

# China Economic Headlines

## Coming Events

### June 20 – 24: CISIS 2007

As the only National Level software fair, the 5th China International Software and Information Service Fair (CISIS 2007) will be held in Dalian on 20-24 June 2007. The Trade Mission to China is planning to take a booth at the premiere location at the exhibition to assist Israeli companies who wish to present at the exhibition and interact with most of the local software industry. For more information about the event please visit: <http://www.cisis.com.cn/>. If you are interested in participate in our booth, please contact The Trade Mission, Ms. Tian Hong at +86-10-85320666, or send email to: [tian.hong@israeltrade.gov.il](mailto:tian.hong@israeltrade.gov.il).

### June 21 – 24: CIEPEC 2007

The Trade Mission to China is planning to take a booth at the major exhibition hall at the 10th China International Environmental Protection Exhibition & Conference (CIEPEC 2007) to demonstrate Israel's strength in the water industry. Leading Israeli water-related companies will join the effort to bring over their latest technologies and products. For more information about the event, please visit: <http://www.chinaenvironment.org/>. If you are interested in participate in our booth, please contact: +86-10-85320664, or send email to: [tian.hong@israeltrade.gov.il](mailto:tian.hong@israeltrade.gov.il).

### July 4-5: Experience Israel- promotion of Israeli consumer brands in China

Trade Mission of Israel to China is going to promote Israeli brands in the consumer goods industry in the beginning of July, 2007; focusing on three major sectors: food and beverages, wine and cosmetics. The activity will include a high-end event and one-on-one meetings with potential buyers and distributors. The event will be organized jointly with China Hospitality Association, China Wine Association, Beijing CCPIT, China Chain Store & Franchise Association, China Industry Association. We believe that this activity will be an excellent opportunity for Israeli consumer companies that are considering to enter the Chinese market. If you are interested in participate in this project, please contact: +86-10-85320664, or send email to: [chen.xinyu@israeltrade.gov.il](mailto:chen.xinyu@israeltrade.gov.il)

### Oct 23 – 27: PT / Expo Comm China 2007

The biggest and most important exhibition in the telecommunications industry in China, PT/Expo Comm will be held this year on 23-27 Oct, 2007 in Beijing. The Trade Mission to China is planning to take a booth at the same exhibition hall as some leading Chinese telecommunications vendors. We believe it would be a very good opportunity for Israeli telecom companies to meet with local Chinese players and to find potential partners so as to explore the possibilities for future exchange and cooperation. For more information about the event, please visit: <http://www.expocomm.cn/>. To participate in the Israeli booth, please contact the Trade Mission, Ms. Luo Xia at: +86-10-85320664, or send email to: [luo.xia@israeltrade.gov.il](mailto:luo.xia@israeltrade.gov.il).

#### Coming Events

#### General news on Chinese economy

#### Israel – China Bilateral Relation

#### News on various sectors

Consumer Goods  
Environment & Energy  
IT & Telecom  
Medical & Healthcare  
Others

#### 2008 Beijing Olympic Games

## General news on Chinese economy

### China appointed new Ministers for Foreign Affairs, Science & Technology, Land & Resources, and Water Resources

China's top legislature approved the cabinet nominations of 4 new ministers. Mr. Yang Jiechi, former ambassador to the United States, became the country's new foreign minister. Mr. Wan Gang, president of Shanghai's Tongji University, also a former automobile engineer at the Audi Corporation in Germany, would be the minister of science and technology, replacing Xu Guanhua. Wan is also the first cabinet minister from the non-Communist party since the late 1970s when China launched its economic reform and opening-up drive. Xu Shaoshi replaces Sun Wensheng as head of the Ministry of Land and Resources. Chen Lei, former Vice Chairman of Xinjiang Autonomous Region was appointed minister of water resources, replacing Wang Shucheng. (Apr 27, Xinhua)

### Goldman Sachs raises China's 2007 economic growth forecast to 10.8 pct

Goldman Sachs raised its forecast for China's 2007 gross domestic product from 9.8 percent to 10.8 percent after the country saw robust economic growth in the first three months. China's economy expanded 11.1 percent in the first quarter of the year, compared with 10.4 percent in the fourth quarter of last year, according to the National Bureau of Statistics (NBS). Goldman Sachs said in a report that the consumer price inflation of 3.3 percent in March has increased the possibility for the Chinese government to unveil economic cooling measures. (Apr 22, Xinhua)

### Cisco Creates VC Fund with USD700mn in China

Beijing-based Cisco Systems (China) Networking Technology Co., Ltd., a leading Internet equipment provider, has created a venture capital fund with USD 700 million in China for sponsoring 40 new local companies, 4 of which are in Shenzhen. Cisco China announced yesterday it would set up a new representative office in Shenzhen for seeking more business opportunities in South China. (Apr 13, Sinocast)

### New regulations on futures trading work

The regulations no longer prohibit financial institutions from doing futures trading or raising funds and offering securities for futures trading which will provide financial institutions with much-needed tools to hedge risks. (Apr 16, Xinhua)

