

China Economic Headlines

General news on Chinese economy

China's GDP Grows 10.7 Percent in 2006

A preliminary estimate by the National Bureau of Statistics (NBS) Thursday indicates that China's gross domestic product (GDP) reached 20.94 trillion yuan (2.7 trillion U.S. dollars) in 2006, up 10.7 percent year on year. The government's macro-control measures prevented the economy from overheating, said NBS commissioner Xie Fuzhan at a press conference. Growth was 0.3 percentage points higher than in 2005. China recently revised its 2005 GDP growth to 10.4 percent, higher than the original 9.9 percent. Figures show the Chinese economy continued to be driven by hefty investment and soaring exports. *(Jan 25, Xinhua)*

China's Retail Sales of Consumer Goods Up 13.7% in 2006

China's retail sales rose 13.7 percent to 7.641 trillion yuan (979.62 billion U.S. dollars) in 2006, the National Bureau of Statistics (NBS) told a press conference. The growth rate was 0.8 percentage points higher than the previous year. Retail sales rose 14.3 percent in urban areas and 12.6 percent in rural areas last year. Catering and hotel figures were up 16.4 percent. Communications sector sales grew 22.0 percent, oil and oil products were up 36.2 percent, and automobiles up 26.3 percent. *(Jan 25, Xinhua)*

Chinese Overseas Investment Surges by 32% in 2006

Overseas investment by Chinese multinationals, excluding the financial sector, surged by 32 percent year-on-year to reach 16.1 billion U.S. dollars last year, according to the Ministry of Commerce. As a result, the global ranking of Chinese overseas investment jumped from 17th in 2005 to 13th last year. *(Jan 16, Xinhua)*

FDI in China Tops 63 bln U.S. Dollars in 2006

Foreign direct investment (FDI) used in China in 2006 topped 63 billion U.S. dollars, up 5 percent over the previous year, said Commerce Minister Bo Xilai. It reversed a downside trend in the first half of the year, Bo said at a national conference on commerce work held in Beijing. The exact contractual value of foreign funds was not available at press time. Bo said China would make effective use of foreign funds and make the service sector a key area to attract foreign investment. *(Jan 15, Xinhua)*

China's Trade Surplus Reaches US\$177.47 bln in 2006

China's trade surplus reached 177.47 billion US dollars in 2006, the General Administration of Customs said. Exports rose 27.2 percent from the previous year to 969.08 billion dollars, while imports were up 20 percent to 791.61 billion dollars. China's excessive trade surplus is detrimental to both domestic economic development and foreign trade relations, Minister of Commerce Bo Xilai said on Monday. He said that reducing trade surplus was the "top priority" of the year's foreign trade development. *(Jan 10, Xinhua)*

Record Investments in Introducing Technology in 2006

China set a new record for total investments in introducing advanced technologies from overseas last year at 22 billion US dollars. China's Ministry of Commerce announced the numbers on Jan 9, adding that last year's investments were 15.6 percent greater than those in 2005. China prioritizes the introduction of technologies in the fields of electronics, railway transportation

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and the manufacturing of telecommunications equipment and transport facilities. The EU became the biggest supplier of advanced technologies to China in 2006, followed by Japan and the US. (*Jan 9, CRI*)

Guangzhou Per Capita GDP Exceeds 10,000 USD in 2006

GDP per capita in the southeastern city of Guangzhou is expected to exceed 10,000 U.S. dollars in 2006, according to local authorities. While Chinese Beijing's per capita gross domestic product (GDP) exceeded 6,000 U.S. dollars in 2006, according to statistics released by the capital's development and reform meeting on January 5. (*Jan 4-5, Xinhua*)

News on various sectors

Consumer Goods

China may face grain shortages of 4.8 mln tons in 2010

China faces the possibility of a 4.8 million ton grain shortage in 2010, almost 9 percent of the country's grain consumption, according to the Study Times, a newspaper affiliated to the Party School of the Central Committee of the Communist Party of China. If the prediction is accurate, the country will significantly undershoot its grain security target according to which domestic supplies must make up 95 percent of needs. The supply of domestic grain will be insufficient for the next 15 years, making the country increasingly reliant on imports and putting upward pressure on grain prices, said the report. (*Jan 24, Xinhua*)

Wide wealth gap hampers China's service industry

The huge income gap between the rich and poor in China has hindered development of the country's service industry, a report from the Chinese Academy of Social Sciences said. The increase of China's per capita GDP has stimulated the development of China's service industry, but many Chinese people are not big consumers of services as they earn just enough to live. In addition, the luxury service sector has developed rapidly to meet the demand of relatively small group of rich people, while there are inadequate low-cost services of acceptable standards for the middle and working classes. (*Jan 24, Xinhua Online*)

Agri Products Processing Industry to See 12% Annual Growth

China has set a 12 percent annual growth target for the agricultural products processing industry during the 2006-2010 period. The output value of the industry is expected to reach seven trillion yuan (US\$900 billion) by 2010, according to a five-year program mapped out by the ministry. The ministry said China would build more agricultural processing bases for grain, oil plants, fruit, vegetables, livestock and aquatic products over the five years. The agricultural processing industry saw an average annual growth of 15 percent from 2000 to 2005. It has become an important means of providing employment opportunities and raising farmers' incomes. (*Jan 20, Xinhua*)

