

China Economic Headlines

Coming Events

March 21-23: Israeli End to End Solution for digital TV and IPTV – at CCBN Exhibition in Beijing 2006

Building on growing potential in this field due to complete rollout of Digital Broadcasting in all of China by 2015, we presented Israeli companies in the field of Digital Broadcasting the opportunity to participate in an integrative Israeli End to End Solution for digital TV and IPTV, during the upcoming China Cable Broadcasting Exhibition (CCBN 2006) that will take place in Beijing during March 21-23. 8 companies have already actively combined their products into a working solution that is provided on Terrestrial, Cable, Satellite, IP and Mobile networks. Other Israeli companies in the field of Content, Value Added Services, Games and Telephony (Fixed and Mobile) can still join the activity and complement the design. Interested companies should contact ASAP the Israeli Trade Mission to China, Ms. Tami Tamary, e-mail: econsecbjs@israeltrade.org.cn Tel: +86 10 8532 0516.

April 26-29: Water Expo 2006 – Israeli National Booth for displaying advanced water solutions from Israel

Water Expo China is the largest and most comprehensive exposition of its kind in China. With the event's focus on new technologies, equipment and innovative ideas, Chinese companies and government officials hope to find solutions to major water issues facing their country today. Israeli trade Mission to China, jointly with Israeli Export & International Cooperation Institute, presents an opportunity for Israeli water related companies to take part in Israeli National booth. In addition, the activity will include: high-level meetings with government officials, meetings with Chinese companies, visits to water projects in Beijing area, participation in water summit. Interested companies should contact Israeli trade Representative to China Ms. Iris Arbel. E-mail: econ@israeltrade.org.cn Tel: +86 10 85320664

General news on Chinese economy

Chinese economy grows 9.9% in 2005

China's economy saw another strong growth of 9.9 percent in 2005 after 9.5 percent growth in 2004, the National Bureau of Statistics (NBS) said. According to the NBS's Statistics on the national economy and social development in 2005 released in Beijing, China's gross domestic product (GDP) totaled 18,232.1 billion yuan, or about US\$2,279 billion. Agriculture accounted for 12.4 percent of the GDP, compared to 47.3 percent from industry and 40.3 percent from services sector. (Mar 1, Xinhua)

China to Make Yuan Basically Convertible Soon

China plans to make the yuan basically convertible under the capital account in the near term, said Zou Lin, a senior official with the State Administration of Foreign Exchange, while quoted by the Shanghai Securities News. Zou added that making the yuan fully convertible could still be a long-term target. (Mar 1, CRI)

China to raise education spending to 4% of GDP

China plans to increase education spending to four percent of GDP, from 2.79 percent, emphasizing that a well-educated population was "strategically

Coming Events

General news on Chinese economy

News on various sectors
Consumer Goods
Environment & Energy
IT & Telecom
Medical & Healthcare
Others

2008 Beijing Olympic Games

important" to modernization. The government also plans to complete the task of providing free nine-year compulsory education to all students in China in five years, Education Minister Zhou Ji told a news conference. To make up for the lost income to schools from tuition payments, Zhou said the central and local governments would pour more money into schools. They also plan to spend 218 billion yuan (US\$27.25 billion) to help improve education in rural areas over the next five years. *(Feb 28, China Daily)*

China to raise R&D expenditures

China announced in Beijing Sunday it will increase national research and development (R&D) expenditures year by year until expenditures are equal to 2.5 percent of the gross domestic product in 2020. According to its incentive policies encouraging scientific and technological innovation, the State Council said overall investment in research and development needs to be enhanced significantly in order to make China one of the world's most innovative research powers by the year 2020. The incentive policies are targeted at creating a friendly environment for carrying out the National Guidelines on Medium-and Long-term Plans for Science and Technology Development. *(Feb 27, Xinhua)*

Retail Sales to Hit 10 Trln Yuan by 2010

Earlier figures from the National Bureau of Statistics indicate that China's retail sales rose 12.9 per cent year-on-year to 6.7 trillion yuan (US\$828.3 billion) last year. China's retail sales will continue to grow at a fast rate over the next few years, thanks to the government's increasing emphasis on stimulating consumer demand. *(Feb 13, CRI)*

