

*The Trade Mission to China wishes all our friends and readers  
Happiness & Good Health In the Chinese New Year of the PIG!*

## China Economic Headlines

### General news on Chinese economy

#### U.S. files trade complaint against China with the WTO

The U.S filed a complaint with the World Trade Organization accusing China of providing companies with improper subsidies that hurt U.S. firms in a move that China refers to as "a pity". The complaint alleges that China uses WTO-illegal tax breaks to encourage Chinese companies to export more to the United States while imposing tax and tariff penalties to limit purchases of U.S. products in China.

The decision to go to the WTO with a trade complaint will trigger a 60-day consultation during which trade negotiators will try to resolve the dispute. If that fails, a WTO hearing panel will be convened and if the U.S. wins the case, it will be allowed to impose economic sanctions on Chinese products. A fact sheet distributed by the USTR office said that among the tactics China uses to give its companies an edge over US competitors are tariff exemptions, discounted lending rates and income-tax reductions and refunds available to China-based companies that meet certain export performance benchmarks. These benefits have lured many firms, especially from neighboring Asian nations, which have moved their final assembly operations to China since its accession to the WTO. (Feb 2, USTR and other sources)

#### MOFCOM will issue regulation to supervise foreign merging activities

China is considering drafting a regulation to strictly monitor foreign investors' acquisition and merging activities in China. The new regulation will be unveiled soon, said Li Zhiqun, head of the Foreign Investment Department at the Ministry of Commerce (MOFCOM), the China Business News reported. Last year, MOC worked with six ministerial departments to draft a law on regulating foreign enterprises' M&A activities in China. The regulation stipulates that when foreign investors purchases and takes the controlling power of a Chinese enterprise in a field categorized as a key industrial sector, or if the acquisition might affect China's national economic security, the parties involved should report the acquisition deal to related departments. (Feb 7, Chinanews)

#### China set to become biggest exporter in 2008

China will wrest the "world's champion exporter" title from Germany as early as 2008, the federal foreign trade body BFAI has predicted. Already this year, China will overtake the United States as the world's number two exporter and fight neck-and-neck with Germany for the number one position, BFAI director Gerd Herx said. With an estimated US\$1.4 trillion (1.1 trillion euros) in exports in 2008, China will leapfrog Germany in 2008. China's increasing success as an exporter rests on its electronic goods, where the country is already the number one with total exports of US\$300 billion, ahead of the US and South Korea, BFAI estimated. Its second-biggest category of exports is clothing and textiles. Germany's export strength lies in engineering and technological goods. (Feb 6, AFP)

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## **China's increases its R&D Spending in 2006 to 1.4% of GDP**

China has increased its spending on science research and development in 2006 by 22% to reach approximately USD38.5 billion. Total R&D spending accounted for 1.4 percent of the gross domestic product. Xu Guanhua, Minister of Science and Technology said Monday that Chinese firms and individuals made many breakthroughs in innovation, patents and research papers. This year, the country plans to fix its focus on the production of aircraft and medical innovations. At the front of China's scientific development plans, the country will launch four national projects in protein research, quantum research, nano technology and genetics. *(Jan 30, CCTV)*

## **Israel-China Bilateral Relations**

### **Comsys to Demonstrate EGGware Solution on Datang COMIP PRO Processor at 3GSM Barcelona**

Comsys Communication and Signal Processing, a leader in mobile wireless baseband solutions, will demonstrate at next week's 3GSM World Congress in Barcelona its EGGware(TM) baseband IP core for GSM/GPRS implemented by Datang Microelectronics on the COMIP PRO(TM) baseband chip. Datang Microelectronics Technologies' Co. Ltd. (DMT) is a leading chip manufacturer in China, and has selected Comsys' GSM/GPRS full Layer 1 software baseband IP platform for its COMIP PRO cellular baseband product line. The live demonstration on the Comsys stand (number 2B73 in Hall 2) at 3GSM will show a GSM/GPRS live network session with a Datang COMIP PRO baseband chip that has been designed using the Comsys physical layer (PHY). *(Feb 6, Yahoo)*