China's taste for wine is growing

China is on its way to becoming the world's fastest-growing wine market with growth in consumption seen far outstripping global rates. China, ranked as the world's 10th-largest light wine consuming nation in 2005, will drink 558 million liters (145 million gallons) in 2010, according to the study commissioned by France-based wine trade show organisers Vinexpo. That represents growth of 36 percent over 2005 levels, compared to expected world growth of 4.8 percent. Chinese consumption grew from 335 million liters in 2001 to 410 million liters in 2005, putting the country on course to overtake Romania as the world's ninth-largest wine market by 2010. Wine sales in China by 2010 should

reach 1.65 billion dollars, about double the 2001 number of 848 million dollars, with much of the growth coming from bottles of wine priced at over five dollars per bottle. *(Jan 17, AFP)*

Environment & Energy

Beijing to Conserve More Water

Beijing will have to improve its ability to conserve water if the capital city is to ensure an adequate supply for the upcoming Olympic Games, a leading water official said. Beyond diverting water from four reservoirs in neighboring Hebei Province, Beijing should do more to conserve water and collect rainwater, said official of Beijing Water Authority. 150 rain-collection projects would be built using old watercourses and ponds in Beijing's suburbs. It is estimated that Beijing's various rain-collection projects will help the capital collect an estimated 40 million tons of water. *(China Daily January 24, 2007)*

Five-year Plan to Guarantee Beijing's Water Supply

Beijing's municipal government has worked out a five-year plan to guarantee the capital's water supply, especially during the 2008 Olympics, according to the city's water authority. Beijing is building a water transmission project linking the city's reservoirs to those in the neighboring province of Hebei. The municipal government will also continue promoting water-saving facilities and technologies for industrial, agricultural and household use. In addition, renovations of the capital's waterworks is underway. When they are completed, the daily water supply capacity in Beijing will reach 3.1 million cubic meters, the estimated highest level of consumption during the Olympics. *(Xinhua News Agency January 25, 2007)*

China's Drop in Energy Use

Energy consumption per unit of GDP value in China dropped for the first time in three years from the third quarter of 2006, said the National Development and Reform Commission. Amid mounting concern over energy demand and environmental pollution brought about by high consumption the government planned to cut energy use per unit of GDP value by 20 percent from 2006 to 2010 and by 4 percent in 2006. The government has set energy saving and pollution reduction as its primary tasks in restructuring the national economy after the central economic work conference held last December. *(Xinhua News Agency January 24, 2007)*

New Sewage System in Shanghai Nears Completion

The third-phase of Shanghai's sewage treatment project is near completion after the last section of underground piping was put in place. Shanghai's level of wastewater treatment is expected to reach 80 percent by 2010 and 90 percent by 2020. This is close to the level of cities in developed countries. The project is expected to meet the national wastewater discharge standard when completed. Shanghai will have built a framework for wastewater collection and disposal in downtown areas by then. *(Shanghai Daily January 24, 2007)*

More Foreign Experts Needed in Pollution Control

China will attract an increasing number of environmental protection professionals from overseas in 2007 to help combat pollution and save energy. The information was released by the State Administration of Foreign Experts Affairs (SAFEA) recently at its national work conference. The country will also make efforts to attract more professionals of information technology, biology and aerospace technology this year. The SAFEA is seeking to establish stable cooperation relationship with more international personnel exchange organizations. *(Xinhua News Agency January 21, 2007)*

Renewable Energy to Get 10B Yuan Funds Boost

The China New Energy Chamber of Commerce (CNECC) has vowed to establish a renewable energy industry fund worth 10 billion yuan. "Although it's at a fledgling stage, the chamber has the resolve and competence to fulfill this ambitious target," said Li Hejun, chairman of the chamber and president of China's leading private power enterprise, the Farsighted Group. The chamber was set up a year ago and has 100 members. It will ramp up its efforts to raise funds and pour them into small and medium-sized enterprises (SMEs) engaged in China's booming renewable energy industry. *(Jan 16, China Daily)*

US\$5.8b for wind-power generation

CHINA, the world's biggest energy consumer after the United States, plans to invest 45.6 billion yuan (US\$5.8 billion) to more than triple wind-power generation capacity by 2010. The government raised its target capacity to 8,000 megawatts by 2010 from 5,000, Li Junfeng, secretary-general of the Chinese Renewable Energy Industries Association, said Friday. China added 80 percent in wind-power generation capacity last year to 2,300 megawatts from 1,300 megawatts, the National Development and Reform Commission said Jan. 5. *(Shenzhen Daily)*

China's Crude Oil Imports Up 14.5 Pct in 2006

China imported 145.18 million tons of crude oil in 2006, up 14.5 percent from a year ago, said the General Administration of Customs. According to newly released customs statistics, China imported 36.38 million tons of refined oil in 2006, with a year-on-year growth of 15.7 percent. *(Jan 12, Xinhua)*

IT & Telecom

3G

China 3G hit by further delays

Mobile handset makers hoping to sell 3G phones to China's 455 million mobile phone users may be forced to wait until 2008, according to local media reports. One recent survey showed that almost 80 million mobile users in China are ready to switch to 3G, but that the government is preventing 3G network operators from rolling out services. It is still believed possible that 3G licences could be granted this year. However, by delaying the full rollout to 2008, observers believe that the government can buy more time to sort out the internal struggles of the telecom operators for influence. *(Jan 16, ITNews)*