News on various sectors

Consumer Goods

First Wine Exposition Held in Shanghai

To boost consumption of wines, Shanghai has just held an international wine exposition. Being the first of its kind in China, over 60 percent of the exhibitors are foreign wine makers, hailing from over ten countries, including the famous wine making regions of Germany, France, and Spain. At present, on average one person drinks about 6 liters of wine every year in the world. Comparatively, it seems the Chinese drink very little wine, as the figure in China is only 0.3 liters per person. Last year China has reduced its wine import tariff from 65 percent down to 14 percent, this is expected to increase the volume of imported wines. *(Feb 27, CRI)*

China's Jewelry Imports Rise on Demand Surge

In 2005, China imported various kinds of jewelry worth 3.47 billion U.S. dollars, jumping 30.76 percent year on year. The China Chamber of Commerce for Import and Export of Light Industrial Products and Arts-Crafts released the figures lately. China now ranks second in the world after the United States in domestic jewelry sales, with an annual sales volume exceeding 100 billion yuan (12.5 billion U.S. dollars). China mainly imports jewelry from the European Union, South Africa, India, Japan, Israel and Switzerland. *(Feb 21, Xinhua)*

Haier Launches High-definition, Streaming Media TV

Haier, China's top home appliance maker, launched a high-definition, streaming media television that can send captured video frames to a network printer. The new television can capture high-definition color images and send them directly to a printer. The television set, supposedly the first of its type in the world, can share information directly with other digital home appliances such as digital

cameras and digital videos. Haier hopes the television will help it capture a great market for this new type of television. *(Feb 15, CRI)*

Children's Goods Market to Top 100b by 2010

Children's goods market in China is expected to exceed 100 billion yuan (12.3 billion U.S. dollars) by 2010. The market is set to grow 12.4 percent annually in years up to 2010. The market value of baby-care products will see an annual growth of 8.5 percent, while children's clothing will be worth 30 billion yuan (4.1 billion U.S. dollars), the greatest proportion of all kids' products. *(Feb 13, CRI)*

Environment & Energy

Pollution Control Top Priority

The Chinese government has unveiled a plan to combat environmental degradation in the country over the next 15 years, with pollution control high on the agenda. The plan stipulates that by 2010, the environmental quality of heavily polluted regions and cities should be improved and the trend of environmental degradation checked. And up to 2020, significant improvements to the country's general environmental quality and ecological status should have been made. To realize the goal, the Chinese government has outlined seven major tasks, with five focused on air, water and soil pollution control. *(Feb 15, Xinhua)*

IT & Telecom

3G

Mainland takes the next step to 3G

Equipment makers and operators are testing TD-SCDMA in preparation for its imminent commercial deployment. The upcoming trial will be held by China Netcom, China Telecom and China Mobile in three cities in Hebei, Shandong and Fujian provinces in collaboration with four network equipment groups and 14 TD-SCDMA handset makers. Different from the previous three rounds of trials and likely to be the largest field trial ever conducted, the focus this time would be on handsets - more than 5,000 of which would be tested on their reception to network coverage. Handset applications would also be assessed, industry players said. *(Feb 28, scmp)*

China's 3G subscribers to reach 10 million in 2006

In 2006, the development of 3G services will drive the increase of 3G subscribers. Analysys International estimates China's 3G mobile communication subscribers will exceed 10 million in 2006, accounting for 2.2% of the total mobile communication subscribers in China; and in the following five years, 3G subscribers will reach 100 million, accounting for 13% of the total mobile subscriber base. With the development of 3G mobile communication market, mobile value-added services market will enter the innovation stage. SP's capability of innovation will become a key strength in China's 3G progress. Analysys International says China's 3G mobile value-added services market will reach RMB 20 billion in the coming 3 or 4 years, accounting for 18.5% of the total mobile value added services market in China. *(Feb 28, C114)*

Six Telecom Carriers to Co-build TD-SCDMA Network

A proposal on the issuance of 3G licenses, especially the TD-SCDMA license, drafted by several experts was sent to the Ministry of Information Industry (MII) recently. The proposal made certain analysis on the problems affecting the issuance of TD-SCDMA licenses, including technologies, market, and government. According to the proposal, the government will establish a

company called network operator, while the six existing carriers will invest in it and establish the TD-SCDMA network together. *(Feb 27, Sinocast)*

China's 3G Timetable Again Goes into Suspense

China's Ministry of Information Industry (MII) abruptly called off the first large-scale summit meeting for the TD-SCDMA development which should have held on February 21 as scheduled, but degraded it to a small internal meeting instead, which again added much uncertainty for the expectation of the commercial use of TD-SCDMA standard. *(Feb 23, Sinocast)*