### China's forex reserve reaches \$1.2 trillion

China's foreign exchange reserve reached 1.2 trillion U.S. dollars by the end of March, up 37.36 percent from the same period last year, the People's Bank of China announced on Apr 12. The rising trade surplus is the major factor contributing to the forex reserve boom. (Apr 12, Xinhua)

### China to get more international commercial loans despite huge foreign reserves

Despite its huge foreign reserves, China will continue to borrow "a moderate amount" of money from international finance corporations every year, said an official with the National Development and Reform Commission (NDRC). A report released by the NDRC and the Asian Development Bank said China would need loans of three billion U.S. dollars every year in the coming decade. The report proposed that eighty percent of the money be used to support the development of the central and western areas as well as the old industrial bases in the northeastern areas. (Apr 7, Xinhua)

## Israel-China Bilateral Relations

### Radvision Mobile Video Technology To Enhance Huawei Offerings

Radvision says Huawei will be using Radvision SCOPIATM 3G Gateway, 3G Video Communication Solutions and Interactive Video Platform, to enhance Huawei's 3G products and solution offerings. Huawei's selection of Radvision 3G products, including SCOPIA Interactive Video Platform, 3G Video Communication Solutions and 3G Video Gateway, advances the adoption and widespread deployment of compelling new video-based interactive services in the 3G market. The IMS-ready Interactive Video Platform enables rapid development and deployment of multiple interactive and personalized video applications and services, allowing operators to increase network usage and ARPU, reduce churn and strengthen subscriber loyalty. (Mar 27, ChinaTechNews)

### Cimatron Opens Two New Offices in China to Meet Growing Demand

Cimatron Limited (NASDAQ: CIMA) announced the opening of two new offices in China. The new offices in Fujian and Wuhan will join the existing offices in Beijing, Chengdu, Guangzhou, Shanghai, and Wuxi, supporting the growing customer base and accelerating demand for Cimatron's products in China. "Cimatron's subsidiary in China achieved 80% revenue growth in 2006," said Danny Haran, Cimatron's President and CEO, in his comments on the company's recently announced financial results. "The Chinese market is the fastest growing market for Cimatron, and we continue to invest and expand our operation in this strategic market." (Mar 27, Cimatron)

## News on various sectors

### Consumer Goods

#### Chinese Gov't Feels Pressure from Water Industry, Consumers

The Chinese government was caught in between being pressured to raise prices to guarantee proper returns and the pressure from providing affordable water to low-income families. However, currently the Chinese government will resist pressure from overseas investors in China's water industry for rapid rises in domestic water rates, saying poorer households need time to adjust, according to a senior policy official. On the other hand, domestic and foreign industrial representatives attending the congress expressed great concern over the profit potential of their investments in the water industry, saying the undervalued price would eat into their investment returns. (Apr 20, Xinhua)

### Environment & Energy

#### Underground Sewage Plant to Be Constructed in Shenzhen

Construction started this week in Shenzhen on what is expected to be the country's largest underground sewage treatment plant. Buji Sewage Treatment Plant is "the key" to control water pollution in Shenzhen Bay and Shenzhen River, a senior official with the Shenzhen water and river bureau said.

The Buji plant is only the beginning of the "big-scale" construction of sewage treatment plants in Shenzhen. During the 11th Five-Year Plan (2006-10) period, Shenzhen aims to construct, reconstruct or expand as many as 20 sewage treatment plants to bring the city's overall sewage processing efficiency to 80 percent and above. (China Daily April 11, 2007)

## **Drip Technology Helps Save Water**

Head of the water-saving irrigation office of the Xinjiang Production and Construction Corps. Hu Weidong said the drip irrigation technology has been widely extended since 2000. Now more than 400,000 hectares of farmland are equipped with this technology, saving more than 600 million cubic meters of water a year. Xinjiang's innovations are an example for the rest of the country as water becomes a more precious resource. Water saving, especially in agriculture, is on the agenda of the national leaders. Premier Wen Jiabao referred to it as one of the key measures to build a resource-saving society. (*Shanghai Daily April 2, 2007*)

## **China and US Sign Pact on Water Management**

China and the US will push forward cooperation on management of water resources and hazardous materials, according to an agreement reached in Beijing during a visit by two senior US environmental officials. Benjamin Grumbles, assistant administrator for the Office of Water of the US Environmental Protection Agency said that the "agreement will advance our collaboration on integrated water basin and watershed management." (*China Daily March 29, 2007*)

## **Shanghai moves forward with Water Plans**

In a bid to clean up the environment, Shanghai's water authority plans to expand its sewage treatment facilities to cover the entire downtown area and 90 percent of its suburban townships by the end of next year. According to the authority's environmental-protection plan for 2006-2008, the city is to build nine new wastewater treatment plants, expand a further five, and construct a total of 1,500 kilometers of sewers. The cumulative effect of the projects will be to give Shanghai the capacity to process an additional 556,500 cubic meters of wastewater per day. The works will cost 300 million yuan (US\$38.8 million) per year for three years. (*China Daily March 23, 2007*)