### **NICE Receives 7-digit Order from China Ministry of Railway**

NICE Systems, a global provider of advanced solutions that enable organizations to extract Insight from Interactions™ to drive performance, announced that it has received an initial 7-digit order for its advanced video content analysis solutions to ensure the security of hundreds of thousands of passengers on Qing Zang rail – the railroad connecting Lhasa in Tibet to Gernu in Qinghai – from the Ministry of Railway in China. After an extensive review of various solutions providers, NICE has proven its ability to provide a solution that can operate efficiently even in very challenging conditions such as very low temperatures and under extremely low air pressure. *(Feb 5)*

## **News on various sectors**

### **Environment & Energy**

#### **Shanghai to spend 100 Million Dollars to build wind power plant on coastal landfill area**

Shanghai plans to spend 800 million yuan (103 million U.S. dollars) to build a wind power plant in a coastal landfill area. The plant, in an exposed landfill area near the East China Sea, will be built by the Shanghai Environment Group and Shanghai Huadian Electric Power Development Co. Ltd. *(Feb 7, People's Daily)*

## **New Energy Law Aims at Sustainable Development**

China, the world's biggest oil user after the United States, plans to complete by December a draft of a new energy law that will guide the further opening of its market to foreign companies. The law aims to guide sustainable development in all aspects of the energy industry, including the use of renewable and alternative sources of fuels, said Wu Zhonghu, a professor at the Office of the National Energy Leading Group, a unit of the State Council. *(Feb 4, Bloomberg)*

## **Performance assessment criterion of water supply industry to be set**

Beijing Xindadu Hotel, approximate 20 experts gathered and exchanged opinions and discussed about the issue of the performance assessment of urban water supply industry. All experts here shared a common view: a rational performance assessment system could promote the government supervision level enhancing, help the operation enterprises clarify the matters and upgrade the management and service, generate a rational pricing methodology. For China water sector, this is only the first step to setup performance assessment system. This index system will be polished further and released to the sector. Supported by related government offices and enterprises, this index system will be applied in the over 10 tap water enterprises in Shanghai, Changsha and the enterprises belonging to Capital Holdings, Sino-French Water for trial. *(Feb 3, Chinawater.net)*

## **Water experts focusing on Shanghai's woes**

Water shortages in China are reaching "incredible" proportions. "The Chinese are facing an incredible water-stressed economy," Justin Mundy, a government adviser on climate change said during a presentation on the potentially dire consequences of unchecked global warming. He pointed to the current low levels of aquifers in Shanghai as a prime example of the problems China faces. Shanghai is going to have to use desalinized water in the next 10 years, then build the infrastructure to import water from Southwest China, he said. "All the water in Southwest China is fed by glacial melt," he said. "Glacial melt in about 25 years' time is not going to be there in anything like the capacity that is going to be required. What then, Shanghai?" And Shanghai is not alone, Mundy said, contending that 21 of the world's 33 largest cities -- those with populations of 8 million or more face eventual water supply crises.

## **Harbin: 320,000 cubic meters water shortage per day, looking to rainwater utilization**

Although upon Songhuajiang River, Harbin is one out of the most 10 serious water resource shortage cities in China. As the fast growth of economy, water resource shortage and pollution keep on deteriorating. Since the 2005 Songhuajiang River Pollution Accident, the water resource comprehensive management & utilization became an urgent issue in front of the Harbin government. Some government officers mooted a suggestion that should consider rainwater reclamation and make some trials. The Harbin government should organize the departments from: plan, environmental protection, construction, water resource management and water supply & drainage to undertake the pre-study of rainwater utilization program and make some trials in some newly-built districts.