Telecom giants to build TD-SCDMA networks

The Ministry of Information Industry has selected China Telecom, China Netcom and China Mobile to build TD-SCDMA pre-commercial networks, the China Securities Journal reported, citing an unidentified source. The source said China Telecom, China Netcom and China Mobile will build the networks separately in self-selected cities, with each to cover 3,000 people. The networks are expected to be completed in March and tests are to be finished by the end of June. The source also said final tests on TD-SCDMA-backed handsets will be launched next month and the phones are expected to hit the market in the second or third quarter this year. *(Feb 17, Shenzhen Daily)*

MII Puts Brake on WCDMA Trial Network Construction

China has put brake on the construction of WCDMA network, while asked the relevant telecom operators to build the TD-SCDMA commercial trial network from the first half of the year, according to a well-informed source with MII. The source added that the circuit switch part of the existing WCDMA trial network should be removed and the packet switch equipment should also stop construction. China only organized eight 3G trial network and asked all the operators to participate in the trial of three network modes, namely TD-SCDMA, WCDMA and CDMA2000. However, China Mobile, China Telecom and China Netcom totally built more than 800 WCDMA base stations and over 80 relevant networks without approval of the ministry, said an official with MII. He held that the country is likely to issue one license for the WCDMA standard; therefore it is necessary to halt the excess construction since it had chosen TD-SCDMA as its national standard in January. *(Feb 13, C114)*

Carriers

China's Telecom Industry Sees 15-year Lowest Growth in 2005

The Ministry of Information Industry (MII) of China reports that the Chinese telecom industry sees the 15-year lowest growth in business in 2005. In 2005, the investment in telecom fixed assets was CNY 207.13 billion (USD 1 = CNY 8.06), a little less than that of 2004. The six infrastructure telecom carriers, including China Telecom, China Unicom, and China Mobile, totally got profits of CNY 114.36 billion, increasing 19.9% from a year earlier. MII points out that in the first four months of 2005, the telecom industry's business growth had been under 10% consistently, hitting the lowest record since 1990. At the same time, user growth of mobile phone, fixed-line phone, and personal handy phone system (PHS) declined by various extents. *(Feb 14, C114)*

China Mobile eyeing push email services

China Mobile plans to introduce push email into the Chinese market "soon," a source within the company said. Industry experts also said China Mobile could use security passwords for the push email services, which will ensure corporate users the safety of mobile business operations. The service charge for push email might also be cheaper than the current SMS service, the experts said. *(Feb 28, C114)*

Tianjin Mobile Shifts Focus to Data Business

In an effort to handle stiffer competition in the telecom market, Tianjin Mobile, a local branch of China Mobile, shifts its focus to data business development. In the wake of over ten years' development, mobile voice communications is growing into a mature service. In the future, mobile operators will attach much more importance to the data business. So far, Tianjin Mobile has gained a number of data service subscribers, and WAP service users had shot to 400,000 people by the end of last year. Besides, revenues from the data business have been climbing year after year. *(Feb 28, C114)*

China Unicom Said to Invest CNY 12.7bn in GSM Business

China Unicom plans to invest CNY 12.7 billion in GSM business this year, while it has not decided how much to invest in 3G business yet, said a person at Credit Lyonnais Securities Asia (CLSA) and close to China Unicom's top managers. After a meeting with the top management of China Unicom, CLSA reports that although CDMA business still brought profits to the company in the fourth quarter of 2005, the CNY 398 million loss occurred in the first half of last year could not be made up. Additionally, the company's operating cost increased in Q4 2005, so CLSA lowered its profit estimation for China Unicom in 2005 by 5.1 percent and forecasted that there is a small chance for China Unicom to earn a coin from CDMA business. *(Feb 20, Sinocast)*

CNC to create fund

China Netcom Group Corp (Hong Kong) plans to create a US\$200 million venture capital fund with PCCW Ltd to develop broadband and telecommunications businesses in China, Singtao Daily reported. The fund may invite international investors, including media mogul Rupert Murdoch as a founding shareholder, the report said. PCCW plans to invest US\$50 million in the fund. It is also said that Edward TIAN, chief executive of CNC is to leave and to head the VC. *(Feb 28, Shanghai Daily)*

China Telecom and China Netcom saw sales rise

China Telecom said it expects full-year sales to rise 5 percent from 2005 to 175.6 billion yuan (US\$21.8 billion) as the company adds subscribers. China Telecom aims to add 19 million fixed-line subscribers and 7 million broadband users this year. While China Netcom forecasts revenue this year will rise 4.5 percent from 2005 to 95.6 billion yuan, the ministry said. The smaller of the nation's fixed-line operators said it expects to add 9.5 million subscribers and 3.8 million broadband Internet users this year. *(Feb 14, Shanghai Daily)*