Carriers

Rumor: China Mobile Will Inject RMB3 Billion To Datang

Rumors are circulating in local media that China Mobile will invest RMB3 billion into China Datang Corporation in support of the Datang's TD-SCDMA construction. Lu Xiangdong, vice president of China Mobile, and Li Shihe, deputy general manager and chief scientist from Datang, both say that they have not heard anything about this rumor, so they won't make any comment. However, a top manager from a TD Alliance member company says that China Mobile has long wanted to invest in a manufacturing enterprise and make it an institution to support its research and development. The commercialization and industrialization of the TD industry would be greatly accelerated through China Mobile's investment. *(Jan 22, ChinaTechNews)*

China Mobile to Partner Google in Mobile Search Services

China Mobile will be partnering Google in providing mobile search services in China in early 2007. When the service is launched, China Mobile subscribers can search China Mobile's Monternet WAP portal for content like sports and

entertainment news, ringtones, games, images, videos and novels. Wang Jianzhou, chairman of China Mobile, said that the partnership with Google can help users access information more conveniently and is an important move for China Mobile's transformation into a "mobile information expert". (Jan 4, CRI)

China Unicom to control investment

China Unicom will likely echo its key rival China Mobile's policy this year to gain strict control of investments to improve profitability. Chang Xiaobing, China Unicom's president, unveiled this as one of the key tasks for 2007 at a yearly work meeting during January 17 to 19 in Beijing. Senior officials with the group's regional branches attended the meeting. A day before that, China Mobile announced the same investment control policy for 2007. The coincidental adoption of the investment control policy has been taken by the market as a "bad sign" of the limited development of China's telecom market for the year, particularly with the CDMA sector. (Jan 23, Shanghai Daily)

China Unicom Signs Push Mobile Email System Deal

AsialInfo has signed a contract with China Unicom to develop its national CDMA push mail platform. China Unicom's push mail platform will be tailored to synchronize with AsialInfo's multi-media email system and meet the unique mobile email requirements of Chinese users. (Jan 15, ChinaTechNews)

China Unicom targets Hong Kong 3G market

Shortly after it got 3G license in Macao, China Unicom now is targeting at the 3G market in Hong Kong, reported by SinoCast. "If the game is fair, we would like to join the bidding", says Shang Bing, president of China Unicom in an interview, "the destination of more than half of CDMA users that go abroad is Hong Kong, so it is a must for us to maintain a CDMA network." According to Hong Kong's telecom regulators, the city will hold CDMA 20003G license auction this year. (Jan 15, Sinocast)

Chinese telecom giants plan mainland financing for upcoming 3G projects

China Mobile, China Telecom and China Netcom, all plan to return to mainland stock markets seeking fresh capital to build infrastructure to implement a new generation of mobile phone service. With licenses for the so-called 3G mobile technology expected to be announced early this year, China's major telecommunications operators may need to quickly raise as much as a hundred billion yuan to build and maintain the required new networks. Market watchers believe all three companies will look to domestic markets to raise the required funds. A fourth player, China Unicom, is currently the only major telecommunication operator that is listed on both overseas and mainland stock markets. (Jan 8, Xinhua Online)

Electronics

Xiamen Plans RFID Base

The Xiamen Municipal Government says that Xiamen will set up a RFID industry zone to facilitate the development of this burgeoning industry in the city. Xiamen has planned a wide range of applications for RFID. It hopes to use it to strengthen on the management of the public security sector, including medicine, food safety, hazardous goods, and e-certificates, as well as to promote the development of other industries. (Jan 19, ChinaTechNews)

Internet

Internet Use in China Soars

The number of Internet users in China increased more than 23 percent in 2006, topping out at 137 million with an estimated 104 million of those having some level of access to a broadband connection. The China Internet Network Information Center (CNNIC), a government agency that has been tracking online usage since 1997, reported the number of Internet users rose by 23.4 percent last year, accounting for 10.5 percent of the country's total population. Another 17 million Chinese went online via mobile phones, accounting for 12.4 percent of the total Internet population, according to CNNIC. *(Jan 24, TechNewsWorld)*

Baidu receives license to provide news

Internet search leader Baidu.com Inc. has received a news service license from the government, which will allow the firm known as 'China's Google' to become a fully fledged online news portal. Chinese authorities granted Baidu the Internet news content service license last week, a government source said, allowing Baidu to do its own reporting rather than simply show news search results. China is relaxing its controls on its media and journalists in the run-up to the 2008 Beijing Olympics. The country's largest Internet portal, Sina.com, obtained a news service permit a few years ago and carries its own reports. Baidu is the first online search engine in China to win such a license. *(Jan 24, Shenzhen Daily)*

Internet companies yet to tap potential of rural market

The Internet boom is on a roll that's set to continue, according to a biannual report released by the China Internet Network Information Center (CNNIC). But as businesses continue to cash in on the boom, a promising market has been largely ignored. The CNNIC report indicated rural Internet users accounted for only 18.6 percent of the country's total. But interestingly, those people spend an average 13.2 hours per week using the Internet, compared to 18 hours in urban areas. The traditional wisdom is that farmers in China usually have much less spending power, and for telephone operators building rural networks could be costly while getting returns on investment may take time. But the CNNIC report suggested that if farmers got hooked up to the Internet, most of them would barely walk away from their computers. That is creating an emerging market for Internet access service providers. *(Jan 24, China Daily)*

