



Chindia's New Economic Frontier

Overview

The visit of China's Premier Wen Jiabao to India in December 2010 represents a significant breakthrough in China-India relations. During Premier Wen's visit, USD16 bn worth of deals were struck between China and India, topping the USD10 bn worth of deals signed between the US and India in November. The launch of talks on a free trade pact has also been mentioned, leading China and India to embark on a path of cooperation. As partners rather than competitors, "Chindia" is to be a popular term representing a new economic frontier formed by the two BRIC countries in emerging Asia in the 21st century. Equally important, a rising "Chindia" would greatly strengthen integration among Asian countries and raise the significance of Asia on the global platform.

A new collaborative "Chindia" would promote the two giants to greatly complement each other and represents huge potential in many areas, including infrastructure investments and financial development. "Chindia" would also seek solutions to avoid severe competition for energy. Despite an improving economic relationship, "Chindia" however still faces many challenges, especially with respect to territorial disputes. Going forward, China and India would need to make more efforts to solve disagreements to build up a close economic and political relationship.

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Performance of stock or sector relative to MSCI-China over next 6 months after research publications

	Rating	Remark
Stock rating	Buy	Relative performance over MSCI-China Index >20%
	Overweight	Relative performance over MSCI-China Index 5% ~ 20%
	Hold	Relative performance over MSCI-China Index -10% ~ 5%
	Sell	Relative performance over MSCI-China Index > -10%
	NR	Not rated
Sector rating	Outperform	Relative performance over MSCI-China Index >10%
	Neutral	Relative performance over MSCI-China Index -10% ~10%
	Underperform	Relative performance over MSCI-China Index > -10%

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