China's Telecom Carriers to Spend 36.6 billion on 3G

China's telecom carriers plan to spend 36.6 billion yuan (US\$4.54 billion) on third-generation phone networks, Beijing-based analysts said, citing figures from company sources. China Mobile's investment is expected to account for 45 percent of the total, compared with 40 percent for China Telecom and 15 percent for China Unicom, according to Beijing-based Norson Telecom Consulting. Norson said its report was based on information from telecom officials. *(Feb 17, CRI)*

Policies

China encourages development of VC firms

China's State Council said here Sunday that it will encourage state and local governments and their affiliates to set up venture capital (VC) firms to finance innovation-oriented start-ups. According to new financial incentive policies aimed at stimulating nationwide scientific and technological innovation, the State Council also encourages the private sector to invest in research and development of start-up companies. *(Feb 27, Xinhua)*

NDRC Grants Handset Licenses to Foreign-invested Makers

NDRC, the country's top-level planning agency, has released mobile phone manufacturing licenses to three foreign-invested companies. They are Shanghai Bdtel Industry Co., Ltd., Beijing Hi-tech Wealth Electronic Product Co., Ltd. and a Shanghai subsidiary of Quanta Computer Inc., the world's biggest contract notebook maker based in Taiwan. The three manufacturers will add about 6.8 million mobile phones to the total capacity in the country after they kick off production. *(Feb 17, Sinocast)*

Telecom Equipment Manufacturers

AsialInfo Wins Metadata Contracts from China Mobile

AsialInfo, is a leading provider of high-quality software, customer solutions, and IT services to some of China's largest enterprises as well as many small and medium sized companies in China lately reached a deal with China Mobile to launch China's first metadata management platform in Jinlin, Northeast China. The metadata management pilot programs in Jilin Mobile and Hubei Mobile constructed by AsialInfo have been successfully completed and put into use, sparking a new era of BI system construction of China Mobile this year. *(Mar 1, C114)*

Cell Phone Makers Facing Status Decline in 3G Era

The coming of the 3G era in China will accelerate the shakeup and integration among the nation's cell phone manufacturers, expressed Analysys International, a leading industry analyst in China. And besides, the terminal industrial chain, mainly referring to mobile phone providers, will see their status decline in the entire mobile telecommunication sector, according to Analysys International. In terms of the supply chain management, domestic cell phone makers are generally poor in technique research and development ability, so they will be weak in risk resistance when short of part and components supply. *(Mar 2, C114)*

Market share of domestic-made handsets slides to bottom

In contrast to taking up half of China's market in 2003, domestic mobile phone brands suffered a hard blow in 2005. Beijing-based CCID Consulting predicts that the sales of mobile phones in China last year can be more than 88 million handsets or totally 130 billion yuan, growing at a two-digit rate. With a downslide first seen in 2004, the market share of national brands continued to fall last year, to around 34 percent. Turnovers continued declining along with the sales. Domestic brands, except for Lenovo, have all stumbled as BIRD, TCL mobile, Eastcom, Capitel and Amoi all saw deficits. Some enterprises even have been thrown to the brink of bankruptcy. *(Feb 16, China Daily)*

Mobile Phone Output to Reach 340 million Units in 2006

China's mobile phone output is expected to reach 340 million units this year, with 250 million units to be exported, the Ministry of Information Industry predicts. Statistics released by the Ministry's Economic Operation Department said China produced 303 million mobile phones in 2005, up 30 percent on the previous year, and it exported 228 million units, a rise of 56 percent. *(Feb 28, Xinhua)*

China's Huawei Targets '06 30% Sales Rise

Huawei Technologies, China's largest telecoms equipment maker, said that it posted 2005 contract sales of \$8.25 billion, and is aiming for 30 percent growth this year. Of last year's total, \$4.76 billion of the company's contract sales came from exports, vice president Hu Yong said at the Reuters Global Technology, Media and Telecoms Summit. *(Feb 28, Reuters)*

Huawei, HP Jointly Tap into Telecom Market

Huawei Technologies Ltd. announced on February 24 that it signed a global cooperation partner agreement with HP on helping the global telecom operators manage their networks and providing excellent telecom services for terminal users. According to the agreement, Huawei Technologies will integrate HP's OpenView OSS product in its solutions for global telecom carriers and network service providers and combine HP's consultation and integration services to conduct the system delivery and installation. *(Feb 24, C114)*

