

# 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 +86-10-8532066, 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: Experience Israel- promotion of Israeli consumer brands in China

Trade Mission of Israel to China is going to promote Israeli brands in the consuming industry 23-25 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 to 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 Trade Mission to China is participating in an Israeli booth at the same exhibition hall as some leading Chinese telecommunications vendors at this most important exhibition in the telecommunications industry in China. 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.com/>. If any Israeli company is interested in participate in our booth, please contact: +86-10-85320664, or send email to: [luo.xia@israeltrade.gov.il](mailto:luo.xia@israeltrade.gov.il).

## General news on Chinese economy

### Moody's Reviews China Rating for Possible Upgrade

Moody's Investors Service placed China's A2 rating on review for a possible upgrade on May 30, praising its strong external payments position, continued success in reform and also on account of favourable fiscal trends. The ratings

#### Coming Events

#### General news on Chinese economy

#### News on various sectors

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

#### 2008 Beijing Olympic Games

agency said it was also reviewing for a possible upgrade China's A2 country ceilings for foreign and local currency bank deposits, as well as its A2 foreign and local currency bond ceilings, and its ratings for Hong Kong and Macau. (May 30, Reuters)

## **China Triples Stamp Tax to Cool Stock Market**

The stamp tax on securities trading has been raised from 0.1 percent to 0.3 percent beginning from May 30, the Ministry of Finance said at the previous night. An official with the ministry said the tax increase is intended to help promote the healthy development of the securities markets; and analysts said the move is to cool the over-heated market. The benchmark Shanghai Composite Index on May 29 closed at an all-time high of 4334.92 points, up 1.47 percent. The smaller Shenzhen Component Index closed at 13456.6, up 3.3 percent. The two bourses registered a combined turnover of 378.37 billion yuan (\$49.5 billion), slightly lower than the record 394.22 billion yuan from the previous close. China has collected more than 100 billion yuan (\$12.8 billion) in stamp tax on stock transactions since the early 1990s, when it was first introduced. (May 30, China Daily)

## **Chinese Currency Rises by More Than 7.5% against U.S. Dollar**

China has allowed its currency, the yuan, to appreciate by more than 7.5 percent against the U.S. dollar since it scrapped the yuan-dollar peg in July 2005, said the country's central bank. On May 18, the central bank announced for the first time since 1994 to widen the floating band of yuan against U.S. dollar for daily spot trading on the interbank market from 0.3 percent to 0.5 percent. The yuan has kept hitting new high in the six trading days following the announcement. The yuan has seen seesawing fluctuations versus the dollar since 2005. China has promised to deepen the exchange rate reform to allow the yuan to fluctuate in line with market supply and demand during the second strategic economic dialogue between the two countries. (May 29, Xinhua)

## **Greenspan predicts Dramatic Drop in Chinese Stocks**

Former U.S. Federal Reserve Chairman Alan Greenspan said on May 23 he feared a "dramatic contraction" in Chinese stocks but said the global economy may be able to shrug off a drop in asset prices. Addressing a meeting in Madrid via teleconference, Greenspan said the recent boom in Chinese stocks could not last. The main Shanghai index has nearly tripled in past year and is up 56 percent so far in 2007. (May 24, Reuters)

## **News on various sectors**

### **Consumer Goods**

#### **MII slams quality of China's MP3 players**

A total of 65.6 percent of the MP3 players in China have quality defects, the Ministry of Information Industry (MII) said on Jun 5. The MII examined 32 types of MP3 players produced by 32 electronics companies in Beijing and Shanghai municipalities and Jiangsu, Guangdong, Anhui and Sichuan provinces in 2006 and found that only 11 products met standards. (Jun 6, Xinhua)

#### **Foreign businesses warned of illegal food imports**

A senior official for food-export supervision has warned foreign businesses not to import illegally-exported products from China. The warning follows recent reports of some poor-quality Chinese products entering foreign markets. Li Yuanping, director general of the Bureau of Imports and Exports Food Safety, General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), said China imposes tight controls on food exports. "No food products

is allowed to be exported before passing a full range of checks by China Entry-Exit Inspection and Quarantine (CIQ) officials. "And foreign importers need to especially make sure that the products they are buying are in compliance with all requirements." (May 29, *China Daily*)

