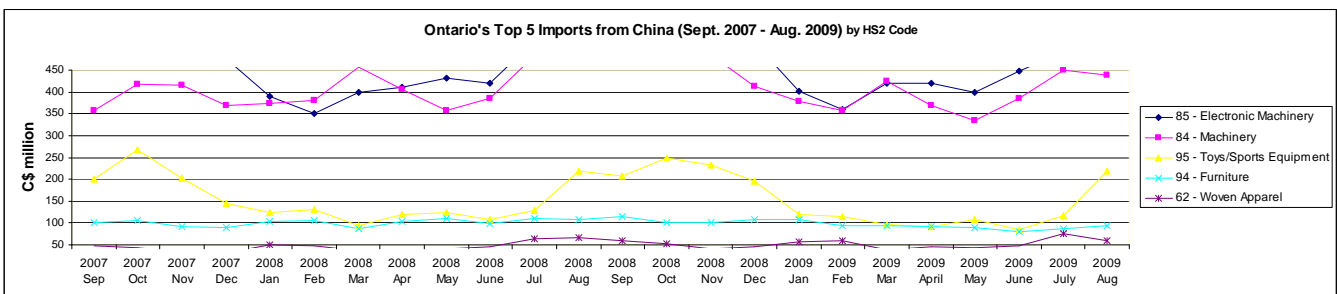
With the same trend of Canada's exports to China, which decreased by 14% in August 2009, Ontario's exports to China decreased (for the consecutive second month since June 2009) by 22% in the same month. The province's exports to China in August worth C\$99.58, the lowest in the latest two years. Ontario's share in the country's exports to China merely exceeded 11%, again the lowest within the two years (the figure for January 2009 was 24.2%). When compared with the same month in 2008, Ontario's export to China was approximately 29% lower, suggesting the province performed badly in terms of exports.

The largest contributor of the decreased exports to China in August was Machinery, which decreased by C\$13.4 million and was only 10% of the figure of January 2009 when it peaked in the two year period. Electronic Machinery (decreased by C\$4.2 million) and Rubber (decreased by C\$2.8 million) are some other major contributors. The top five exports to China in July 2009 are Electronic Machinery (decreased by 21%), Machinery (decreased by 51%), Copper (increased by 34.4%), Rubber (decreased by 27%), and Optic products (decreased by 18%). Nickel, the



number four export in July 2009 was replaced by Copper. Other top five exports are same as those in July 2009. Other exports within the top-ten group showed less fluctuation.

Different from that of Ontario's export to China, Ontario's imports from China showed a different pattern from the national figure (which decreased by 1%) and increased by 2.8%. The total value of imports from China in August 2009 (C\$1936 million) is the highest since December 2008, accounting 55.4% of the total Canadian imports from China. The province's share in the nation's total imports from China is the highest since April 2008, as compared with the recorded low share of Canada's exports to China. All top ten imports except Optical products from China in July could also be found in August.



TRADE SHOW / MISSIONS**Automotive****TruckWorld 2009 (November 3-5, Jinan, Shangdong)**

The upcoming truck show (TruckWorld 2009) will be hosted Nov.3-5 in the capital city of Shandong province and is the largest truck market in China. The trade show is relatively new (starting from 2008, with visitors more than 18000) but has grown as one of the largest auto/auto parts show within the category.

Show Name: Truckworld 2009
Show Day: Nov 3th -5th. 2009
Open Hours: Wednesday & Thursday Whole day
 Friday Half day
Venue: Jinan International Convention & Exhibition Center
 No 1, Xinyu Road (S), Gaoxin District, Jinan, Shandong, China
Organizers:
 China Council for the Promotion of International Trade
 China Association of Automobile Manufacturers
 Jinan Municipal People's Government
 Shandong Automotive Manufacturers Association

Ontario will not have a provincial pavilion within the trade show, but the organizer will kindly provide assistance and complementary accommodations to foreign exhibitors and visitors. Ontario's International Marketing Centre in Beijing will also provide assistance for Ontario exhibitors.

Contact: Ms. Zhang Shanshan, Jinan Branch of CCPIT
 Email: jinantruck@163.com
 Tel: 0531-66602812

Construction


In recruitment process

VTM (Videoconference) (November 4, 2009, Toronto)

Toronto – Chongqing
 Time: 08:00am – 11:40am
 Participation fee – Free

Toronto- Chongqing Session

08:00-08:05 Opening remarks, introduction of Ontario companies and Chongqing speakers by Pamela Kanter, Manager, International Trade Branch, Ministry of Economic Development and Trade
 08:05-08:35 "Green Building Initiatives in Chongqing" by Mr. Dong Mengneng, Director General of Chongqing Construction Technology Promotion Center
 08:35-09:05 "The Practice of Energy Efficient Building" by Mr. Wei Kaizhong, General Manager of Chongqing Since Group Construction Co.Ltd.
 09:05-09:30 "Business Opportunities in Chongqing Jiangbei District" by the Vice General Manager of Chongqing Jiangbeicheng Construction Co.
 09:30-09:45 "Business Opportunities in Chongqing Building and Construction Industry" by William Zhao, Trade Commissioner, Consulate of Canada in Chongqing
 09:45-09:55 Question and Answer
 09:55-10:00 Close remark by Pamela Kanter, Manager, International Trade Branch
 10:00-10:10 Coffee break (Network connection closed with Chongqing).