## **Construction of New Hydropower Plant on Yalong River Begins**

China started construction of another major hydropower station, designed to have an installed capacity of 4.8 million kilowatts, in the southwestern province of Sichuan according to local sources. The project involves a total investment of 29.8 billion yuan (about US\$3.73 billion). It is scheduled to be completed in 105 months. *(January 31, 2007 Xinhua News Agency)*

## **EU Seeks Joint Efforts on Energy and Emissions**

The European Union wishes to take the Sino-EU strategic partnership forward this year by increasing cooperation in improving energy efficiency and the reduction of greenhouse gas emissions. Serge Abou, the EU ambassador to China, said energy security and climate change were priorities for the EU this year and neither issue could be effectively addressed without China's participation. European Commission wished to work with China to help China "promote energy standards and savings through the development and deployment of near zero emission coal technology on carbon capture and storage." (February 2, 2007, *China Daily*)

## **IT & Telecom**

### **3G & Beyond**

#### **Talk May Come Cheaper on Domestic 3G phones**

China-developed 3G phones will probably cost less than 1,000 yuan (US\$128) each, even cheaper than some current 2G phones, industry insiders said. The low-price strategy will help homegrown 3G phones compete against Western technologies, said a source at the TD-SCDMA Industry Association. Companies involved in the TD-SCDMA industry chain, such as chip designers and phone makers, have even talked about trying to cut the price of their phones to US\$100. (Feb 6, *Shanghai Daily*)

#### **China issues 16,000 Network Accessing License for 3G phones**

China has issued Network Accessing License to 16,000 mobile phones made based on TD-SCDMA standard, and the models of mobile phones under this standard has reached 17 ones, revealed He Guili, director of China Telecommunication Technology Labs (CTTL). These 16,000 mobile phones labeled with the license mark will be ready for use for the experimental TD-SCDMA network in four pilot cities, but He did not detail how many would be attributed in each of the four cities. (Feb 2, *3GNewsRoom*)

#### **China Mobile to call for 3G test bids**

China Mobile is expected to soon invite bids for a new round of network trials on the Chinese standard for third generation (3G) mobile communication, according to industry sources. The bidding process will start after the Spring Festival holiday (February 18) at the earliest. The five cities scheduled to use the new standard are Guangzhou, Shenzhen, Tianjin, Qinhuangdao and Shenyang. (Jan 31, *China Daily*)

#### **China toys with establishing 4G Standard Alliance**

Local media reports that China's Ministry of Information Industry is considering cooperating with some telecom equipment suppliers and research institutions in forming a 4G standard alliance in order to participate in the International Telecommunication Union 4G standard selection in 2008. Xi Guohua, vice minister of MII, made the remarks about the 4G Standard Alliance in a recent visit to Guangdong where he also expressed his hope of having Huawei and ZTE join the creation of the next generation standard. However, there is yet no detailed schedule for the foundation of a 4G alliance. (Feb 5, *ChinaTechNews*)

## Carriers

### **Google Enters Strategic Search Engine Partnership With China Mobile**

China Mobile, one of the largest mobile operators in the world, has inked a partnership with Google for providing mobile service and Internet based search services in China. The parties say their cooperation is based on their common goals of putting the user first and always innovating better applications. Through the cooperation with China Mobile, the largest mobile service provider in China, Google hopes to popularize its own mobile technology specification among China Mobile's content providers and ultimately make it the industry standard. (Feb 7, ChinaTechNews)

### **China Mobile emphasizes on dual-mode handsets**

China Mobile will lay emphasis on handsets especially dual-mode terminals that can adopt both 2G and 3G in the second round test of TD-SCDMA. China Mobile is busy with equipment purchase matters, which is estimated to finish before this Chinese lunar New Year. The second round test of TD-SCDMA, which is hosted by China Mobile, will start in this March and last for seven months before it is put into commercial use. Besides Beijing, Guangzhou, Shenzhen, Qinhuangdao, Tianjin and Shenyang are listed in the testing cities. (Feb 2, C114)

### **China Mobile offers free incoming call in Guangdong**

Subscribers to China Mobile in Guangdong Province will not need to pay for incoming calls as of February, according to a changed billing plan announced on Jan 26 by the telecom's Guangdong branch. For the first time in China, the new billing scheme clearly allows "one-way charging" that sees the caller pay instead of a billing plan that has both caller and receiver pay. It is said that China Unicom's Guangdong branch will soon follow suit. Later Beijing Mobile announced similar moves. (Jan 27, China Daily)