## Environment & Energy

### **Breakthrough on New Energy Source**

China announced it had made a breakthrough in excavating natural gas hydrate, the so-called "flammable ice", which is believed to be a potential natural energy source. Head of China Geological Survey (CGS), said gas hydrate samples were successfully collected from the northern part of the South China Sea last month. China is the fourth country after the United States, Japan and India to make such a technological achievement. The development was expected to ease the country's dependence on oil and coal. (*China Daily June 6, 2007*)

### **Diversion of Yangtze River to Tackle Wuxi Water Crisis**

China has stepped up the diversion of the Yangtze River to dilute water polluted by blue-green algae in a lake that provides drinking water for millions of people in the eastern Chinese city of Wuxi, Jiangsu Province. In addition to diverting the Yangtze River water, the city government is planning to artificially induce rain in the coming days to dilute the polluted lake water. The Wuxi Tap Water Supply Company is also pumping a large amount of active carbon and potassium permanganate into the lake in an attempt to purify the water. (*Xinhua News Agency June 1, 2007*)

### **French Veolia Expands Water Business in China**

French group Veolia Environment, the world's largest water company, has reached an agreement with a Chinese counterpart in Beijing to set up a joint venture, bringing the number of joint projects it is involved in China to 22. The new joint venture, Tianjin Teda Veolia Water Co. Ltd., will specialize in the integration of water processing systems, urban sewage disposal, industrial wastewater treatment, and desalination, sales of water treatment equipment, management of water equipment, technical services and investment. (*Xinhua News Agency May 24, 2007*)

### **China says 60% of its water contaminated by pollution**

Zhang Lijun, deputy director of the State Environmental Protection Administration said that the water quality of its rivers and lakes faces "intermediate pollution," with 60 percent of the total contaminated to some extent. 28 percent of the waterways fail to meet the country's lowest of the five levels of water quality, meaning the water is severely polluted.

In addition, another 32 percent fall under the fourth and fifth levels of water quality, which are affected by pollution and cannot be used as drinking water. A total of 40 percent are categorized in the first three levels, which means the water can be used as a drinking water source. The results are from a national environmental survey program that monitors 745 areas for water, according to the report. (*Chinawater.net 2007-6-7*)

## IT & Telecom

### 3G

#### **China Issuing 3G Licenses after Telecom Restructuring; to miss Olympics**

China is expected to issue 3G license after the top four telecom operators come out of restructuring, the official Shanghai Securities News reported, moving back the expected launch date to after the Olympic Games in 2008. According to the report, China Mobile is expected to obtain fixed-line operations as part of the restructuring and may buy non-core assets from China Telecom and China Netcom. As the reorganization may have a negative impact on China Mobile, the government may postpone the licensing date. According to earlier reports, the restructuring will involve China Mobile developing services for the home-grown TD-SCDMA platform, China Telecom will buy China Unicom's CDMA network in order to offer CDMA2000 services while China Netcom will merge with China Unicom to co-develop WCDMA services. (May 30, AFX)

#### **China Mobile Set to Seek Bids on Local-Standard 3G Phones**

China Mobile will seek bids in October for as much as six billion yuan (784 million U.S. dollars) worth of handsets based on a locally developed high-speed standard, an industry group said lately. About 20 mobile phone makers including Motorola Inc, Samsung Electronics Co, ZTE Corp and Huawei are expected to bid to supply two million to three million handsets, Chen Haofei, secretary general of industry group TD-SCDMA Forum, told Bloomberg News by telephone from Guangxi, China. (Jun 5, Shanghai Daily)

#### **China 3G Mobile Voice Costs to Be Much Lower Than 2G**

China's 3G mobile voice service fees will likely cost a third to a fifth of 2G services, said Xie Linzhen, executive chairman of the China Mobile Communications Association. Xie added that the development of China's wireless broadband technology should focus on satisfying basic service in the next 10 years or so, particularly low and moderate bit rate data services. Xie said that China's mobile phone users expect functions such as video and television services with 'quasi-VCD quality,' and 90 pct availability of high bit rate data services in fixed or roaming environments. (May 28, AFX)