## **CNOOC to build China's largest seawater desalination plant**

China National Offshore Oil Cooperation (CNOOC) plans to build up China's largest seawater desalination plant in order to help alleviate Beijing's serious water shortage. The plant will be constructed in Tangshan, northern Hebei Province, and will boast a production capacity of 1.4 million cubic meters of fresh water per day. In addition to providing water to the nearby chemical and electrical companies for industrial use, including the Shougang Group Corporation, CNOOC is conducting surveys on the feasibility of transporting water to Beijing city for civilian use. (*CRI March 23, 2007*)

## **China Advances Water Thriftiness**

Minister of Water Resources says the Chinese government will increase the efficiency of water use through technical upgrades for farmland irrigation and reforms of the water management system. He added China should make energetic efforts to build a society that advocates and encourages thriftiness in water use, adding it is the most efficient means to tackle water shortages in the country. (*CRI March 22, 2007*)

## **IT & Telecom**

### **3G**

#### **ZTE & Datang won China Mobile's 3G Tender**

About 1,400 3G base stations will be constructed in Shanghai and Beijing by the end of this year. Chinese firms ZTE Corp and Datang Mobile, with their foreign partners, were the major winner for the bid from China Mobile. ZTE won contracts worth 3.2 billion yuan in China Mobile's equipment bid, based on the

home-grown TD-SCDMA technology, along with partner Ericsson's 260 million yuan. Datang Mobile and Alcatel Shanghai Bell (ASB) won 2.45 billion yuan. ZTE will provide 3G equipment in six cities including Beijing, Tianjin and Shenzhen, Guangdong Province. As a joint bidder with Datang Mobile, ASB won a "significant share" of the TD-SCDMA networks in Shanghai and Guangzhou. The projects will be completed this October. Other bidders, including TD-Tech, a joint venture between Nokia Siemens Network and Shenzhen-based Huawei Technologies, and China Putian, also won contracts from China Mobile. (Apr 10, *Shanghai Daily*)

### Carriers

#### **China Mobile to invest US\$400m to extend Pakistani network**

China Mobile is to invest 400 million US dollars to extend its network in Pakistan, said the company's CEO Wang Jianzhou in Boao, Hainan Province on April 21. Wang said the company will step up improving sales channels and building new brands in Pakistan next year, adding that a wireless data transmission system will be built in the country. (Apr 22, *Xinhua*)

#### **China Telecom fails in Saudi Telecom bid**

China Telecom failed in its efforts to bid for Saudi Arabia's second fixed-line telephone license, since the Saudi authority shortlisted groups led by Verizon Communications, Hong Kong's PCCW and Bahrain Telecommunications for the final bid. Ten consortiums including China Telecom, PCCW, Verizon, and South Korea's KT offered their bids earlier in March. China Telecom made the offer under the partnership with a local Saudi Arabian company, Telecom Chairman Wang Xiaochu revealed. Looking for growth point at overseas market has become a natural choice for the Chinese telecom giant, as its business, revenues and profits have been shrinking amid competition with mobile operators. (Apr 20, *SinoCast*)

#### **China's telcos likely to boost spending by 18%**

China Mobile, China Unicom, China Telecom and China Netcom are likely to spend a total of 31.90 billion U.S. dollars on capital expenditure this year, a jump of 9.7 percent year on year, said Analysys, a Beijing-based consulting firm. "It is the first surge in CAPEX spending in the past three years, with China Mobile likely to spend 20 billion yuan on the TD-SCDMA (3G technology)," Analysys said in the report. "The annual CAPEX was around 200 billion yuan from 2004 to 2006." China Mobile has invested about 25 billion yuan to set up third generation, the so-called 3G, networks in several cities including Beijing and Shanghai, based on the home-grown time division-synchronous code division multiple access technology. China Telecom and China Netcom have also started building networks in Baoding in Hebei Province and Qingdao in Shandong Province. But the operators are not likely to invest the major bulk of their funds into 3G which can't give them a huge income in the short term, industry insiders said. (Apr 17, *China Daily*)

#### **China Telecom 2006 profits drop 2.7%**

China Telecom announced its full year results for 2006, with a 2.7% decline in net profits. The company, which is China's biggest fixed line operator, said that the fall in profits was mainly due to lower connection fees on account of slower growth in its core fixed line business. The company had stopped charging connection fees from new subscribers in 2001. The company said that profits rose 4.9%, excluding the connection fee figures. The company said that its net revenues rose 3.4% to 175 billion yuan, with net earnings of 27.1 billion yuan. China Telecom added that revenues from its internet business rose 32%, while local phone revenues dropped 3.5%. The company's EBITDA grew 3.8% to 84.91 billion yuan during the year. China Telecom's subscribers increased 6.2%

or by 13 million in 2006 to reach 223 million, while broadband internet customers increased by 7.3 million to 28.32 million. (Apr 10, c114)