### **China Mobile Buys Telecom's Stake In Pakistan**

China Mobile has entered into an agreement with Millicom International Cellular S.A. to purchase 88.86% of the outstanding shares of Paktel Limited, a mobile communications operator in Pakistan. The transaction implies an enterprise valuation for Paktel Limited of US\$460 million. Completion of the transaction is subject to the receipt of certain regulatory approvals. If such approvals are obtained, completion is expected to occur in late February 2007. (Jan 22, ChinaTechNews)

### **Amid restructuring, China Unicom denies rumors of break-up**

China Unicom will divide its marketing department into two divisions to separately serve GSM and CDMA networks. The move has strengthened expectations of a Unicom assets merger with fixed-line phone carriers. The two divisions will develop clients and carry out marketing activities independently, and the transformation is expected to be completed about the middle of February. Company vice president Yang Xiaowei said the split of its marketing team -- with one team covering the GSM and the other CDMA networks, is a normal strategic adjustment, and denied that the company is the epicenter of a major restructuring of the telecommunications sector. (Jan 31, Shanghai Daily)

### **China Tie Tong to Offer China VoIP & Digital Telecom, Inc. Subsidiary Products in more places**

As further evidence of the growing relationship between Jinan Yinquan Technology Co., Ltd., a wholly owned subsidiary of China VoIP & Digital Telecom Inc. (OTCBB:CVDT - News) and China Tie Tong, one of the six largest basic telecom operators in China, the two companies announced today that they plan to enter into another joint venture project. The plan calls for

China Tie Tong to install Jinan Yinquan VoIP products where Tie Tong networks are not available. Jinan Yinquan currently services three provinces and 19 cities with Shandong Province its primary base of operations. The Company recently announced it will expand to both Shanghai and Beijing and plans further expansion throughout China. *(Feb 2, Yahoo)*

## Electronics

### **Shenyang to Host China's Largest Automatic Identification Manufacturing Park**

An automatic identification manufacturing park, which is said to be the largest of its kind in China involving a total of over RMB10 billion investment, will start construction in Shenyang Dongling District in April 2007. The park will consist of seven major functional areas including an R&D area, a production area, a product certification zone and testing area. Through attracting various investment, the production area is scheduled to produce more than 40 types of products ranging from serial code readers, RFID readers, tag building materials, antenna and other identification equipment. It aims to create over RMB5 billion value within five years. *(Feb 6, ChinaTechNews)*

### **New Semiconductor Joint Venture Heads for Suzhou**

NXP Semiconductors, formerly named Philips Semiconductors, and Advanced Semiconductor Engineering (ASX) have signed an agreement to form a joint venture in Suzhou focused on semiconductor testing and packaging. The JV will serve the international and domestic Chinese markets, focusing on testing and packaging of a wide range of semiconductors in areas such as mobile communications, consumer electronics and automotive products. The JV is expected to begin operations in Q2 2007. NXP will contribute its existing testing and packaging operation in Suzhou as its initial investment into the JV. This JV does not affect the other testing and packaging sites for NXP in Asia and Europe. *(Feb 5, ChinaTechNews)*

## Internet

### **Webcasting casts spell on Chinese Internet users**

Almost half of China's Internet users were found to be focusing in on video-sharing websites which are home to millions of amateur films and animations. About 76 million of the 137 million Chinese Internet users have visited YouTube-like webcasting websites last year, according to the Internet Guide 2007 released earlier this month by Internet Society of China and the Data Center of the China Internet. *(Feb 3, Xinhua)*

### **China's internet "basically restored" after Taiwan earthquake**

China's top two internet operators - China Telecom and China Netcom, have announced that overseas communication services disrupted by the earthquake at sea area of Taiwan last month are now "basically restored". With the major underwater cable connecting China with North America repaired, internet users will see that things are back to normal. *(Jan 31, Xinhua)*

## Manufactures

### **Huawei Sales Hit \$11B**

Huawei Technologies Co., Ltd. ("Huawei"), a leader in providing next generation networks for telecommunications operators around the world, today announced that its global contract sales for 2006 reached USD11 billion, 65% of which comes from overseas market. 2006 global contract sales representing a year-over-year growth rate of over 34%. The increase is a result of continued market growth in the product areas of mobile network, next generation network