Huawei in 3G Handset Deal with Vodafone

Vodafone Group PLC has signed a five-year global supply deal with Huawei Technologies Co. for exclusive Vodafone-branded 3G handsets. The deal represents Huawei's first significant handset deal in Europe and will enable Vodafone, the world's largest wireless operator by sales, to offer branded 3G handsets at low prices. *(Feb 16, CRI)*

ZTE, China Telecom Sign Million-Line ADSL Contract

ZTE announced that it had landed an order with China Telecom to supply its new-generation ADSL equipment, with capacity totaling nearly 1 million subscriber lines. The equipment, known as the ADSL2+, will be used for China Telecom's network upgrading and transformation. The order includes IPTV service support, multicast technology, a comprehensive multi-service platform, broadband operation and maintenance. In recent years, ZTE's ADSL equipment has been a key element in partnerships with global mainstream operators. *(Feb 15, CRI)*

UTStarcom announced contracts with China Telecom for end-to-end IPTV

UTStarcom, Inc., a global leader in IP-based, end-to-end networking solutions and services, today announced contracts with China Telecom to deploy its RollingStream end-to-end IPTV solution in two cities in the Fujian Province in southern China. *(Feb 14, C114)*

Other

'Little Smart' to grow despite possible 3G launch

China's "Little Smart" business will maintain its growth despite the possible launch of third generation mobile communications (3G) this year. The subscribers of Little Smart, a cheap wireless communication service, will rise by 15.3 million to 101 million by the end of 2006, predicted Wang Jianzhang, director of the planning department with the Ministry of Information Industry (MII). *(Mar 2, C114)*

China launches "Sunshine Green Network Project"

China's Ministry of Information Industry (MII) launched the one-year long "Sunshine Green Network Project" on Feb. 21. Official with the ministry pointed out that along the wide use of Internet and mobile communication, more and more netizens have called for civility in cyber space. The project is composed of four parts, namely, control of junk mail, control of junk text message, call for cyber security as well as control of illegal online service. A total of 18 activities ranging from clean-up of the cyber space, promotion of green e-mail box, real-name management of telephone service, spread of popular Internet knowledge, green family online program to other publicity programs in the wake of "Make the global network safer" campaign to be launched at this year's World Telecommunication Day. *(Feb 24, People's Daily)*

China's Guangdong has 100 million Phone Users

Phone subscribers in south China's economic engine of Guangdong Province reached more than 100 million by Sunday, taking lead in the sector of the

country. This included nearly 35 million fixed telephone subscribers and more than 65 million mobile phone subscribers. The figure of the subscribers surpasses the total population of Guangdong's permanent residents, according to the statistics with provincial administration of telecommunications industry. Statistics show that one eighth of China's phone subscribers come from Guangdong, which in turn creates one sixth of the country's business turnover in the telecommunications industry. *(Feb 20, Xinhua)*

Online games rule the roost at China's cyber portals

Games are the most profitable business segment for Chinese Internet portals though online advertising is growing rapidly, new figures show. Meanwhile, revenue from ring tone and picture downloads for mobile phones continues to drop, according to financial reports from the country's three major Internet portals. *(Feb 25, Shanghai Daily)*

China IT Industry to See Slowdown in Revenue Growth

Revenue from China's information technology industry will grow at a slower pace in the next five years as the government and other big purchasers become more cautious in their investments, according to Beijing-based CCID in a recent report. New services such as Internet-protocol television will help push Chinese IT, but they won't be enough to offset a slowdown in overall sales growth. China's IT industry posted revenues of 476.22 billion yuan (US\$59.15 billion) last year, a rise of nearly 17 percent from the year before. Annual growth through 2010, however, is expected to slow to a little over 14 percent. In comparison, growth rates of 30 to 40 percent were achieved between 2000 and 2004. *(Feb 20, CRI)*

Multinationals Hasten R&D Establishment

A long list of renowned multinational companies, including Microsoft, IBM, Motorola, Siemens, Nortel, GE, GM, Volkswagen and Honda have established research and development centers in China, the Ministry of Commerce said. According to statistics from the Ministry of Commerce, about 750 foreign-funded R&D centers have been set up in China, which are mainly located in such large cities as Shanghai, Beijing and Shenzhen. Most foreign-funded R&D centers here are in fields of electronic and telecommunications equipment manufacture, transport equipment manufacture, medicine production and chemical industry. *(Feb 13, CRI)*