## **China Mobile outlines a high-tech power play**

China Mobile's Shanghai branch will invest five billion yuan (US\$649 million) to upgrade the local 2G mobile network in 2007 without adding base station numbers. Shanghai Mobile, with more than 13 million users, said it has about 5,000 base stations in the city but the number will not increase. The expansion aims to provide data services on the network, which provides Shanghai Mobile with a higher profit margin. "China Mobile's data service is lagging behind its arch rival, China Unicom, therefore it has to invest more on the 2G network before the arrival of 3G," said Norson Telecom Consulting, a Beijing-based information technology researcher, in a recent note. (Apr 16, *Shanghai Daily*)

## **China Mobile Sets Up Subsidiary For TD Operation**

A representative from China Mobile has disclosed to media that it has registered a filial to be wholly engaged in TD-SCDMA operations in China. The representative says that China Mobile will combine the TD trial network and the related personnel from the eight TD trial cities of Beijing, Shanghai, Tianjin, Shenyang, Qinhuaodao, Guangzhou, Shenzhen and Xiamen to form this wholly-owned subsidiary. According to China Mobile's general plan, it will build 15000 base stations in the eight cities which will involve a total of RMB26.7 billion in investment in the first schedule alone. (Apr 6, *ChinaTechNews*)

## **China Unicom with CRI to Launch Mobile Phone TV Business**

China Unicom, a leading mobile telecom operator in the country, cooperates with China Radio International which owns mobile phone TV license from China's State Administration of Radio, Film and Television, on mobile phone TV business, the company revealed in an interview. All the users who use China Unicom's CDMA1X mobile phones will listen to and watch the programmes provided by CRI inside and outside the country from April 6, 2007. At the same time, the users of China Mobile, a strongest rival of China Unicom, are expected to enjoy the service in the near future. (Apr 13, *thebeijingnews.com*)

## **China Tietong Licensed To Run International Communications Service**

China's Ministry of Information Industry has issued an International Communications Facilities Service License to China Tietong, one of the smaller communications service providers in the country, for it to run international communications services. China Tietong has become the fifth operator in China that has obtained the license. China Tietong says it has connected 10 Chinese port cities with Hong Kong, Russia, Mongolia, Kazakhstan, Korea and Vietnam through trans-border cables to meet the demands of international railways. At present, China Tietong has opened over 10G bandwidth for trans-border communications. The company says that the new license will help it reduce the operation costs for international services. (Apr 13, *ChinaTechNews*)

## **Electronics**

### **Intel Announces \$2.5b Chip Fab in Dalin**

Intel Corp announced it will build a \$2.5 billion chip factory in China, giving the U.S. company a bigger presence in the booming Chinese market and boosting Beijing's effort to attract high-tech investment. The factory will produce chipsets, a key component in personal computers, mobile phones and other products, Intel President and CEO Paul Otellini said at a news conference in Beijing. The facility in the northeastern city of Dalian will be Intel's first wafer fabrication factory in Asia and its first built from scratch since 1992, reflecting China's growing importance as a market for high-tech goods. It will boost the Santa Clara, California-based, company's investments in China to \$4 billion. (Mar 26, *Xinhua*)

## Equipment Manufacturers

### **Huawei secures large-scale NGN deal in Russia**

Huawei Technologies announced that it has built the first large-scale next generation network (NGN) toll communication network with TransTeleCom in Russia. The IP network will carry TransTeleCom's subscribers' international and national voice traffic. The first ever country-wide Russian NGN network spans nine time zones from Europe to Asia, covering an area of 170,055,000 sq.km. (Apr 23, *telecomasia.net*)

### **Huawei Plans to Sell 2mn CDMA Mobile Phones in China in 07**

Huawei announced on April 10 that the company plans to sell 2 million CDMA mobile phones in the domestic market, bring its market share to 20%. Samsung won champion in both number and sales in China's high-end CDMA mobile phone market last year. ZTE, China's largest publicly traded communication equipment provider, took the first place in the country's low-end CDMA mobile phone market. (Apr 13, *Sinocast*)

### **Huawei, ZTE to Build New Bases in China**

China's two leading telecom equipment providers, Huawei Technologies ZTE Corp., are planning to build new manufacturing and R&D bases to speed up domestic and global expansion. Huawei will spend a reported \$517 million on a base in Guangdong's Dongguan. The company will build the base in phases, the first of which will be ready early next year. When fully operational, the cluster of factories will account for several billion dollars worth of Huawei's revenue, according to local media. Huawei is also building a similar base in Langfang to be finished in July. It is also expected to generate billions in revenue. ZTE is building a national R&D and manufacturing park in Shenzhen to expand its presence in cellphones. The park will cover 440,000 sq. meters and employ 15,000 workers. (Apr 10, *circuitsassembly*)