#### **China 3G Handset Sales predicted at 22M Units in 2010**

China's 3G handset sales are projected at 22 mln units by 2010, Zhao Hong, a senior official with the TD-SCDMA Industry Alliance and an executive director with Lenovo Mobile Communications said at a conference. Zhao said that handsets configured for China's homegrown TD-SCDMA standard are expected to account for 50 pct of 3G sales, while WCDMA handsets will hold 40 pct and CDMA2000 handsets will account for 10 pct. Zhao added that China Mobile will open bids to supply TD-SCDMA handsets in the third quarter and Lenovo Mobile has been invited to the tender. (May 23, AFX)

### Carriers

#### **China Mobile formally launched IM Tool**

China Mobile formally launched an instant messaging (IM) commercial service on Jun 5 under its own brand and moved into a market dominated by Microsoft's MSN division and Hong Kong-listed Tencent Holding Ltd. Called Fetion, China Mobile's IM tool enables handset users to chat with other Fetion customers over the mobile Internet offered by its GPRS network, either with a mobile phone or PC. The interface is similar to MSN messenger and Tencent's popular QQ. China Mobile last year started a pre-commercial trial of the IM

service. At the end of the 11-month trial in April, it had signed up 20.68 million subscribers. *(Jun 6, China Daily)*

### **China Mobile to Test Mega-Memory SIMs**

China Mobile is launching a trial of mega-memory SIM cards in five provinces, Card Technology's sister publication CT China has learned. The operator is planning to issue 50,000 SIM cards by next month, each packing 128-megabytes of flash memory. It plans to use the cards and specially equipped handsets to store super-large phonebooks, downloaded music tracks, mobile yellow pages and location-based services. The music downloads will be protected by a digital rights management application. The cards will also carry 512 kilobytes of conventional smart card memory to store the card's operating system and applications. China Mobile is conducting the trial in Guangdong, Zhejiang, Shanghai, Jiangsu and Shanxi provinces. *(May 29, c114)*

### **Operators Urged Regulator to Decontrol IPTV**

China Telecom and China Netcom yesterday called for the deregulation of the IPTV market, which could give a major boost to the broadband Internet business of these two fixed-line carriers. "There is an ongoing worldwide deregulation trend in IPTV. However, it's not happening in China," said Wei Leping, China Telecom's chief engineer. Wei complained that regulators so far allow China Telecom offer IPTV commercial services in only six cities, preventing it from reaching millions of potential customers across the country. *(Jun 6, China Daily)*

### **China Telecom to start AVS-based IPTV trials**

China Telecom is reportedly planning to run field trials of domestic codec Audio Video Coding Standard (AVS), which could lead to the company dropping support for H.264. The trials will begin in Shanghai next month. China Netcom plans to use AVS-based IPTV in 20 cities by the end of 2007, and hopes for 6 million AVS-based IPTV users in five to seven years, or 40 percent of its current broadband users. *(May 29, c114)*

### **China Netcom Will Spend Half of Expenditure On Broadband**

Zhang Chunjiang, chairman of China Netcom (CN), has disclosed to local media that China Netcom will spend 50% of its capital expenditure in 2007 on broadband services and upgrades. China Netcom's 2006 fiscal year report shows that the company's broadband revenue increased by 34.9% in 2006 and reached RMB10.556 billion, and by the end of 2006, the broadband user base increased 31.4% and reached 15.08 million. In order to further strengthen its broadband strategy, China Netcom enlarged the investment of its broadband network. It is estimated that China Netcom's capital expenditure this year will be about RMB21 billion. By April 2007, China had 57.26 million broadband users. *(Jun 7, chinatechnews)*

### **China Unicom Upgrades to GPRS**

China Unicom launched data services based on the GPRS standard, which could give the company a leg-up in the booming value-added telecoms service market. The GPRS data services will enable Unicom's GSM users to surf the mobile Internet, send MMS messages and download data, including music, using their mobile phones. An upgrade from GSM to GPRS, a 2.5G mobile technology, could boost the competitiveness of Unicom's GSM networks, said company vice-president Li Gang. *(May 21, China Daily)*