("NGN"), optical networks, data communications, software and applications and IP. The complex advantage appears in those fields. (Feb 7, C114)

## France Telecom Adds Huawei to Pool of UMTS Suppliers

France Telecom has selected Huawei Technologies Co to supply UMTS mobile equipment, the first time it has chosen a Chinese supplier for its third generation network, as part of its renewal of contracts with several suppliers, according to Les Echos. Alcatel-Lucent and Nokia retained the bulk of their contracts with the operator, worth several hundreds of millions of euros, but Huawei replaced Alcatel and Motorola for Romania, as well as Nortel in Belgium, the French daily reported. Alcatel acquired Nortel's network equipment businesses last year. Les Echos said Huawei may even be asked to fully replace the UMTS equipment already installed in the two countries, citing industry sources. (Feb 1, AFX)

## Policies

### NDRC Will Fix Timetable for Mobile Phone One-Way Charging

Wang Xueqing, director of the Price Office of the Economic Research Institute of China's National Development and Reform Commission, says that in order to push local telecom operators to implement the one-way charging for mobile communications service, NDRS and the Ministry of Information Industry will work to fix a definite timetable. Wang's remarks are believed to be a policy statement of the Chinese government's decision in carrying out the one-way charging. (Feb 5, ChinaTechNews)

### MOST's Five Priorities Targeted At Software Innovation

China's Ministry of Science and Technology (MOST) has unveiled five priorities it will help push in software innovation in the 11th Five-Year Period. MOST's **first** priority is to increase research in software innovation and its commercialization. **Second**, it plans to promote innovation and commercialization of software by optimizing market resources and addressing applications in major sectors. With many new technology standards being developed overseas, the **third** priority is to enhance research into frontier technologies and develop basic software to be better positioned in future innovation. Companies like Microsoft, Siemens, HP, Motorola, and Google have also arranged their own R&D facilities in China, and MOST says its **fourth** priority is to promote management innovation and improve the R&D environment among Chinese companies. **Finally**, MOST plans to develop innovative and talented people and implement human resource development strategies. As China moves slowly to a knowledge-based economy, human resources will be key for the future. (Jan 30, ChinaTechNews)

### ASEAN Will Open Telecom Door For Chinese Firms

China has signed a service trade agreement with ASEAN to provide greater access for Chinese domestic telecommunications operators. According to the agreement, six ASEAN countries — Malaysia, the Philippines, Vietnam, Laos, Burma and Cambodia — will open their telecom market to Chinese firms and allow them to open solely-owned companies or joint venture companies in their respective countries. The new agreement, which also loosens the limit on the shares that Chinese firms can hold in companies in the ASEAN countries, will take effect from July 1, 2007 and it will offer policy support to Chinese telecom operators who carry out service in the ASEAN region. (Jan 24, ChinaTechNews)

## Software

### **Microsoft Sets Up MSN R&D Center in China**

Microsoft is setting up a research and development center in Shanghai for its online MSN service, its first such center outside the United States, sources familiar with the plan said. The move came after Microsoft saw setbacks in its online services in China, including the resignation of a top executive responsible for the company's Windows Live unit in China late last year. The R&D center, based in Shanghai's Zizhu Science Park, where chip giant Intel Corp. already has a research office, will develop Internet software. The center, which will cost up to \$20 million, will also have a technical support team for Microsoft's online communication tool MSN Messenger, which has become part of everyday life for teenagers and young professionals in China. (Jan 31, Reuters)

### **GOME Becomes Microsoft's China Sales Partner**

Wang Junzhou, standing vice president of GOME, and Kevin Turner, COO of Microsoft, have signed a memorandum of understanding on a strategic partnership to make the Chinese electronics retailer the top sales partner for Microsoft's newly released Vista operating system. Following the signing of the agreement, GOME has started carrying out sales promotions of Windows Vista at all its key sales outlets across China. GOME will set up 400 Vista Experience Centers and 2000 Vista Experience Areas in 1000 cities all over China to have users experience the various Vista applications for the first time. (Feb 7, ChinaTechNews)