## Internet

### **U.S. giant eBay loses ground to Taobao**

The Chinese market share of U.S. e-commerce giant eBay plunged to a record low of 15.4 percent last year as local rival Taobao.com gained further ground, according to an industry report. That was in sharp contrast to its 29.1-percent market share in 2005, according to another survey conducted by Lu a year ago. Local rival Taobao, a subsidiary of Chinese e-commerce firm Alibaba, partly owned by Yahoo!, rose from 67.3 percent to 82 percent in the period. Paipai.com, the online trading arm of the largest Chinese instant messaging firm Tencent, was third with just 2.7 percent of the market share. (Apr 17, *China Daily*)

## Software

### **Bill Gates: Microsoft to build R&D parks in Beijing, Shanghai**

Microsoft Chairman Bill Gates announced in Boao on April 21 his company will build research and development parks in Beijing and Shanghai in a bid to expand its business in China. Gates said the parks will be built to meet the growing research and development demand in China and help ameliorate Microsoft's relationship with its clients and partners. The chairman did not offer details of the new move. Gates attributed Microsoft's success to innovation and teamwork, saying that the move will hopefully help the company establish a sound relation with its trade partners and the Chinese government to tap human resources and promote regional prosperity. (Apr 22, *Xinhua*)

## **Microsoft, Lenovo to set up joint R&D center**

U.S. software giant Microsoft said on Apr 17 it will set up its first joint research facility with another company, Chinese partner Lenovo Group, in Beijing, an unprecedented move with an investment of several million dollars a year. The facility will be based in Lenovo's research and development center in the capital, with around 40 engineers from Lenovo and tools, training and some staff from Microsoft. The announcement came a day before Microsoft Chairman Bill Gates' 10th visit to China as the software behemoth considers its future here. (Apr 18, *China Daily*)

## **China becomes Japan's biggest software outsourcing base**

China's growing software outsourcing trade with Japan is expected to rise even faster after Premier Wen Jiabao's 'ice-melting' visit to Japan. China accounted for more than 60 percent of Japan's outsourced software trade in 2006 and has become the country's biggest software outsourcing base, said Mine Shentaro, of the Japan External Trade Organization based in Dalian, northeast China's Liaoning Province. According to statistics published last month by CCID, a leading market research firm in IT sector, China's software outsourcing business reached 1.43 billion U.S. dollars in 2006 and about 60 percent of China's software trade is Japan-oriented. (Apr 13, *Xinhuanet*)

## **World IT providers keen to fly into China's dynamic airlines**

As China's aviation industry grows, the world's information technology providers see a huge opportunity in outsourcing IT contracts from Chinese airlines. China's aviation IT market is estimated to be worth US\$1.03 billion, according to a report by CCID Consulting. The IT department deals with almost all parts of an airline's operation, including reservations, global distribution, departure systems, business management, flight scheduling, cargo transfer planning, operation control systems, frequent flyer programs and cabin crew management. It also includes the maintenance of computer terminals and infrastructure. The massively tempting pie has attracted industry leaders like Electronic Data Systems Corp and International Business Machine Corp to seek a big bite. (Apr 11, *Shanghai Daily*)

## **Chengdu to Focus on Outsourcing Industry**

This capital city of Sichuan Province will promote the outsourcing industry with the aim of making itself the leader in the field in central and western China. To achieve the ambitious goal, it will tap the European, American, Japanese and South Korean markets and work hard to achieve \$100-200 million in outsourced business this year and \$500 million in 2010. Manufacturing is Chengdu's strength, especially integrated circuits, micro-electronics and precision machines. (Apr 3, *China Daily*)

## **Telecom**

### **China, India to lead growth in mobile market by 2011**

China and India will remain the world's growth engine for wireless services by 2011, accounting for 60% of the 1.2 billion predicted new mobile subscribers over the next five years, according to a report by Global Insight, when compares the world's 20 leading developed and emerging markets between 2006 and 2011, and predicts that over the next five years, market penetration of wireless services will grow from 34.8% to 69.1% in China and from 13.4% to 31% in India. According to the report, China will also outpace the other 19 markets in terms of broadband growth, accounting for more than one-third of the 350 million-plus new broadband subscriptions anticipated over the next five years. By 2011, China, with broadband revenues of more than \$19 billion, will surpass Japan as the world's second-largest broadband market. However, the US will continue to maintain its position as the world's largest mobile and broadband market by revenues over the forecast period. (Apr 23, *telecomasia*)

## Phone firms seek help for overseas growth

Shenzhen mobile phone makers have called on the government to help them expand overseas market such as in Africa, Southeast Asia countries, in the face of shrinking profits caused by increasingly severe competition in the domestic market. Shenzhen has more than 500 companies manufacturing mobile phones and phone products, but most of them are small and need government help in finding out about investment environment and regulations in foreign markets. Shenzhen ships 22 million mobile phones a year, accounting for 50 percent of nation's total. (Apr 13, *Shenzhen Daily*)