## Electronics

### **Electronics Sector Grows 17% in Jan-Apr**

China's electronics sector recorded 17 percent year-on-year revenue growth in its core manufacturing business in the first four months of the year, sources with the Ministry of Information Industry said on May 29. The sector's core business income amounted to 157 billion U.S. dollars in the four-month period, the sources added. Of the total, computer manufacturing accounted for 54 billion U.S. dollars, or 35 percent, electronic components made up 28 billion U.S. dollars, or 18 percent, and electronic components, 19 billion U.S. dollars, or 12 percent. (May 29, Xinhua)

## Equipment Manufacturers

### **UTStarcom China Chief Executive Resigns**

Wu Ying, an UTStarcom executive vice president and the chief executive of UTStarcom China, has resigned over disagreements on strategy, the company said in a statement. 'In the course of analyzing our strategic alternatives over the last several months, it has become apparent that there are differing opinions regarding the company's strategy to enhance shareholder value,' said Lu Hongliang, UTStarcom's Chief Executive Officer said. 'We recognize Wu's service to UTStarcom during his tenure with the company and wish him well in future endeavours.' With Wu's departure, Lu will serve as head of the company's China operations on an interim basis and will continue in his current role as chief executive officer and president of UTStarcom, the company said. (Jun 4, AFX)

### **Nokia to Offer English Lessons for Mobile Phone Users in China**

Nokia has launched a service that enables Chinese to download English lessons using their mobile phones, said a report on The Wall Street Journal website on May 28. The service, called Mobiledu, was an effort by the cellphone giant to tap China's growing fascination with technology and the English language, said the report. The service, which also offers career tips and other how-to advice, will charge users about 0.26 cents per download. The report also quoted a February report by Lehman Brothers as saying that China's language-learning market is expected to be worth 3.9 billion U.S. dollars by 2010. (May 29, Xinhua)

### **Nokia plans to ship 3G phones to China in '08**

Nokia expects to start selling phones for China's 3G mobile technology TD-SCDMA in the first half of next year, when the network is up and running, a Reuters report said. With a potential \$10 billion of network equipment orders in the balance, global players such as Nokia Siemens Networks, Motorola, Ericsson and Nortel Networks have jumped onto TD-SCDMA. The industry is still waiting for the official launch of 3G licenses in China, which analysts say could be pushed back until 2008. (May 29, telecomasia)

### **Nokia Completes New Home for China Headquarters**

Nokia announced on May 25 that it has finished construction of its China Campus, which will be home to its China headquarters, research and development center, and mobile phone manufacturing base. The project, located in Yizhuang economic and industrial zone (BDA) in southeast of Beijing, cost about US458 million to build. (May 27, Xinhua)

### **Symantec, China's Huawei Technologies to Form JV**

Huawei Technologies said it will form a joint venture with security software maker Symantec Corp to develop security and storage products for telecommunications companies worldwide. The deal is expected to close by the

end of the year pending regulatory approvals. Huawei will provide access to its intellectual property, research and development and manufacturing and engineering to the venture. Symantec will provide up to 150 million USD toward the new company's expansion as well as its technology. The new company will be based in Chengdu in southeast China, with a 51 pct stake to be held by Huawei. (May 22, AFX)

## Internet

### **E-payment yet to take off**

The National Development and Reform Commission recently approved the 2006 E-Commerce Fund covering 24 key national projects, including two e-payment platforms - Union Mobile Pay and Tencent's Tenpay. Sources expect e-payment licenses to be officially issued in the second quarter of 2007. An online payment research report made by iResearch, an online market research supplier, said e-payment will flourish this year, with a market value to reach US\$13.01 billion by 2008, with a compound annual growth rate of more than 60 percent. However, e-payment growth in China is still slow to catch on due to safety and trust issues. A report by the China Financial Certification Authority said that 60 percent of Web surfers would not make deals via online banking for security concerns. (Jun 5, China Daily)

### **Baidu Captures Lead in Online Advertising**

Baidu.com, the mainland's largest internet search engine, surpassed rival Sina Corp in the first quarter to command the largest market share for mainland online advertising as Web marketing in the country becomes increasingly sophisticated, according to a report released by Analysys International. Total online advertising spending in the country was up 38.9 per cent to 1.35 billion yuan for the quarter compared with the same period of last year. Baidu.com became the market leader by achieving 108 per cent growth in online marketing revenue in the three months over the year-earlier period to 274.6 million yuan. (May 24, scmp)