### **China software industry sales increased by 23% in 2006**

The latest statistics made by China Ministry of Information Industry shows that the revenue of China software sales by the end of 2006 reached to RMB 480 billion Yuan, with an increase of 23% over the previous year. Vice Director of Electronic Information Product Management Department of China Ministry of Information Industry, Mr. Chen Ying said that embedded software has got a fast development and its application fields have been enlarged constantly, being promoted by the powerful market of China manufacture industry, and following the acceleration of the processing of digitalization, intelligence and network. It is known that the domestic market scale of China software and information service industry will break RMB1 trillion Yuan by 2010, of which software made in China and its information service will cover 65% of domestic market share. (Jan. 26, 2007, CIESN)

### **MII decides key points on the software industry in “11th–five year plan”**

News from China national software conference held in Hangzhou: China Ministry of Information Industry has set embedded software, fundamental software as well as information safety software as the key points for the development of China software industry during “11th –Five year plan”. It is reported that China Ministry of Information Industry has supported the development on embedded software by development fund for electrical information industry and corresponding preferential tax policies and has fostered the embedded software to be a new point for the increase of China information industry. In Top 10 of Top 100 national software enterprises selected in 2006, there are 6 enterprises that are mainly producing embedded software products.

### **More “State Renovation Bases for Software Export” recognized by MOFCOM**

On February 1st, 5 cities of Guangzhou, Nanjing, Hangzhou, Chengdu and Jinan were added to the list of “State Renovation Bases for Software Export” by Ministry of Commerce of China, bringing the number of overall cities to 11 including Beijing, Shanghai and Dalian.

## **Chinasoft procure HGR with RMB 0.43 billion Yuan**

News collected by Magazine, Disclosed by Mr. Yan Junjue, senior vice president of Chinasoft, Chinasoft procured on January 2nd 2007 96.61% of shares from Hingh Global Resources Inc. (HGR), an international software manufacturer. The two parties have signed the procurement agreement. It is known that Chinasoft is to procure the rest of 3.39 % HGR shares form other shareholders. Before the completion of the transaction, HGR can issue an extra HDR shares that have a value of US \$1 million to GPC- one of the holders of reduced stocks. It is pointed out by a bulletin that the total payment for the price and profit of the stocks should be no more than \$ 55 million (about RMB 0.429 billion Yuan).

## **Preferential Tax Rate For 152 Chinese Software Firms**

China's National Development and Reform Commission, Ministry of Information Industry, Ministry of Commerce and the State General Administration of Taxation have jointly issued a circular to reduce the tax paid by 152 key software firms in China. Those 152 firms who did not enjoy preferential tax policies in 2006 are entitled to pay their income tax at the rate of 10% instead of the normal 33%. These firms include Datang Software Technology Company, Hanwang Technologies Company, Kingdee Software China and Neusoft. A representative from the government department that oversees these changes has told local media that this new preferential taxation rate is designed to encourage and push forward the development of key software companies in China. Foreign technology companies already enjoy very good tax policies, including tax-free status in some parts of China, so this move is meant to level the playing field for all competitors. (*Jan 29, ChinaTechNews*)

## **Other**

### **Traditional industries slated for IT boost**

Shanghai government will provide special funding and favorable tax policies this year to encourage companies in traditional industries to invest more on IT infrastructure, the local information-technology regulator said. The project, launched this month, will cover the manufacturing, automobile and assembly industries during its initial stage, according to the Shanghai Municipal Informatization Commission. Traditional industries are being encouraged to deploy such IT products as business intelligence, electronic payment systems and enterprise resource planning. It's all part of a larger move by the city to grow its IT industry, which accounted for 11 percent of Shanghai's economy last year. (*Feb 3, Shanghai Daily*)

## **Medical & Healthcare**

### **Philips Plans Further Expansion In China Market**

Zhang Ban, president of Philips China, says the company will increase investment in the China market and make it into one of the three major global research and development centers for Philips. As part of its commitment to having the China market make a greater contribution to its overall operations, Philips will put its Shanghai Innovation Park, which involves a US\$500 million investment, into operation before the end of this year. At present, Philips has 11 R&D centers in China and has invested EU40 million each year in recent three years into its R&D in China. (*Feb 6, ChinaTechNews*)