## China's Handset Manufacturers topped 80

China's National Development and Reform Commission (NDRC) has published a list of four more enterprises which have been approved to manufacture handsets. Statistics show that NDRC has issued handset manufacturer licenses to eight enterprises since the beginning of this year, which has increased the total number of mobile phone manufacturers in China to over 80. Some analysts point out that the supply has exceeded demand in China's mobile phone market, so the joining of these enterprises will make the competition even fiercer. (Apr 11, *ChinaTechNews*)

## China Will Submit 4G Standard to ITU Next Year

An official from China's Ministry of Information Industry says China is preparing to submit a 4G standard to the International Telecommunications Union. Han Jun, deputy director from the Science and Technology Division of MII, also says that one of the key tasks for the Division in 2007 is to do everything it can for the 4G international standard. (Apr 4, *ChinaTechNews*)

## Fiber will benefit rural China, research director says

China's booming coastal cities are the current focus of optical communications growth, but rural villages could prove to be the largest optical market over the next decade, according to Chungcheng Fan, vice director at the China Institute of Communications. Fan also predicted that the Ethernet version of passive optical network technology, or EPON, would prove to be the cheapest version of broadband service to be deployed in rural China. (Mar 28, *C114*)

## Data communication leads among telecom services in China

CCID Consulting Co. Ltd has released its 2006-2007 Annual Report on China's Data Communications Market. In 2006, data communications in China made big strides, demonstrating strong growth potential among the numerous telecom services available. Fixed operators lost their advantages in voice services. To ease their business pressures, operators highlighted broadband as a business area for key development and continued to open new broadband applications. Meanwhile, to change their current services structure, mobile operators further increased the percentage of data services as well as started to enter the media field and develop the fifth media. (Mar 27, *C114*)

## Other

### Most Chinese small & medium-sized enterprises don't use computers

Latest statistics show that about 68% of 42 million small and medium-sized enterprises in China are not equipped with computers, and 63% of them have not set up websites. Obviously, this potential market of 500 billion yuan will boom, and offer a great opportunity to local IT industry. According to the report by CCID Consulting, 99.8% of Chinese enterprises fall into the category of small and medium-sized ones, and they provide 58% of the service and products. The Chinese government is willing to support the informatization of small and medium-sized enterprises, which is a major goal of the 11th Five-Year Plan (2006-2010). (Apr 12, *Chinanews*)

## **Wi-Fi Summit Coming To Beijing**

The Wi-Fi Alliance is planning its first annual China Wi-Fi Summit on September 26, 2007. The China Wi-Fi Summit will feature a two-day conference featuring keynote addresses and panel discussions on a wide range of technical and business topics. In addition, the conference will feature a vendor expo with product demonstrations and interoperability testing events. The Wi-Fi Alliance and BII group expect that Chinese firms and multinational corporations alike will participate in the event as demonstrators, speakers, and sponsors. (Apr 11, *ChinaTechNews*)

## **China market: Digitization rate of cable TVs on rise, aimed at over 80% in 2012**

While the number of cable TV subscribers in China is on the rise, the corresponding proportion of subscribers for digital cable TV, termed digitization rate of cable TV, is growing much faster, from an estimated 3.43% in 2005 to a target of 81.37% by 2012, according to China-based consulting company Analysys International. The rapid growth in use of digital cable TV will take off in 2007 mainly because most of tests and trial runs by digital cable TV operators will come to an end and there will be a mature supply chain of hardware, especially set-top boxes, Analysys pointed out. (Apr 10, *DigiTimes*)

## **China on Track for Digitization**

The Chinese standard on terrestrial digital broadcasting should be implemented in August, as scheduled, since digitization has become the primary task for the broadcasting industry, said Zhang Haitao, deputy director of the State Administration of Radio, Film and Television (SARFT). SARFT had formed six working groups in cooperation with several other ministries to implement the terrestrial digital broadcasting standard, which will take effect from August 1. It's a major step in China's plan to provide digital broadcasting for the Beijing Olympic Games next summer. (Mar 29, *China Daily*)

## **Medical & Healthcare**

### **AIDS epidemic in Beijing reaches rapid-growth period**

It is estimated that the number of HIV-infected persons in Beijing should exceed some 12,000, and the epidemic has entered rapid-growth period. However, only 3,462 AIDS patients and HIV-infected persons are registered in Beijing, including 686 Beijingers, 2,634 non-locals and 142 foreigners. 1,357 of them got infected via sharing drug injectors, 924 through unprotected sex, 292 via blood transfusion, 243 via blood-taking, 46 from their mothers, and another 600 through unknown channels. (Apr 20, *Chinanews*)

### **HIV Cases Hit Record High in Shanghai**

Shanghai reported a record number of new HIV infections last year, according to the municipal public health administration. There were 718 HIV infections last year, and 53 HIV patients developed AIDS. The number of infections represents a 54 percent increase over the previous year and a record. Despite the higher figures, the incidence rate of the disease in Shanghai is still lower than the national average. Shanghai is planning to strengthen its public health system under a three-year plan. (*China Daily April 14, 2007*)