Medical & Healthcare

China moves to prevent entry of medical waste

China's quarantine and custom authorities ordered lately localities to step up supervision of the entry of medical instruments donated by overseas groups in a move to prevent entry of medical waste. Foreign donors are forbidden from carrying medical instruments banned by Chinese regulations which might be hazardous to the environment or public health, or items that are improper either morally or politically, according to a circular issued by the authorities. Donations of medical instruments and other articles should be unused and registered with Chinese government departments in charge of medical instrument registration, according to the circular. *(Feb 22, Xinhua)*

China's medical product export up 30%

China exported medical products in 2005 worth 13.8 billion U.S. dollars, up 28.1 percent over the previous year, and imported medical products totaling 11.84 billion U.S. dollars, up 18.5 percent, the Ministry of Commerce reports. China exported 12.97 billion dollars worth of western medicine, which accounted for 94 percent of its total medicine export over the year. The export volume of raw-material western medicine made up 57.3 percent of China's

medicine export, reaching 7.9 billion dollars, and that of medical equipment made up 26.7 percent, reaching 3.68 billion dollars. China's export of biochemical medicine leaped 50.8 percent to 480 million dollars over the year, the fastest growth among all kinds of western medicine export. In 2005, China exported Chinese medicine worth 830 million dollars, including plant extracts of 290 million dollars, up 31.2 percent year-on-year. (*Xinhua 02/06/2006*)

WuXi PharmaTech Hosts China Life Sciences Partnering Forum - Shanghai

On January 18, 2006, more than 200 pharmaceutical specialists, venture capital executives, and life sciences academics from China and abroad attended at China Life Sciences Partnering Forum in an auditorium at WuXi PharmaTech to explore opportunities for partnership between Chinese and Western companies. The forum, organized by Burrill & Company and hosted by WuXi PharmaTech, is the second in a series of three. The first of the series was in Beijing and hosted by CapitalBio and the last will be in Shenzhen and hosted by ChipScreen. The forum also served as a matchmaking platform to find business partners among participating companies, such as Burrill & Company, Deloitte, IBM, Amgen, Lilly, Perkins Coie, Roche, TEDA, Baxter Healthcare, and Epitomics. For more information, please contact: David Yin, PR Department, WuXi PharmaTech Co., Ltd. Tel: +86-21-5046-4003 Fax: +86-21-5046-1000 Email: Yin_Xiaojun@pharmatechs.com. (*Xinhua 02/06/2006*)

China News Medicine giant plans big rise in China sales

ROYAL DSM NV, the world's biggest medicine ingredients maker, plans to boost its China sales 60 percent in five years by building more projects in the world's fastest-growing major economy. DSM posted sales of 5.02 billion yuan (US\$622 million) in China last year, up 13.4 percent from the year before. The company is aiming for US\$1 billion in sales by 2010. DSM is in negotiations with the North China Pharmaceutical Group Corp, China's major drugmaker, to invest US\$164 million to set up joint ventures to make nutritional and anti-infection products. (*02/17/2006 Shanghai Daily*)

Canada's Jamieson Laboratories doubles its distribution at China's leading upscale health and beauty chain

Jamieson Laboratories has solidified its position as an international leader in the natural supplements market, effectively doubling its sales in China overnight by acquiring expanded distribution in China's leading health and beauty chain. Jamieson products are sold along-side major world-class luxury brands in the leading retail outlets and shopping centres, such as the Lufthansa Centre in Beijing. In the past three years, Jamieson's sales have increased by more than 400 per cent in the Chinese market. This significant lift has been fuelled by aggressive sales targets, increased distribution and Jamieson's premium positioning in the Chinese marketplace, which sees its products positioned in the same category as luxury retail brands. (*Canada NewsWire 02/17/2006*)

China Northwest Biotech Signs Distribution Agreement With Reliant International Group Ltd.