## Software

### **IBM, Lehman Bros Buy Stake in Chinese Software Company Kingdee**

A private equity fund formed by Lehman Brothers and IBM has agreed to buy a stake in a Chinese software company Kingdee for 132 million HK dollars, a move that could boost the fledgling local software industry. The investment also underscores the growing desire of Western private equity groups to buy high-growth Chinese companies created by the country's booming economy. Under the deal, Lehman Brothers and IBM will buy a 7.7 percent stake of Hong Kong-listed Kingdee International Software Group Company Limited, headquartered in Shenzhen, a boom town in South China's Guangdong Province. IBM also announced it would form a global alliance with Kingdee, which will help the firm grow into a global software player. Kingdee, one of China's largest software companies, develops enterprise management software and e-business application solutions in China and the Asia-Pacific. (Jun 5, China Daily)

### **Microsoft Buys Land for R&D Operations in China**

Microsoft Corp has bought land in Shanghai and Beijing for use by its research and development operation in China, the Shanghai Securities News reported, citing vice president Zhang Yaqin. Zhang said the deals represent Microsoft's first land purchases devoted specifically to R&D in the country and are an endorsement of China's promise in software. According to the report, Microsoft expects to invest 60 mln usd in R&D in China this year and will have 8,000 employees for these operations in the next two or three years. (May 28, AFX)

## **Software industry posts 28% growth in Jan-Apr period**

China's software industry continued to expand during the first four months of this year, with business income up 28 percent on the previous year, the Ministry of Information Industry said on May 25. The sources said the sector garnered 18.6 billion U.S. dollars in revenue between January and April. Of the total, software products accounted for 6.6 billion U.S. dollars, up 27.9 percent, and system integration, covering IC design and solution design, 4.5 billion U.S. dollars, up 27.7 percent. (May 25, Xinhua)

## **Telecom**

### **MII: 2007 Telecom Industry Stats**

According to China's Ministry of Information Industry (MII), China's telecom industry recorded 228.3 billion Yuan in revenue from January to April of 2007, up 8.9 percent year-on-year. China's telecom industry recorded 52.8 billion Yuan in fixed asset investment in the four months, up 25 percent compared to the same period last year. At the end of April, China had a total of 490 million mobile phone users and 370 million fixed line users. Revenue from SMS increased by 40 percent year-on-year in the first four months of 2007. (May 23, c114)

### **China's mobile content market to rocket**

The Chinese market for wireless value added services (WVAS) will expand from \$15bn in 2008 to \$21bn in 2012 boosted by the launch of 3G services, according to the latest Juniper Research report. WVAS revenues in China are primarily generated from SMS and ring-back tone services operating on 2G and 2.5G platforms, but the launch of 3G will see new areas of growth with particular emphasis on music, games and video. The report suggests that 3G will account for around 19 per cent of total WVAS services by 2012. (Jun 6, c114)

### **China 2007 mobile phone talk time growth seen at 34 pct after 36 pct in Q1- CMCA**

Talk time on China mobile phones is growing at a rate of 34 pct in 2007, after rising 36 pct in the first quarter, according to Xie Linzhen, executive chairman of the China Mobile Communications Association. Speaking at a conference in Beijing, Xie said that talk time on mobile phones was 1.6868 trln minutes in 2006, and the average talk time per user per month was 327 minutes, said Xie. Xie added that total talk time in China is nearly doubling every two years. (May 29, c114)

## **Medical & Healthcare**

### **MOH launches diabetes program**

The Ministry of Health has kicked off a two-year program aimed at spreading diabetes care and education to benefit the 30 million who suffer from the disease in China. Organized by Project HOPE (Health Opportunity for People Everywhere), an American non-profit organization, and co-sponsored by the American companies BD and Eli Lilly, and Swiss company Roche, the campaign is an extension of the China Diabetes Education Program (CDEP), which started in 1998. The CDEP, which offers comprehensive diabetes training to local-level medical and healthcare providers, has so far established 800 local hospitals and community care centers and trained nearly 37,000 medical workers. The new project will establish model diabetes centers in Beijing and Shanghai in conjunction with the People's Hospital of Beijing University, Zhanlanlu Central Hospital and Ruijin Hospital. (China Daily 06/07/2007)