China's Online Gaming Industry Gains Momentum in 2006

Revenue from China's online gaming industry reached 6.5 billion yuan (840 million U.S. dollars) in 2006, up 73 percent on a year earlier, and could quadruple by 2011 as Internet access becomes more widespread, according to market researcher IDC. The rapid growth in online gaming has created opportunities for other industries like telecom, internet, computer, software and consumer electronics, which earned 33 billion yuan (4.3 billion U.S. dollars) from online gaming in 2006. Young people between the ages of 18 and 30 account for the majority of the estimated 31 million people playing games online in China, according to IDC. *(Jan 18, Xinhua)*

China Online Spending Increases Nearly 50%

According to the Internet Guide 2007, a recently released report from the Internet Society of China, Internet users in China spent RMB 276.76 billion (\$35.5 billion) on Internet services in 2006. This represents an increase of nearly 50 percent over the previous year. Spending was mainly on services like Internet connections, online shopping and online games and the average user spent RMB 170 (\$ 21.80). The number of internet users also increased to 136 million by the end of 2006 from 111 million in 2005. The China search engine market grew to RMB 1.57 billion (\$201 million) in 2006 from RMB 1.05

billion (\$134 million) in 2005. 80 percent of Chinese users search on Baidu, while 36 percent used Google and 26 percent used Yahoo! China. (Jan 14, Xinhua)

Manufacturers

Lenovo, Hai'er, Huawei, top IT revenue

Lenovo Group, Hai'er Group and Huawei Technologies Co, have topped China's information technology firms in revenue in the first 11 months of 2006, according to the latest data released by the Ministry of Information Industry. The ministry has published a list of China's top 100 IT firms in terms of revenue. Huawei, Hai'er and ZTE led the top 10 taxpayers in the IT sector. The 10 firms paid a combined 15.4 billion yuan in taxes from January to November, 2006. (Jan 16, Shanghai Daily)

China's Huawei 3G development costs 4 bln yuan as of end-2006

Huawei Technologies said it has invested 4 bln yuan in the development of third-generation mobile technology and products as of the end of 2006, even as opportunities to earn a return in China remain limited because of the absence of commercial operations. The Chinese government is expected to issue 3G licenses to telecom operators soon. Until then, telecom carriers cannot fully commit to capital-intensive purchases of equipment. All of Huawei's 3G contracts so far are foreign orders and are small in scale, according to news reports. (Jan 18, Forbes)

Intel Wins Approval to Build Chip Plant in China

Intel Corp., won approval from China to build a chipmaking factory in the northeastern city of Dalian, in what would be its biggest investment in Asia. Intel joins other chipmakers such as Taiwan Semiconductor Manufacturing Co., the world's biggest customized-chip supplier, in starting plants in China as the country's economy outpaces growth in any other major economy. The approval may set back India's plans to woo Intel to set up manufacturing facilities in the South Asian nation. The planned factory, Intel's first manufacturing facility in China, will be based in the Dalian Economic & Technological Development Zone, Gao said. Intel has chip assembly and testing plants in Shanghai and Chengdu. A chip-making facility typically costs more than \$2 billion. (Jan 18, Bloomberg)

Xinwei Telecom to List in Shenzhen

Beijing Xinwei Telecom Technology Inc, the core developer of China's home-grown TD-SCDMA 3G standard, will hold its long-awaited IPO in Shenzhen by the end of March, a source close to the situation said. Xinwei Telecom, founded in 1995, is a joint venture between Datang Group and US-based Cwill. The company has sole intellectual property rights for the SCDMA standard for wireless access service, the core technology behind China's TD-SCDMA 3G standard. Xinwei Telecom is now the main equipment provider for SCDMA products. The SCDMA technology was selected by China's Ministry of Information Industry as the preferred solution to provide telephone services to rural villages. (Jan 18, China Daily)

Regulator Rejects Xinwei's IPO Plan

Beijing Xinwei Telecom Technology Inc, has failed in its bid for an initial public offering (IPO) on the Shenzhen Stock Exchange. The China Securities Regulatory Commission (CSRC) said it had rejected Xinwei Telecom's plan to issue up to 40 million new local currency shares on the exchange. But the CSRC did not elaborate further. Analysts said the setback would cloud the market prospects of SCDMA, selected by China's Ministry of Information Industry as the preferred solution to provide telephone services to rural villages. (Jan 26, China Daily)

TCL Estimates Whole Year Loss In 2006

TCL Group says that it may continue suffering a business loss in the financial year of 2006 according to a preliminary estimate. However, the company announced that it already has the capability to make 3G mobile phones, though it has not obtained the core intellectual property rights related to operating on a 3G network. A company representative says that it will benefit from the domestic 3G communications network construction and development and hopefully see a return to profitability. *(Jan 15, ChinaTechNews)*

Policies

MII To Regulate Mobile Phone Charger Standard

A representative from China Telecommunication Technology Labs has reiterated that the Ministry of Information Industry will soon implement a mobile phone charger standard and require relevant mobile phone manufacturers to execute the unified standard on all their mobile phones. According to this representative, new mobile phones measuring up the new standard will come out by the end of this year. *(Jan 22, ChinaTechNews)*