### **China Biopharma Forms Distribution Agreement with World-Renowned Japanese Pharmaceutical Company**

China Biopharma, Inc. a biopharmaceutical company, announced that its Chinese subsidiary, Hainan CITIC Biopharmaceutical Development Co., Ltd., has entered into a distribution agreement with Takeda Pharmaceutical Company, Ltd., the largest pharmaceutical company in Japan. Takeda specializes in the research and development of breakthrough drugs, and has marketing operations throughout U.S., Europe, and Asia. In Japan, Takeda has

also built a strong presence in the OTC drug market, in which it holds the second largest domestic share. Takeda has a robust pipeline with compounds in development for diabetes, cardiovascular disease and other conditions. As part of Takeda's goal to expand sales channels in Asia, China Biopharma has begun distributing Serrapeptase tablets, and the agreement with Takeda calls for China Biopharma to distribute additional drugs as they become available. *(PRNewswire 1 April 2007)*

#### **Organ Transplant List to Be Released Soon**

Ministry of Health said the authorities are busy evaluating medical institutions to determine which ones are qualified to carry out organ transplants. The list of approved institutions will be released soon. The ratification process has been proceeding smoothly and in line with the Regulation on Human Organ Transplants, which will take effect on May 1, said spokesman said of the ministry. The regulation - which has been dubbed a milestone in the development of organ transplants in China - lays out strict guidelines for medical institutions allowed to perform such procedures.

*(China Daily April 11, 2007)*

#### **MOH to Cooperate with French Company for TB Prevention**

The Ministry of Health signed a letter of intent in Beijing on 24 March with a leading French bio-tech company, Merieux Alliance, on cooperation in the prevention and treatment of tuberculosis (TB). The Fondation Merieux will invest one million euros for cooperation in developing TB diagnostic technology, training doctors and nurses and establishing laboratories in the coming three years. *(Xinhua News Agency March 25, 2007)*

#### **Charles River Laboratories Expands Global Reach to China**

Charles River Laboratories International, Inc. announced today the expansion of its global footprint in Asia as part of its strategy to support customers' research and development efforts in this rapidly growing market. As pharmaceutical and biotechnology companies increase their presence in Asia, Charles River intends to remain the strategic partner of choice to fully support customers' global needs from drug discovery through proof of concept.

The first phase of this expansion includes the signing of a joint venture agreement with Shanghai BioExplorer Co., Ltd., a Shanghai, China-based provider of preclinical services, to form Charles River Laboratories Preclinical Services - China. The transaction is subject to customary closing conditions, including Chinese regulatory approval, and is expected to close by the end of the second quarter of 2007. *(BUSINESS WIRE 25 March 2007)*

#### **AstraZeneca Names Shanghai Site As Initial Base for New Innovation Centre China**

AstraZeneca, a major international healthcare business engaged in research, development, manufacturing and marketing of prescription pharmaceuticals and supplier for healthcare services. today announced Shanghai's Zhangjiang Hi-Tech Park as the initial base for its new Innovation Centre China (ICC). The ICC, as part of a larger \$100 million R&D investment package, is the primary focus of AstraZeneca's latest investment in China. The Centre will focus on the benefit and value of innovative medicines for Chinese patients, initially concentrating on cancer through the development of knowledge about Chinese patients, biomarkers and genetics. The facility will open in mid-2007 and provide a base to build capabilities and skills in China prior to the establishment of a permanent state-of-the-art site. *(PharmaLive.com 25 March 2007)*

#### **3SBio Inc. Announces Addition to Product Portfolio**

3SBio Inc., a leading biotechnology company focused on researching, developing, manufacturing and marketing biopharmaceutical products primarily in China, announced today that the company has received approval from the China State Food and Drug Administration for licenses to produce and sell pre-

filled syringe erythropoietin ("EPO") products in 2,000 IU, 3,000 IU, 4,000 IU and 10,000 IU strengths under its brand name, EPIAO. The Company plans to launch pre-filled syringe EPIAO products within 2007. (*Xinhua 20 March 2007*)

## Others

### **Major portal for Chinese investment launched**

Foreign businesses looking to tap the Chinese market have a new platform to seize business opportunities from April 18, following the launch of a portal giving them full access to over 1 million Chinese government purchasing organizations and more than 100,000 investment projects. The Invest China (<http://invest.china.cn>), a web portal hosted by China Internet Information Center, is the largest one in China, providing details on more than 1 million governments purchasing organizations and giving Chinese businesses the low-down on capital, goods and services from accredited foreign companies. As such, it can act as a nexus for foreign investors seeking to one of the globe's largest and most powerful markets. (*Apr 18, China Daily*)

### **Beijing to open door to budget hotels**

Beijing is opening the door to more national and international economy hotels to improve its services sector during the 2008 Olympic Games. By the end of last year, the capital had 3,981 non-rated and 700 star hotels that cumulatively had 287,000 rooms with 517,000 beds, according to official figures. Though they can 'meet the needs during the Olympics' and the same level of comfort and services can't be expected in all accommodations, many of the non-rated hotels, where most of the visitors will stay, have yet to attain an acceptable standard. (*Apr 13, Xinhuanet*)