Toronto Session

- 10:10-10:30 "CMHC's Export Assistance Programs for Ontario Building and Design Industry", Lorena Magee, Trade Consultant, Canada Mortgage and Housing Corporation International
- 10:30-10:35 Question-and-Answer period
- 10:35-11:00 Topic 1: "Government programs to increase international competitiveness" by Oscar Cheng, Senior Tax Manager, Deloitte
Topic 2: "Options for Business Structure going into China" by Stuart Cottrell, Senior Tax Manager, Deloitte
- 11:10-11:30 "Opportunities in China's Infrastructure Sector", by Stephen M. Charnley, Managing Director, Asia Global Client Services Canada; Barry Smith, SVP, Construction; Raj Bakhshi, AVP, Financial Products, Marsh Canada Limited
- 11:30-11:40 Question and Answer
- 11:40-12:00 Closing Remarks by Ellen Cao, Seminar Evaluation, Informal Networking

Contact: Ms. Ellen Cao, Area Director – China, International Trade Branch, MEDT
Email: ellen.cao@ontario.ca
Tel: 416-327-2450

Public Security**Recruitment closed****CATA Canadian Pavilion at the China Public Security Expo 2009 (November 1-4, 2009, Shenzhen)**

CATAAlliance in partnership with the Department of Foreign Affairs and International Trade Canada (DFAIT) and supported by the Consulate General of Canada in Guangzhou, invites you to join the Canadian Pavilion at this year's China Public Security Expo (CPSE) at the Shenzhen Convention and Exhibition Center.

As a CATA Canadian Pavilion member at CPSE 2009, you will have a booth within the pavilion, have one-on-one meetings with local companies and join the Canadian Networking Dinner Reception. The participation fee is \$5,200 but you might be eligible receive a subsidy of \$1400.

CPSE is the largest and the most authoritative security show in Asia. From the aspect of exhibition areas, CPSE can be listed as one of the three largest exhibitions on the planet.

The Chinese government has continued to give priority to research and development in the public security industry. With the prospect of 2011 Shenzhen Universiade, the Security Market of China offers excellent opportunities for worldwide manufacturers and vendors in the industry. CPSE Shenzhen 2009 will provide you with good opportunity to exhibit your products and technologies to China Industry representatives, and connect your company directly to the heart of this market.

This event will showcase the innovations of the security industry and focus on the most advanced technologies and products. The products being exhibited include: **access control products, explosive & contraband detection, alarms, moving target alarm and positioning systems, personal protection, police equipment, police communications and IT applications, security hardware, TV surveillance; fake-prevention technology and products, aviation security products, cargo, railway & ports security products.**

For more information about the exhibition, please visit www.cpse.com.cn

For more information about the Canadian pavilion and other opportunity, please visit http://www.cata.ca/Media_and_Events/Events_Calendar/cata_ec11010901.html or contact Mr. Kevin Wennekes, CATA's VP

Research at kwennekes@cata.ca

TRADE OPPORTUNITIES

ICT – Mobile Contents & Application

Moffy Ltd. Delegation (November 7-12, Toronto)

Alan Yung, CEO, Moffy Ltd. www.moffy.com, a distributor/aggregator of mobile contents/apps currently serving mobile operators in Asia, will visit Toronto on Nov. 7-12. The goal of Mr. Yung's visit is to meet with experienced mobile contents/applications developers/aggregators/providers interested in exporting to Asia. Their role is to localize contents/applications, consolidate on a dedicated e-platform and offer as a total solution to mobile carriers in Asia.

As smart phones are increasingly popular in HK, there is a strong interest here in sourcing mobile contents/apps for various operating systems, a couple of major carriers in HK are going to develop their own app stores where content/apps can be downloaded by mobile users. Moffy is already providing mobile contents/apps to carriers in Asia - a total solution thru a dedicated e-platform, will be able to share insights on market trends in Asia with Canadian content providers who are usually SMEs and help them enter Asia market.

Please contact [Wenbo Pan](#) should you be interested in offering your mobile contents/applications to Asia market.

Company Profile – Moffy Ltd.

Moffy Ltd. of Hong Kong has been in mobile contents development, distribution, publishing and consultation since 1999. Currently, MOFFY with its content management system holds over 3000 games and application titles. Along with different types of mobile games, WAP, i-mode and applications are featured with famous characters like Hello Kitty, PUCCA, Ultraman, Ki-Fighter, TV stations, movie titles, and celebrities.

Moffy is actively involved in mobile contents business, licensing and consulting. MOFFY branded services channels are available in China, Hong Kong, Macao, Taiwan, Singapore, Malaysia, Thailand, Vietnam, Lao, Brunei and Indonesia.

Moffy owns channels such as i-cartoon, v-zone, MOFFY Game are available at various mobile carriers.

UPCOMING EVENTS / INCOMING DELEGATIONS

Advanced Manufacturing & Government

Shanghai Commission of Commerce Delegation (November 23, Toronto)

Shanghai Municipal commission of Commerce will send out a delegation led by its Mr. Ma, its Deputy Director to visit Toronto. The main purpose of the visit is to exchange business information and seek cooperation opportunities between Ontario-Shanghai's government and business.

Mission members include:

Mr MA Yinfang
Deputy Director of Shanghai Municipal Commission of Commerce

Mr CHEN Long
Board Chairman of Shanghai International Trade & Investment Development Co., Ltd

Ms SHEN Hong
Foreign Affairs Department of Shanghai Municipal Commission of Commerce

The meeting detail is not finalized at this moment. Please contact Wenbo Pan should you have interest meeting with this delegation.