China Northwest Biotech Corp., formerly known as AVL Global, has signed a distribution agreement with Reliant International Group Ltd., a direct distributor and manufacturer of all natural products. Reliant International will join China Northwest to assist in developing their products and packaging in the United States, which are now selling only in the greater China territories. With sales in excess of \$5 million, Reliant International is currently known for such products as Solo Slim and Revivexxx. (*02/14/2006 Market Wire*)

China Worldbest to Spin off Pharma Assets to China Resources

China Worldbest Group, the country's biggest pharmaceutical group as well as the biggest textile group, has come up with a new restructuring plan to strip off its life science business to China Resources (Holdings) Co., Ltd. China Resources will consolidate the pharmaceutical assets and make a domestic main-board listing while China Worldbest will retain the textile assets. After the consolidation, pharmaceuticals may become the main business of China Resources. The pharmaceutical assets to be disposed of include Shanghai Worldbest Pharmaceutical Co., Ltd., Beijing Pharmaceutical Group and Shanghai Pharmaceutical (Group) Co., Ltd. (02/17/2006 TMCnet)

Clinical trials activity heats up in China

As China improves its resources and regulatory processes it will soon become a hotbed of clinical drug research activity, and position itself as one of the world's most important countries in this field, according to a new report by market research firm Kline & Company. The number of clinical trials being run in China increased 25 per cent between 2002-2004, by which point there were more than 250 trials in progress, all sponsored by multinational companies. China can offer drug companies a way to slash these clinical trial costs and is already a well-established hub of low-cost manufacturing for the pharma industry. (02/19/2006 Outsourcing-pharma.com)

Pharma Companies Look to R&D Operations in China to Secure a Future in the Chinese Health Care Market

China has placed a special emphasis on fostering biotech applications and innovative drug discovery. Offshoring R&D to China is less a route to near-term cost savings than a long-term play in a growing commercial market and future R&D center Biopharma in China is booming. Already growing rapidly, China will likely leapfrog many Western European markets to emerge as the world's fifth-largest national market for pharmaceuticals by 2010. Biopharma R&D in China is also keeping pace. Stimulated by government spending, leading multinational pharmaceutical companies (MPCs) are playing a key role by outsourcing chemistry-based R&D to China. These companies must now decide whether to raise the stakes, The Boston Consulting Group (BCG) concludes in its recent report. By 2010, China's market for pharmaceuticals will likely reach \$25 billion -- almost double the current total. Furthermore, total pharmaceutical sales in China for the top ten MPCs registered a compound annual growth rate (CAGR) of 15 percent from 1999 through 2004. In fact, China is currently a hotbed of R&D investment, in part because the Chinese government is encouraging high-tech R&D through tax concessions and other incentives. (PRNewswire 02/14/2006)

China's largest exporter of medicinal materials gains USD100 million in exports

South China's Guangdong Province, the country's largest exporter of traditional Chinese medicine posted a 8.5% increase year-on-year in 2005 exports. Figures released by the Guangzhou Customs suggested that the export broke 100 million U.S. dollars for the first time, representing a 8.5 percent yearly increase or 24.4 percent of the country's total. Exports of medicinal materials made by state-owned and foreign-invested firms, which used to be the backbone exporters, however, witnessed a dramatic downturn of 29.4 and 18.2 percent year-on-year, respectively. Most of small exporters could hardly form a collective strength in the exploration of the overseas market, which is mainly concentrated in Hong Kong and Taiwan regions, as well as Japan and ASEAN (Association of Southeast Asian Nations) countries for now. Only 5.4 percent of the exported herbs went to the European and American market. (02/15/2006 Xinhua)

World Pharmaceutical Conference to be held in China in April

The World Pharmaceutical Conference will be held on April 26-27, 2006 at Taizhou City, Jiangsu Province, according to a joint announcement by the Boao Forum for Asia (BFA) and Jiangsu provincial government on February 22. Over 400 delegates from governments, international organizations, leading pharmaceutical companies and associations, the academia and the media will be attending the conference. Under the theme of "For a Harmonious Future: Health and Prosperity," the conference will explore possibilities to build up and integrate the pharmaceutical industry through discussion on development of the global pharmaceutical industry, world pharmaceutical research and development, industrial innovation, financing and venture capital management. The conference will also invite health and pharmaceutical policy-makers from around the world and representatives from international organizations to share their views with managers of pharmaceutical plants on topics like export and procurement of Chinese medicine. (02/23/2006 Xinhua)

Others

Demand for construction chemicals rising

Demand in China for chemicals used in construction is expected to increase 10.5 percent annually through 2009 to 53.5 billion yuan (US\$6.6 billion), according to a recent study by U.S. industry research firm Freedonia Group Inc. Coatings and sealers will dominate construction chemical demand in China, comprising 55 percent of total market value and increasing 10.8 percent annually. The increased use of decorative products in the residential sector for interior and exterior applications, the need for protective coatings in harsh industrial environments, and rising consumption of higher-value formulations are driving coating demand in China. Rising personal incomes and housing privatization should increase demand for caulks and adhesives by 10.5 percent annually. Polymer flooring demand is expected to increase 10.8 percent annually, based on its emerging use in the industrial sector. (Feb 28, Shenzhen Daily)

