



# Rotary Club Of Kuala Lumpur DiRaja BERITA ROTARY



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In terms of Gross Domestic Products (GDP) measured under purchasing power parity, China has become the world's second largest economy after USA and Japan is third since the year 2003. Perhaps, by the year 2010, China is very likely to over take USA in terms of GDP measured by the purchasing power parity. China is the second biggest creditor for USA treasury bills. Asian countries finance about 60% of USA government debt as it is facing a budget deficit of 5% or USD 520 billion of its GDP .

## NO SLOWDOWN FOR CHINA

It is not easy for China to slow down in her economy growth as she is having an unemployment rate of 10 per cent. China urgently needs to create more jobs to overcome disparity between city populations and the migrating rural population to the cities. Besides, unemployment could cause political instability.

As a matter of fact, China is still highly under developed as most of the development over the past two decades have been confined to the coastal belt of the Eastern and Southern Provinces. The western part and central China are practically undeveloped. China has a 10 year plan to develop the Western part which requires heavy expenditure for infrastructure of rails, roads, water, housing, schools and other basis necessities.

## BUSINESS OPPORTUNITIES

Certainly, there are ample opportunities for business in China in all business categories – agriculture, industry and construction as well as in services. China today commands 8% of the total global exports and 7% of the total global imports. China is expected to be the world 2<sup>nd</sup> largest market by 2010, with a value soaring to USD one trillion market from the trade volume of USD470 billion recorded in 2002. So far, China ranks first place in terms of market size for 100 commodities and goods – including mobile phones, home appliances and concrete. China's market for other commodities is expanding rapidly to be the world largest market for computers and other consumer goods.

Last year, China imported 7.4% or 100 million tons of crude oil of the global consumption, making it the second largest importer after USA.

1. China is the biggest importer of iron ores ,
2. Top consumer of steel
3. 31% of the global demand for coal
4. 25% of the global demand for aluminum
5. 40% of the global demand for cement
6. As China leaves its farms, more food imports are rising too.

As her standard of living improves, the demands for cars, television sets, refrigerators, air conditions, and other goods will be increased. The high import growth means China has become the vital target market for manufacturers and exporters in many countries. The big question is "How to capitalize on China's economic boom?"

(See Last Page)

# Secretary's Announcement

## Meeting of The Service Committees

- International Service Meeting will be held **on 4.11.2004 (Thursday) at 6.00pm** at Holiday Villa Jalan Ampang, Kuala Lumpur.
- Club Service Meeting will be held **on 9.11.2004 (Tuesday) at 6.00pm** at Shangri-La Hotel, Kuala Lumpur.
- Fellowship will be held **on 12.11.2004 (Friday) at 7.00pm** at Jayabalan's residence, No.9, Jalan Tungku Putra, Bukit Tunku, Kuala Lumpur.

## Weekly Proceedings on October 27th, 2004

### Convenor:

PP Stuart Pack

### Lead in singing National Anthem:

PDG Dato Beh Lai Huat

### Welcoming the Guests:

Sgt. At Arms Rtn Halim

### Introducing the Speaker:

Rtn Steve Lau

### Speaker:

Dato Dr. PHS Lim

### Thanking the Speaker:

Frank Lee

### Visiting Guests:

Ms Fiona Catter

Thomas Varughese

Mea Fatt Leong

Douglas Chen

Ken Lee

Chooi Shee Heong

### Guest Of:

Rtn CM Wong

Willie Tham

Frank Lee

Alan Kuan

Alan Kuan

Lau Choo Sen

## From The Desktop Of A Rotarian

Classification, unique in Rotary as a Service Club. Mandatory for every Rotarian to be loaned/assigned one during his/her tenure as a Rotarian in his/her club. Under the MoP there are now only 2 kind of membership: active & honorary.

Previously, there were additional active, senior active and perhaps exempted members. The first 2 are gone and perhaps the exempted members becomes active excused members. Now you cannot elect a person to active membership in a classification if the club has more than 10% of the club's active membership in that classification. RCKLD's classifications have always been with sub-categories. eg. Medicine - Physician Is this the classification? Are we to have 10 % in this classification? Or is Medicine the classification?... in which case we have exceeded this classification (but by a saving transitional provision all can remain as Rotarians in the club).

In my humble opinion, the board and/or the classification committee should look into this...and come up with a policy or guidelines, so that no candidate is proposed to Active Membership in the Club which may be potentially improper or even embarrassing. If I may, why not do away with the sub-categories?

## The Rotary Club Of Kuala Lumpur DiRaja

We meet at 12:30pm every Wednesday  
at The Shangri La Hotel, Jalan Sultan Ismail, Kuala Lumpur.

**Celebrate Rotary 100 Years**

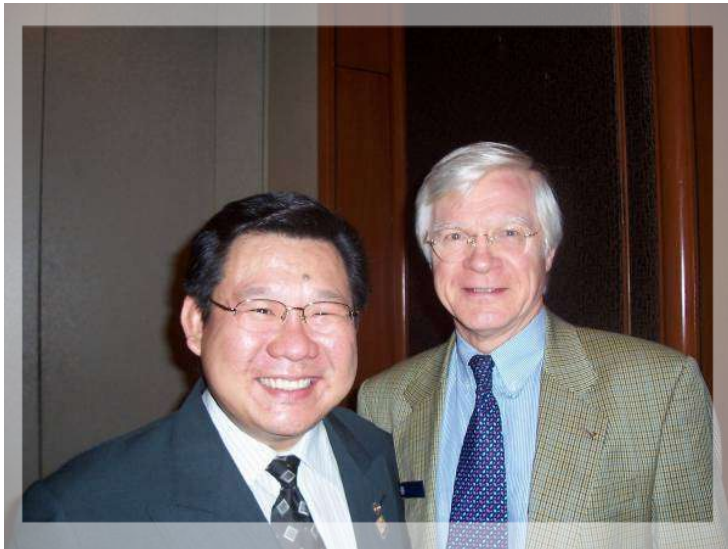
## Photographs From Weekly Meeting



Speaker Dato PHS Lim.