## **ALDA Pharmaceuticals Expands Agreement for China**

ALDA Pharmaceuticals Corp. announced that a new, expanded license has been granted for manufacturing, marketing and distribution of ALDA's T36® products in China. At ALDA's request, distribution of products manufactured in China to other countries is allowed under this license. Previously, a similar license had been granted to Fuzhou Xinmei Biotech Co. Ltd. but covered only the province of Fujian. Fuzhou's original license has been transferred to He-Yi which is the agent responsible for having arranged testing, registration and manufacturing approval for the T36® formulation in China. The new agreement with He-Yi expands the rights from the province of Fujian to all of China. He-Yi can now pursue manufacturing, marketing and distribution in all provinces of China in exchange for achieving certain minimum sales levels and the payment of license fees and royalties to ALDA. He-Yi will be promoting the use of ALDA's T36® formulation throughout China as a hand sanitizer, first-aid antiseptic and disinfectant. (*Bionew 03 June 2007*)

## **Clinicares Expands Into the China Market**

Clinicares announces the signing of a contract with the PLA Hospital in Beijing, China to provide their functional beauty products, customized beauty products and their DNA Gene testing/diagnosis services. Clinicares will also have the license to provide its products and services to dermatologists and plastic surgeons within the Hospital. Clinicares will start the interior construction of their examining center facility in the Beijing Hospital by the end of the month and expects operations to begin within six months. (*Market Wire 26 May 2007*)

## **First CRO alliance launched in China**

The first contract research service alliance (CROSA) in China has been formed between three leading local firms to provide a more exhaustive range of drug development services to pharma companies. Sundia Meditech,, United Pharmatech and HD BioSciences, 3 Shanghai-based contract research organisations (CROs) at the root of the project will combine their respective expertise to provide a wider range of drug discovery and development services to their clients - from preclinical to clinical supply manufacturing. The newly formed CROSA will act as a single entity in the CRO market, and will look at ways to cooperate even closer in the future. The 3 companies will offer an exhaustive range of drug development services including lead optimization, molecular bio-assay development and tests, in vitro and in vivo PK/ADME research, as well as GMP required intermediates and API for clinical trials. (*DrugResearcher.com 26 May 2007*)

## **Glaxo to unveil major China drug research centre**

GlaxoSmithKline Plc is set to unveil plans for major research and development centre in China, joining a growing number of pharmaceutical companies tapping into the country's skillbase in life sciences. The Glaxo facility will cover not just niche aspects of research but the full range of activities from drug discovery to final development of approvable new medicines. The move reflects the rapidly growing importance of China in the pharmaceutical landscape -- as a centre for research, production and future sales. Other major drug companies with a research presence in China include Novartis AG, AstraZeneca Plc, Pfizer Inc. and Roche Holding AG. (*Reuters 26 May 2007*)

## **Tight Control Ordered over Assisted Reproductive Technology**

China's Ministry of Health ordered health departments and supervising bodies to tighten control over assisted reproductive technology (ART) and sperm banks. The circular called for strict penalties for the unauthorized practice of assisted reproductive technology and operation of sperm banks. Those institutions approved by the government would also face penalties if found violating technical standards and ethical principles or overstepping their

operational ranges. Eighty-eight organizations have been authorized to carry out ART so far, and 10 have been approved to establish sperm banks. (Xinhua News Agency June 1, 2007)

## Others

### **Foreign Investment into real estate approval tightened**

A stricter approval process will be applied to foreign investment into China's real estate market, especially in the high-end sector, according to a notice jointly released by the country's two top regulators. According to the notice, all foreign real estate companies that have been approved by the local government must be put on the record of the Ministry of Commerce (MOFCOM) in the future. The notice, published by the MOFCOM and the State Administration of Foreign Exchange (SAFE), will give the MOFCOM the final say in deciding whether to approve a project. The notice will also give the MOFCOM a better idea of the scope in China's property market, experts say. (Jun 8, China Daily)

### **Airlines to fly 16% more passengers in 2007**

China's aviation industry is expected to carry 16 percent more to 185 million passengers in 2007 as people travel more both at home and abroad, according to the General Administration of Civil Aviation. The industry will also carry 3.9 million tons of cargo in 2007, 12 percent higher from a year earlier, said the report. (Jun 8, Xinhua)