### **China, UK to cooperate more in research on emerging infectious diseases**

Chinese and British scientists will expand cooperation in research on emerging infectious diseases, such as AIDS, SARS and bird flu this year. Jin Dapeng, director of Beijing Municipal Health Bureau, said the research would

concentrate on immune protection; improving and developing methods of clinical diagnosis or experimental procedures for new infectious diseases; development of medicines; and training of research personnel and medical workers. (January 31, 2007 Xinhua)

### **China to Invest US\$28 Mln in Leprosy Hospitals**

China plans to invest 220 million yuan (US\$28 million) to build new leprosy hospitals and renovate old facilities, said Vice Minister of Health Wang Longde on 28 January. The ministry would strengthen cooperation with the Ministry of Finance, the China Disabled Persons' Federation and Ministry of Civil Affairs in improving the living conditions and medical treatment available to leprosy patients. (January 29, 2007 Xinhua News Agency)

### **China Health Holding Establishes Strategic Alliance with Drug R&D Institution**

China Health Holding, Inc., a development stage pharmaceutical company with the goal of becoming a leading developer, manufacturer, marketer and distributor of pharmaceutical and natural medical drugs in China and worldwide, announced it has signed a binding memorandum of understanding (MOU) with the Beijing Jifatang Chinese Medicine Research & Development Institute. The 10-year agreement will allow China Health Holding to take full advantage of the institution's groundbreaking R&D to treat conditions ranging from diabetes and cancer to neurological and cardiovascular disorders. (Jan 27, PRNewswire)

### **National Stem Cell Explores Ventures in China**

A National Stem Cell senior leadership team traveled to China to cultivate scientific and business relationships with the intent of launching National Stem Cell's operations in the region. National Stem Cell Holding, Inc., a biotechnology company headquartered in New York City dedicated to the advancement of regenerative medicine, is planning to create structures for phased stem cell therapeutic development in China. At the same time the company is in end-stage negotiations with a prestigious academic institution to facilitate the expansion of its research capabilities. The areas of interest for the company in China include: therapeutic development, umbilical cord blood banking, and partnering with leading stem cell scientists in order to enhance its laboratory research. (January 28, 2007 PRIME NEWSWIRE)

### **New diabetes medicine planned after local R&D**

Huayi Group plans to invest about 100 million yuan in a pilot project to manufacture a medicine for diabetics that it developed through its own research. A plant to make the medicine will be located in Shanghai's Nanhui International Medical Science Park and will cover an area of about 5 hectares when completed. The new drug, named "Yishengtai", is China's first effort in developing drugs for diabetics by using its own intellectual property rights. Clinical experiments on the drug began in 2004 after it was registered with the State Drug and Food Administration. (February 6, 2007 China Daily)

### **Others**

#### **New rule on foreigners buying houses in Beijing**

Foreigners who intend to buy a house in Beijing need a certificate issued by the Beijing Municipal Public Security Bureau to prove that they have stayed in China for at least one year for reasons of work or study, according to a new rule published on Feb 2. A statement jointly issued by six ministries led by the Construction Ministry last July required foreigners to stay in China for at least a year before they would be allowed to buy a house. The rule required that they only use and dwell in the house themselves and not buy a house for other purposes. They were also required to use their real names when buying a house in China. (Feb 3, China Daily)

## **Official Report Points to Widening Income Gap in China**

Salaries have grown steadily in China over the past 15 years, but the income gap has widened significantly, according to a report by the National Development and Reform Commission. Urbanites earn three times as much as rural dwellers on average, according to the report. In 2005 the top 10 percent of city earners earned nine times as much as the poorest 10 percent and in rural areas the gap was a factor of 7. Income disparity is sector and rank-sensitive, the report notes. Between 1990 and 2005, salaries rose faster in state-owned enterprises and institutions than in other organizations. People employed in banks, insurance companies, post, telecoms and power businesses did better overall than workers in the mining, construction, forestry, animal husbandry and fishery sectors. Managers did better than workers. (Feb 1, *Xinhua*)