Frank Lee thanking the speaker.



Steve Lau & Horst Wippenn.



Birthday boy Attan Akmar.

## TRIP TO PHUKET (Update)

The proposed International Fellowship Trip to Phuket 02 – 04 December 2004 is in its final planning stage. So far, 7 Rotarians and 3 Rty Anns have signed up. The team will be lead by our Pres. Dr. Lee Hock Bee. Flights – on MAS and AirAsia respectively – have been booked, and so have hotel rooms at the Patong Resort Hotel, about half an hour's drive from Phuket Town.

The Rotary Club of Phuket has kindly arranged to change its weekly meeting day to accommodate us and there will be a

club meeting cum fellowship night between RC Phuket and RCKL DiRaja on Thursday, the day we arrive. For our three golfers, a game with Rotarians from RC Phuket is being organised. Details will be announced soon.

Whilst in Phuket, we shall discuss with our Rotary friends in Phuket the possibility of a joint project. The RC of Phuket is now preparing a project overview.

**Horst Wippenn**  
*International Service Director*

(From Front Page)

Successful businesses in China need

1. The right partnerships
2. Adequate capital
3. Understanding of local laws, cultures, customs and languages
4. Good Management
5. Good Accountings and transparency
6. Good corporate governance
7. and other business ethics.

## **GLOBAL IMPLICATIONS OF THE CHINA FACTORS**

The economic boom and the emergence of China as an economic and political power have certainly resulted in many global implications.

### **• FOREIGN DIRECT INVESTMENT (FDI)**

China is the biggest recipient of FDI .The inward flow of Foreign Direct Investment (FDI) into China for 2004 is expected to hit USD 60 billion. By the year 2010, China may attract FDI to the sum of USD 100 billion a year.

Thus foreign direct investment into other countries is definitely and seriously affected.

### **UNCTAD World Investment Report 2004:**

#### **SHARP DETERIORATION IN**

#### **MALAYSIA'S FDI PERFORMANCE.**

*"One striking feature of the (Inward FDI) Index calculation is the sharp deterioration in Malaysia's FDI performance. From ranking among the top ten (10) till the mid-1990s, Malaysia fell in ranking every year in the later part of the decade, reaching 75<sup>th</sup> place in 2001- 2003. "For an economy that depends heavily on FDI to drive its exports, this may be cause for concern, especially since the reasons are not clear."*

*- UNCTAD, Chapter 1, pages 13-14, September 2004.*

### **• CHINA CAUSING GLOBAL INFLATION**

Practically all commodity prices have moved up as a result of China's bottomless demands for natural resources to fuel its burgeoning economy. This situation is causing global inflation. We have seen oil prices went up to as high as USD 55.00 per barrel ( As at 21 Oct 2004), i.e. a 75% increase over the price a year ago. Other commodities like corn, wheat, soya beans, cocoa powders, sugars , rice and others have appreciated between 50% to 100% in prices. Such price increases in food

items have seriously affected many African countries' efforts to import similar food items. Hard commodities like steel, iron ores, coal, bauxite, and other minerals have also appreciated sharply in prices.

### **• FREIGHT CHARGES**

Freight charges have increased by 400% over the past 5 years, as ships scrambled to China ports to fill a behemoth economy which grew by 9.1% in 2003 and an estimated 9 % for 2004 in terms of real GDP growth rate.

### **• DUMPING OF GOODS MADE IN CHINA**

We are seeing goods labeled "Made in China" every where, including in places like Zurich, London, Paris, Amsterdam, New York, and other cities.

Some foreign manufacturers find it hard to compete against China. This could result in re-locations of factories, causing business failures and un- employment in certain industries in certain overseas countries.

### **• GROWTH IN GLOBAL TOURISM INDUSTRY**

We are seeing a very big outflow of affluent Chinese tourists all over the world in the cities of Paris , London, Zurich, Amsterdam, Koln, Brussels, San Francisco, New York, etc. We will be seeing a big boom in the tourism industry in many countries. Hong Kong alone this year is expected to receive more than 20 million Chinese tourists from the Mainland.

### **• POLITICAL INFLUENCE**

The rise of China could challenge the United States for influence in Asia and other regions. Taiwan could feel greater stress from the political pressure of China .

## **REFORMS IN CHINA**

China has embarked on strategy of gradual reforms to achieve lasting stability and prosperity of the country. "A Key-Policy Document" was endorsed by the Central Committee of the Chinese Communist Party . The Country's top leaders called for:

1. Steps to enhance the Party's ability to govern
2. Outlining a strategy of gradual and moderate reforms .
3. The need to improve governance
4. Need to wage war on corruption
5. Other major issues including the priority to narrow the rural-urban wealth gap.