MII To Regulate Telecom Operators To Protect MVAS Interests

China's Ministry of Information Industry says in one of its latest circulars that the basic telecom operators must not abuse their market dominating position to violate the interests of mobile value-added service providers. In recent years, MVAS providers like Linktone, Kongzhong, Sohu, Sina, Netease, China.com, and Tom were often at the mercy of larger companies like China Mobile or China Unicom because the MVAS providers relied so heavily on the larger firms for their livelihoods. As a result of this lopsided business relationship, many MVAS companies in China have seen diminishing returns on their investments, and some have been forced to close their doors. *(Jan 19, ChinaTechNews)*

Software

ISO27001 Certification For Neusoft's Software Outsourcing

Two of Neusoft Group's subsidiaries have been certified by ISO27001, the specification for Information Security Management System. The two companies are Neusoft Company and Neusoft IT Service Company. The British Standards Institution issued ISO27001 certificates to Neusoft, which makes Neusoft the first of its kind to obtain ISO27001 certification for both software outsourcing and BPO operations in China, opening up vast prospects for further expansion of Neusoft in such two sectors. *(Jan 18, ChinaTechNews)*

Telecom

China posts double-digit growth in returns for telecom services

China's telecommunications sector invested 219 billion yuan (28 billion U.S. dollars) in fixed assets in 2006, up 7.5 percent over the previous year, sources with the Ministry of Information Industry said. The sector, including fixed-line telephone links, cell phone connections and internet services, raked in 648 billion yuan (83 billion U.S. dollars) in revenue, up 12 percent. Last year, the number of mobile subscribers in China reached 461 million, up 68 million on 2005. There were 368 million fixed-line telephone users nationwide, up 17 million. The sources said in 2006 users of broadband internet services numbered 52 million, up 14.5 million. *(Jan 23, Xinhua)*

10% of World's Mobile Phones Produced in Binhai Area

One out of every 10 mobile phones produced in the world last year -- including famous brands like Motorola and Samsung -- was manufactured in Tianjin's

Binhai New Area, government statistics show. The pilot reform base, about 120 kilometers to the southeast of Beijing, produced more than 100 million mobile phones in 2006, up 45 percent on the previous year and accounting for a quarter of the country's total and a tenth of the world total, according to the Tianjin Municipal Bureau of Statistics. *(Jan 25, Xinhua)*

What were China's mobile users searching for in 2006

mInfo, the Chinese mobile search provider, has released some key search statistics that shed light on real user behavior and the state of the sector in the world's largest wireless phone market. Data published by mInfo are based on actual usage information over the last year across its SMS, WAP, kJava and IM mobile search systems. mInfo is the only provider in China offering search over all four models enabling nearly all mobile users in China to access its service. The five leading search categories in 2006 were: Dining/Recreation, Jokes/Riddles, Ring tones/Pictures, News/Stock, Weather forecast. The top 5 mobile search terms for 2006 were (terms translated): Weather, Jay Chou, Pretty girl, Dining, Joke. *(Jan 19, C114)*

449 million cellphone users in China

Cellphones have become necessities to many Chinese. Currently, the number of cellphone users in China has hit 449 million, according to the statistics released on the 1st China Urban Mobile Communication Forum. China is the biggest mobile communication market (worth at least 11.2 billion yuan), with 93% of urbanites in the country having cellphones of their own, even more than the figure in many developed countries. Beijing is even more advanced in terms of mobile communication, for averagely a Beijinger has 1.2 cellphones. *(Jan 18, Chinanews)*

CTTL To Open Shenzhen Branch

The China Mobile Communications Association says that Shenzhen Futian District Government will invest RMB100 to help China Telecommunication Technology Labs to open a branch in Shenzhen to boost the city's mobile phone businesses. Currently, there are more than 20 licensed mobile phone companies in Shenzhen, which accounts for one quarter of China's total, and their production accounts for 50%-60% of the country's total mobile phone production. CTTL is the organization responsible for testing mobile phones in China and is located in Beijing. *(Jan 18, ChinaTechNews)*

China Firm Preps WiMAX Rival for Olympics

China is testing a potential rival to WiMAX that may see its debut in the 2008 Summer Olympics in Beijing. The technology is based on SCDMA, still used in China in the 400MHz band, and is known as Multicarrier Wireless internet Local Loop (McWiLL). It's been in field trials in a few Chinese cities, including Guangzhou and Qingdao, where it's been used for video, voice and data communications. The most recent trial in Qingdao, where Olympic sailors will compete in 2008, was used to test the relay of race information back to shore. *(Jan 18, CRI)*

China's WVAS market to soar to \$11.5b by 2010—Ovum

China's 437 million mobile phone users have made the country the world's most promising market for wireless value-added services, a report from research firm Ovum said. With data contributing 21% of total mobile service revenues by June 2006, Ovum forecasts that WVAS will generate over \$11.5 billion revenues in China by 2010, a 48% surge from 2006. *(Jan 15, C114)*