### **Key Domestic Air Routes to be opened to Competition**

The monopoly enjoyed by China's three major airlines on the nation's most lucrative domestic routes will end by 2010 as part of plans to liberalize the aviation industry. Under the plan, the Civil Aviation Administration of China (CAAC) will lift its control of domestic routes so that carriers can choose which routes they want to fly. Currently the nation's three biggest carriers - Air China, China Eastern and China Southern - have a monopoly on most of the big profit-making routes. China's aviation industry is one of the world's fastest growing. Air passenger traffic in China grew 16.7 pct to 332 mln trips, according to previously released official figures. (May 31, AFX)

### **Travel market set to fully open**

China is to fully open its market to foreign travel agencies from July 1, about four months ahead of the November 11 deadline set by the WTO. This means foreign-funded travel agencies can set up subsidiaries in China without restrictions, and requirements on the registered capital of foreign-funded travel agencies will also be eased. Official statistics show the number of domestic travelers last year was 1.39 billion, and the administration forecasts the number will be 1.78 billion by 2010. Attracted by the lucrative market, 25 solely foreign-funded travel agencies have been set up in China in the past five years. (May 19, China Daily)



## **2008 Beijing Olympic Games**

### **China Netcom, European Broadcasting Union in Olympics broadcast deal**

China Netcom said it has signed a letter of intent with the European Broadcasting Union to provide the latter with broadcast services during the 2008 Beijing Olympic Games, the Interfax news agency reported, citing a company spokesperson. According to the agreement, China Netcom will provide international fiber connectivity from the Beijing-based International

Broadcasting Center to Moscow, Stockholm, Frankfurt, London, Paris and Geneva. From these cities, content transmitted from the IBC can then be broadcast as television signals across the European continent and surrounding areas. Financial details of the deal were not provided. *(Jun 7, c114)*

### **Samsung Focused on Games**

Samsung Electronics rolled out its 2008 Beijing Olympics marketing strategy with hopes of boosting sales and brand recognition in China. Samsung launched three new mobile phones for the Olympics and announced the appointment of Liu Xuan, an Olympic gymnastics champion, as the company's Games ambassador. The campaign "shows Samsung's commitment to continue its journey to spread true Olympic values in the most proactive and comprehensive manner", said Gye Hyun Kwon, Samsung's vice-president of worldwide sport marketing and global communications. The company said it is committed to building a wireless Games through its Wireless Olympic Works, which was used in Athens in 2004 and Turin in 2006. *(Jun 7, China Daily)*

### **Beijing Set to Test Olympic Wireless Information Service**

Beijing will put a state-of-the-art wireless information service designed for visitors to the city during the 2008 Olympics to the test in the second half of 2007, according to the service operator China Netcom. The wireless service will be available in the form of a portable electronic device, similar in appearance to a mobile phone, which visitors can rent for a fee from airports, hotels and tourist sites. The cost will not be determined until the trial period ends. The service, available in the seven languages of Chinese, English, Japanese, Russian, French, Spanish and German, will provide general Games and city information, and information on tourist sites, transport, dining and business. *(May 31, Xinhua)*

### **Polluters Must Cut or Stop Production during Olympics**

Heavy-polluting industries in Beijing will be told to scale back production during the Olympics next August, while some firms will be completely shut down, said Vice-Mayor Ji Lin. Shougang, a major steel maker in the capital, is on schedule to relocate to Tangshan, a neighboring industrial hub. A coking and chemical factory was closed last July, reducing the amount of coal burnt in the capital by 3 million tons. The move also cut the amount of waste dust released by 7,300 tons. More than 190 chemical plants have been shut as a result of anti-pollution schemes related to the Games. *(China Daily June 1, 2007)*

### **Dayun becomes the official motorcycle supplier of Beijing 2008 Olympic Games**

BOCOG and Guangzhou Dayang Motorcycle Co., Ltd. made a joint announcement on May 24th in Guangzhou that "DAYUN" Motorcycle, a famous brand of Guangzhou Dayang Motorcycle Co., Ltd. was selected as the official motorcycle supplier of the Beijing 2008 Olympic Games and the official exclusive motorcycle supplier of the Beijing 2008 Paralympic Games. [www.beijing2008.cn](http://www.beijing2008.cn) 2007-05-24)