### **New high speed trains to run on inter-city railways**

Bullet trains will link Chinese capital Beijing with six major cities from April 18. The trains will travel at speeds of between 200 and 250 kilometers per hour between the capital and the six cities of Shanghai, Wuhan, Shenyang, Changchun, Harbin and Qingdao, reducing journey times by an average of two hours. The journey between Beijing and Shanghai will take ten hours. The Railway Ministry will hold a press conference on the preparations for the sixth round of the railway "speed boost" program aimed at increasing the railway system's passenger handling capacity by 18 percent and its cargo capacity by 12 percent. China raised the speed limits of trains for the first time in 1997 when most were running at a mere 60 kilometers per hour. (*Apr 12, Xinhuanet*)

### **China to Build Large Passenger Jet Assembly Line**

The central government has decided to build two assembly lines for China-developed large passenger jets in Shanghai and Xi'an separately. Last month, China's State Council approved in principle a plan to develop large commercial aircraft using the country's own technology, as well as a manufacturing company for such aircraft. The two assembly lines are for final assembly, accounting for 4-5 pct of the total work volume. (*Apr 4, XFN-ASIA*)

### **CRC Becomes China's No.1 Local Supermarket Operator**

After taking over its rival Home World, China Resources Company (CRC) has become the nation's No. 1 local supermarket operator in terms of sales, a CRC manager claimed. CRC's turnover reached about 4.7 billion U.S. dollars in 2006. Analysts say that even though CRC has expanded significantly, it faces stiff competition, particularly from the foreign-owned Walmart and Carrefour chains. (*Mar 29, Xinhua*)



## 2008 Beijing Olympic Games

### Beijing 2008 Olympics Tickets Go on Sale

BOCOG announced today that more than 7 million very affordable tickets are now on sale for the 2008 Olympic Games in Beijing. About 75% of the tickets will be sold domestically and the rest will be available to the overseas public. BOCOG will initiate a three-phased ticketing process for domestic sales. In each phase, residents on the Chinese mainland will be able to order tickets through the official ticketing website (<http://tickets.beijing2008.com>), calling the BOCOG ticketing call center (+86-10-952008), or through designated Bank of China branches. For overseas sales, the process will be determined in each country and territory by its National Olympic Committee and its ticketing agent. (BOCOG, April 15, 2007)

### Beijing to Build Network for Infectious Diseases before Olympics

Beijing will step up efforts to build a prevention and treatment network for infectious diseases before the 2008 Olympics, the municipal health authorities pledged on 8 April. By the end of 2007, Beijing will have 1,350 hospital beds specially prepared for patients who contract infectious diseases. By the time the Olympics rolls around in August 2008, the city will have another 5,000 hospital beds prepared for emergency use, according to the Beijing Disease Prevention and Control Center. The health network also includes 50 infectious disease research labs, including six working on SARS and 16 on bird flu, the health authorities said. (Xinhua News Agency April 8, 2007)

### Olympic Merchandise to Net US\$70 Million

Olympic merchandise is likely to net China at least US\$70 million, said Games organizers. The Marketing Department recruited eight manufacturers and 34 distributors in 2006, meaning there is now a total of 130 enterprises licensed to produce goods for the 2008 Games. So far, more than 4,000 licensed products have gone on sale in about 500 franchise stores in 70 cities across the country. (China Daily March 8, 2007)

### Official ticketing website of the 29th Olympic Games launched

The official ticketing website of Beijing 2008 Olympic Games (<http://www.tickets.beijing2008.com>) has been launched to accept domestic public registration. The news was announced on March 8 by BOCOG. In Chinese and English, the website will provide global netizens with ticketing policies and information of the upcoming Olympic Games. ([www.beijing2008.com](http://www.beijing2008.com) March 8, 2007)

### Der Group Becomes Official Flooring Supplier of Beijing 2008 Olympic Games

The Beijing Organizing Committee for the 2008 Olympic Games (BOCOG) announced Der Group Co., Ltd. as the Official Home and Industrial Flooring Supplier of the Beijing 2008 Olympic Games, and the Official Home and Industrial Flooring Exclusive Supplier of the Beijing 2008 Paralympic Games. Der Group is one of the leading manufacturers of home and industrial flooring, headquartered in Suzhou City of Jiangsu Province. ([www.beijing2008.com](http://www.beijing2008.com) 2007-03-08)

### Beijing Olympic Logistics Center put in operation

The Beijing Olympic Logistics Center at Beijing's Capital International Airport was officially launched on March 8. This marks the beginning of the venue-oriented operation of the Beijing Olympic Games' venues, especially its non-competition venues. The logistics center is charged with reception, storage and distribution of the materials for the Beijing Olympics and it will also engage in the materials' security checks, quarantine and customs procedures, as well as transportation arrangements. ([www.beijing2008.com](http://www.beijing2008.com) 2007-03-09)