Other

China's IT market worth 570 billion yuan

China's information technology market -- software, hardware and IT services -- chalked up 570 billion yuan (73 billion U.S. dollars) of sales last year, a growth of 15.6 percent over the previous year, according to a report released by CCID (China Center for Information Industry Development Consulting). According to CCID, China's IT market will continue to grow at 15 percent per year for the next five years. Sales are likely to reach 1,160 billion yuan (150 billion U.S. dollars) in 2011, by which time hardware product sales will have shrunk to 50 percent of the total. (Jan 24, Xinhua)

Feasibility Study Concludes For New Media Engineering Research Center

China's Department of High and New Technology Development and Industrialization of the Ministry of Science and Technology have finished conducting an appraisal of the feasibility study report on the National Network New Media Engineering Research Center in Beijing. The Center is to be set up by the Institute of Acoustics, Chinese Academy of Sciences. This Center will become an important platform for cooperation and exchange within the industry both home and abroad and a base for cultivating and training engineering and technological talents in this technology sector. (Jan 22, ChinaTechNews)

More Than 10 Mln Chinese Subscribe to Digital TV

The number of digital TV users in China exceeded 10 million at the end of 2006, double the number in 2005. China launched its digital TV industry in May 2006 and now has 92 digital pay channels. Specialist programs on sport, fashion, music and cuisine as well as documentaries, high-definition movies and TV series are available on digital TV. But cable TV is still a very popular and economical alternative in China. Two years later will be the best opportunity to invest on digital TV service in China, when 10% of the viewers will have started enjoying the service. (Jan 17, Xinhua)

Medical & Healthcare

Beijing Med-Pharm Corporation Wins Bidding for Shares of Chinese Drug Distributor Shanghai Rongheng

Beijing Med-Pharm Corporation announced that it has been notified that it is the winning bidder in a sale of shares representing a majority interest in the Shanghai Rongheng Pharmaceutical Co., Ltd. ("Rongheng") posted on the Shanghai United Assets and Equity Exchange (the "Shanghai Exchange"). This will allow Beijing Med-Pharm to enter definitive agreements with the owners of Rongheng to complete the purchase of a majority stake in the regional pharmaceutical distribution company operating from China's largest city.

Beijing Med-Pharm is a pharmaceutical marketing and distribution company that offers the following services in China: pre-market entry analysis; clinical trial management; product registration; market research; pharmaceutical distribution to hospitals; and pharmaceutical marketing to physicians, hospitals and other healthcare providers. (BUSINESS WIRE 18 January 2007)

AMDL Announces Production of Antibiotic Levofloxacin in China

AMDL announced that its Chinese subsidiary, Jade Pharmaceutical Inc., has begun production of the antibiotic levofloxacin, which is part of the top selling class of drugs in China, and which is used to treat bacterial infections including pneumonia, urinary tract, kidney and skin infection. Levofloxacin is marketed in the U.S. by a major pharmaceutical company. Jade Pharmaceuticals is producing levofloxacin at the Jiangxi Jade Biochemistry Ltd. manufacturing facility in the South China City of Shargro in the Jiangxi Province of China and, at present, this product will only be sold in China. That facility recently was

reapproved for meeting worldwide GMP standards of manufacture. (PRNewswire 14 January 2007)

Peregrine Pharmaceuticals Establishes Wholly Owned Subsidiary in China

Peregrine Pharmaceuticals, Inc., a clinical stage biopharmaceutical company developing targeted therapeutics for the treatment of cancer and hepatitis C virus (HCV) infection, announced it has established a wholly foreign-owned enterprise (WFOE) in China. The new subsidiary, Peregrine Beijing Pharmaceuticals Technology Development Ltd., is located in Beijing. (PRNewswire 14 January 2007)

Organon Partners With HUYA to Identify and Develop Chinese Biopharmaceuticals

Organon, the human healthcare business of Akzo Nobel announced that it has signed a collaboration agreement with HUYA Bioscience International, LLC, to search for new, proprietary biopharmaceuticals or pharmaceutical compounds. As part of this collaboration, Organon has acquired an equity interest in HUYA, a biopharmaceutical company focused on developing Chinese biopharmaceutical products. HUYA, with offices in San Diego and Shanghai, identifies, licenses and develops Chinese drug candidates for commercialization in Western markets. Under the collaboration agreement, HUYA will support Organon in the sourcing and development of pharmaceutical or biopharmaceutical compounds in three specific therapeutic areas. (PRNewswire 14 January 2007)

Aida Pharmaceuticals Receives Approval and Commences Phase II Trials of Potential Cancer Treatment

Aida Pharmaceuticals, Inc., one of China's leading pharmaceutical companies, today announced that the State Food and Drug Administration (SFDA) of China has officially approved the commencement of Phase II clinical trials of the genetic cancer treatment Rh-Apo2L, the Category A biopharmaceutical currently in development phase by the Company's subsidiary Shanghai Qiaer Biotechnology Co., Ltd.. Rh-Apo2L is Category A, anti-tumor biological agent researched and developed by Shanghai Qiaer Biotechnology Co., Ltd., a newly acquired subsidiary of Aida Pharmaceuticals. (PRNewswire 14 January 2007)

Sunwin International Nutraceuticals Doubles Stevia Production Capacity With Completion of New Manufacturing facilities