## **Women major credit card users**

China is witnessing a "credit card boom" at present, with Chinese women becoming major credit card users. A recent survey shows that nearly 36.9% of women in cities "often" use credit cards, and 61.9% of them hold at least 1 credit card. Actually, 73% of young Chinese female white-collar workers purchase almost everything by card. Nearly 35% of them admit that they like the discount for credit card holders. Besides, credit cards allow their holders to purchase expensive goods by installments. To some extent, credit cards play a more important part in the life of many Chinese than cash. Women usually take charge of family expenditure in China, and credit cards enhance their sense of security. The widely-installed POS terminals in supermarkets and shopping malls also enable consumers to enjoy the convenience of credit cards. (Feb 1, *Chinanews*)

## **Chinese families spend most on kids' education**

Chinese families spent most on children's education, housing and traveling in 2006, with over 30 percent of family incomes used for kids. The figure was revealed in the report "2006 Chinese Women's Consumption Investigation" released on Jan.25 by the Huakun Women Consumption Guidance Center and Huakun Women's Life Survey Center. Among the families without kids, "housing purchase" ranks the top of their expenditures. Among the families with kids, nevertheless, "children's education" (24.1%) exceeds all categories to lead various spendings, followed by the other four, "housing purchase or mortgage payment"(21.3%), "traveling"(11.2%), "electric appliances"(9.3%), and "investment"(6.1%). These families in the survey spent 63,414 yuan at one biggest stroke on average in 2006. (Jan 29, *Chinanews*)



## **2008 Beijing Olympic Games**

### **Wireless Service For Beijing Hotels In 2008**

The Beijing Municipal Information Office and 2008 Engineering and Construction Headquarters have tasked China Mobile, China Netcom and other telecom operators to jointly work on the issuance of City Information Basic Infrastructure and Service Guide and put it into trial use by 2008. According to the Guide, all the designated hotels, airports, railway stations that are open to the public during the 2008 Olympic Games shall be covered by mobile phone signals and wireless Internet. (Feb 5, *ChinaTechNews*)

### **Beijing able to treat 90 pct of sewage**

The nine sewage treatment plants in Beijing's urban area treated 780 million cubic meters of waste water, or 90 percent of Beijing's total in 2006, meeting its water purification target for the Beijing Olympic Games ahead of time, said the

Venue and Environment Department of the Beijing BOCOG. The city's sewage disposal capacity of 2.914 million tons per day has now exceeded the objective of 2.68 million tons per day set in its bid to host the Olympic Games, the department quoted the Beijing Water Drainage Group as saying. The group is striving to reuse 50 percent of the treated water in 2007, a target for the Olympic Games. (February 5, 2007 [www.beijing2008.cn](http://www.beijing2008.cn))

### **Neighbors to Help Tidy Up Beijing's Air**

Faced with the threat of substandard air quality, Beijing has set up a regional coordinating group to ensure blue skies during the Beijing 2008 Olympic Games, Director of Beijing Environmental Protection Bureau told a news conference. Municipalities and provinces around Beijing, such as Tianjin, Hebei and Shanxi, will take part in the group to help control trans-boundary air pollution. In addition, the capital has committed to ensuring that the amount of pollutants like sulphur dioxide, nitrogen dioxide, nitrogen monoxide and inhalable particles in the air will be within the national standard in August 2008, when the Games are due to be held. (January 25, 2007 *China Daily*)

### **Beijing strives for reducing energy consumption**

Beijing has set a new target to reduce energy and water consumption by five percent per unit of gross domestic product (GDP), city Mayor Wang Qishan said on 26 January. The municipal government will make more efforts to reduce energy consumption and phase out energy intensive industries that are highly polluting, including chemical plants and cement factories. The municipal government will close 80 mines and closely monitor the energy consumption of city factories. New residential buildings are required to have energy consumption levels 65 percent below the average for existing buildings, and older buildings will be renovated with resource-saving technologies. (January 26, 2007 *Xinhuanet*)