Sunwin International Nutraceuticals, Inc., a leader in the production and distribution of Chinese herbs, veterinary medicines and one of the world's leading producers of all natural, zero calorie Stevia in China, announced that it has completed construction of its new Stevia manufacturing facilities. The new Stevia manufacturing facilities are capable of producing an additional 300 tons of premium Stevia per year, increasing annual bulk production by approximately \$15 million per year. The new facilities will use proprietary technology developed by Sunwin to process the seed of the Stevia rebaudiana plant, enabling the company to produce the highest grade Stevia in the industry. (MARKET WIRE 14 January 2007)

China Health Holding Announces Acquisition of All of the Assets of Xi'An Meichen Pharmaceutical

China Health Holding, Inc. a development stage company with the goal of becoming a developer, manufacturer, marketer and distributor of pharmaceutical products and dietary supplements in China and worldwide, announced that it has executed an acquisition definitive agreement to acquire all of the assets of Xi'An Meichen Pharmaceutical Co. Ltd., based in China. Under the agreement, China Health would acquire Xi' An Meichen's new pharmaceutical manufacturing facilities - all certified for Good Manufacturing

Practices (GMP) by the China State Food and Drug Administration -- along with 43 China-SFDA certified pharmaceutical drugs. (*Xinhua 14 January 2007*)

Firms told to target China's medical sector

CHINA represents a major opportunity for the region's medical, telecoms and automotive industries, according to a new report by Leeds-based patent and trademark attorneys, Marks & Clerk. Despite a dependence on traditional, local medicines the Chinese pharmaceuticals market is experiencing a boom, The report showed that China's own recent patent filings were equal to the volumes filed by the West for more innovative pharmaceutical drugs. These drugs cover areas such as gene therapy, antigens, antibodies, peptides and new chemical entities. The report found that the West continues to dominate China's pharmaceuticals industry in the key drug areas. The West also marginally increased its percentage share of the market between 1998 and 2003. (*Yorkshire Post Today 07 January 2007*)

Pfizer wins Viagra ruling in China

A Beijing court upheld the validity of Pfizer's patent for Viagra in China and ordered two Chinese companies to pay compensation for infringing on the registered trademark. The Beijing No. 1 Intermediate People's court ordered Beijing Health New Concept Pharmacy Co. Ltd. to stop sales of blue rhomboid pills similar to Viagra and Jiangsu-based Lianhuan Pharmaceutical Co. Ltd. to stop production and pay 300,000 yuan (38,363 U.S. dollars). (*Xinhua 07 January 2007*)

Med diagnostics firm Adaltis to acquire Shanghai Hua Tai Biotechnology

Adaltis Inc. a Canadian in vitro diagnostics company, announced that it had agreed to acquire control of Shanghai Hua Tai Biotechnology Co. Ltd., a manufacturer of infectious disease diagnostic products located in Shanghai, China. The deal is expected to come into effect in the first quarter of 2007, pending governmental approvals and satisfaction of customary conditions. Hua Tai is a diagnostic company manufacturing and selling a suite of diagnostic tests for infectious diseases, mainly hepatitis reagents. According to the announcement, Adaltis plans to consolidate production in its new facility and integrate Hua Tai's sales organization into its existing operation. (*BiotechEast 03 January 2007*)

Foreign firms eye China's biotech sector

As global pharmaceutical companies grapple with the high cost of research and development (R&D), attention is beginning to shift toward China as a potential hub for innovation in biotechnology.

As a growth area for biotech development, China has several cards stacked in its favor. The country has a sizable scientific workforce, thanks to decades of government support for research institutes and science education. Tax incentives and other concessions are available to encourage R&D. The regulatory environment is more relaxed, which could fuel development of innovative drug therapies that are expensive to develop and test in the West. Furthermore, the Chinese market for prescription drugs is growing. (*Asia Times 26 December 2006*)

Others

Turnover of China's Auction Market Nears 300 Bln Yuan

China saw a brisk auction market last year with a turnover of nearly 300 billion yuan (37.9 billion U.S. dollars), 30 times the amount of ten years ago, said the Ministry of Commerce. While government-commissioned auctions of materials confiscated by judicial departments used to dominate the country's auction market, other consignors such as financial institutions, state-owned asset

managing agencies, enterprises and individuals have taken 47 percent of the total deals in recent five years. Meanwhile, more diversified commodities like real estate, stocks and works of art have been put on the block. (Jan 26, *Xinhua*)

China's 1st OTC Market Likely to Be in Tianjin

CHINA'S first national over-the-counter equity bourse is likely to be set up soon in the northern city of Tianjin as part of moves to build a multi-layer capital sector. The establishment of the OTC exchange is now subject to a final nod from the National Development and Reform Commission, the nation's top economic planner, said people with direct knowledge of the plan. China's mainland has two main boards in Shanghai and Shenzhen, a small- and medium-sized enterprise board in Shenzhen as well as an OTC trading system for Beijing-based technology firms. Analysts believe the OTC bourse, to be sited in the Binhai New Area, a state-backed economic zone, will bolster Shanghai Daily Tianjin's lure as a new financial hub apart from Shanghai. (Jan 25, *Shanghai Daily*)

China to promote Beibu Bay as a new economic zone

Now China aims to boost the economic development in the Beibu Bay, which lies near the coastal region in southwest China. From January 18 to 20, the People's Daily, China's leading official newspaper, carried articles on its front page about economic opportunities open to the area. The China Central Television (CCTV) also gave wide coverage to the Beibu Bay. From January 17, CCTV's prime time program reported about the region for a couple of days. Most other Chinese mainstream media also published a series of reports about it. By promoting the Beibu Bay economic region, senior Chinese officials not only aim to promote its regional economic development, but also hope that economic development in the Beibu Bay will lay a solid foundation for economic cooperation with its surrounding areas. (Jan 25, *Chinanews*)

VC Investors Turn to Traditional Sectors

In 2006, venture capitalists invested \$1.78 billion in Chinese companies, up 52.1 percent year-on-year, according to Zero2IPO, a consulting firm focused on the venture capital and private equity sectors. The record high investment has made China the world's No 2 destination for venture capital after the United States. Despite venture capitalists' enthusiasm for China, their interest in the Internet sector appears to be waning. According to Zero2IPO, venture capital investment in the nation's IT industry, mainly represented by Internet companies, accounted for only 59.6 percent of the nation's total in 2006, compared with 66.2 percent in 2005. Industry insiders said the decline was partly due to newly discovered investment opportunities in industries such as education and new energy. (Jan 24, *China Daily*)

China aims to limit foreign exchange

The Chinese currency regulator said Sunday that it would ease rules for capital to flow out of the country this year while making it harder for money to enter, a move intended to cap increases in China's, the world's largest. Chinese banks, insurers, companies and individuals will be allowed to convert more yuan into foreign currencies for buying overseas stocks and debt, while rules are being tightened to control short-term capital inflows. (Jan 22, *Reuters*)

Thirty-four Million Chinese Travel Abroad in 2006

Thirty-four million Chinese traveled abroad last year, up 10 percent year-on-year, according to the National Tourism Administration (NTA). China has granted 132 countries and regions approved destination status for Chinese tourists, including 86 countries with approved destination status for Chinese tourist groups. Granting approved destination status means Chinese tourists have easier access to visas to travel in those countries and regions. China

received 124 million inbound travelers in 2006, ranking fourth in the world. (Jan 19, Xinhua)

China Allocates 332 Bln Yuan to Upgrade Railways in 2007

China's Ministry of Railways has allocated 332 billion yuan (about 42.6 billion U.S. dollars) to railway construction and purchase of new vehicles in 2007. About 256 billion yuan (32.8 billion U.S. dollars) will be used to purchase land, building substructures and laying tracks, another 16 billion will be used to renovate existing railway facilities and the remaining 60 billion yuan will be spent on vehicles. (Jan 16, Xinhua)

China Becomes World's 2nd Largest Auto Market in 06'

China overtook Japan to become the world's second largest market for new vehicles in 2006 next only to the United States, registering sales of 7.22 million units, up 25.13 percent year-on-year, according to the China Association of Automobile Manufacturers on Jan 11. The country's automakers last year produced 7.28 million vehicles, up 27.32 percent over the previous year. (Jan 11, Xinhua)



2008 Beijing Olympic Games

Beijing Olympics IT Integration Test Lab launched

The Worldwide Olympic Partner Atos Origin and BOCOG launched the IT Integration Test Lab for Beijing 2008 Olympic Games on 19 January, marking the IT system's shift from the design and planning to infrastructure construction and test stage. The lab was designed jointly by Atos Origin and BOCOG and built in conformity with international standards. Among others, the Games Management System (GMS) developed by Atos Origin, is responsible for supporting accreditation, transport, medical service and human resources management, while the Information Diffusion System (IDS) can convey Games-time data such as results, athletes and weather information to officials, sponsors, media and members of the Olympic Family. The GMS and IDS have already been delivered for tests. (www.beijing2008.com, 2007-01-22)

Progress achieved in Beijing's public health system: official

China's capital city has achieved significant progress in the construction of the public health system, and its capacity to respond to emergency cases has been strengthened, according to Beijing Municipal Health Bureau director Jin Dapeng. He referred the progress to disease prevention and control, medical help and treatment, health supervision and law enforcement and other areas, all of which are core elements of the public health system. At the moment, Beijing has a command center to treat emergency cases, with corresponding organizations set up at the district and county level, thus creating a platform to make decision and treat emergency cases. In addition, Beijing has set up an expert advisory committee for the purpose and has made an inter-department and inter-region mechanism ready to prevent the prevalence of major epidemic diseases, in a joint effort with neighboring provinces and municipalities. (www.beijing2008.com, 2007-01-17)

Air-Conditioning for All Beijing Buses in 2007

Beijing's public transportation authority has promised to upgrade buses running in the city by making all of buses have air-conditioning in the future.

Beijing's public transportation authority will deploy 2,500 new air-conditioned buses to serve the public in 2007. 284 of the old buses on the streets will be upgraded with air-conditioning, so all of the buses in the city will have air-conditioning in the future. (CRI January 22, 2007)

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China Weapon Equipment Corp Works on Security Systems for Beijing Olympics

China Weapon Equipment (Group) Corp. (CWEC) is researching security systems used in Olympic gymnasiums in order to improve China's anti-terrorism capability ahead of the Olympic Games, said a senior company official in Beijing. The company has "made considerable progress" in developing anti-terrorist equipment for airport and in Olympic gymnasium security check systems over the past two years. *(Xinhua News Agency January 17, 2007)*