Avon Wins First Direct Sales Licence in China

US cosmetics giant Avon Products Inc was awarded China's first licence for direct sales, after the country lifted a seven-year ban on the business on December 1. The Ministry of Commerce on February 22 approved Avon's application on direct selling, allowing the company to hire independent promoters to sell products directly to consumers. The ministry also granted certificates to seven of Avon's employees, allowing them to train door-to-door vendors for the company. (Feb 28, China Daily)

China to Expand Its Airport Infrastructure

China will spend 140 billion Chinese yuan (\$17.4 billion) over the next five years to expand its airport infrastructure to meet a forecast 14 percent annual growth in domestic air. That is sharply higher than the 120 billion yuan (\$14.9 billion) the government spent on airport infrastructure in the fifteen years from 1990 to 2005. China's fleet of commercial aircraft will grow to 1,580 by 2010, up from 863 currently, before reaching a total of about 4,000 aircraft by 2020. The government will continue to expand the country's three largest airports — Beijing, Shanghai and Guangzhou — to help them maintain their role as China's main international air transport hubs for passengers and cargo. Other airports slated for expansion include those in Shenzhen, Chengdu, Haikou, Hangzhou and Xi'an. (Feb 28, CRI)

Service, R&D to Absorb More Foreign Investment

The service sector and research and development (R&D) facilities will become significant destinations for foreign direct investments (FDI) to China, acting as

an engine for foreign investment in the coming years. So far, just 20 per cent of FDI is channeled into the services sector, while more than 70% is absorbed by the manufacturing sector. (Feb 21, CRI)



2008 Beijing Olympic Games

Zhejiang Mengna becomes Beijing 2008 Olympic Games Socks Exclusive Supplier

Beijing Organizing Committee for the Games of the XXIX Olympiad (BOCOG) announced on March 1 that Zhejiang Mengna Knitting Co., Ltd was selected as the Beijing 2008 Olympic Games Socks Exclusive Supplier. As the Socks Exclusive Supplier, Mengna will support the Beijing 2008 Olympic Games, BOCOG, the Chinese Olympic Committee (COC) and the Chinese sports delegation to the Beijing 2008 Olympic Games. Zhejiang Mengna Knitting Co., LTD, located in Yiwu of Zhejiang Province, was established in May 1994 and started production in 1995. Up until now, its annual sales have increased to 1.2 billion yuan, with products shipped to more than 20 countries and regions in the world, including the United States, Italy, Germany, Great Britain, Japan, etc. (www.beijing2008.com, 2006-03-01)

Regulation helps Beijing residents stay fit

A new drive to promote sport and regular exercise among Beijingers begins on March 1. The Beijing Municipal All-people Fitness Regulation, approved by the capital's legislator towards the end of last year, aims to create a better environment and more facilities to help people live a healthier lifestyle. June 23, the International Olympic Day, has also been set as Beijingers' Fitness Day as part of the initiative. Among the new facilities to be created include those easily accessible for disabled people. Beijing had more than 5,000 sets of sports appliances and facilities in residential communities, major roadsides and villages by the end of 2005, with financial input surpassing 662 million yuan (US\$83 million). Investment from both individuals and companies, and from overseas firms, is welcome to create even more facilities, according to the regulation. The construction of 30 basketball courts, 30 mini-fields for football and another 30 sites for table tennis have been written into the city's 11th Five-Year Plan (2006-10). Developing a system to monitor and analyze the health of local people has also been included in the regulation. (Xinhuanet 2006-03-01)

BOCOG holds symposium on Olympic medal design

BOCOG Culture and Ceremonies Department organized a symposium on the design of Olympic medals in Beijing on February 28. Over 30 people from various design institutes attended the discussion. The symposium is to bring the designers a better understanding of the Olympic culture, the concepts of the Beijing Olympic, and its image and visual system. The campaign, sponsored by BHP Billiton, the diversified minerals and medals sponsor of the Beijing 2008 Olympic Games and the Paralympic Games, will end on March 26, 2006. (www.beijing2008.com 2006-02-28)

Beijing top officials call for attention to Olympic venue operations

Top officials of the Beijing Municipal Government and the Beijing Olympics Organizing Committee have urged a shift of the focal point of Olympic preparatory work to competition venue operations to meet the Games-time needs in 2008. In 2006, a working program targeting venue operations and peripheral logistic provisions for the 2008 Olympics and Paralympic Games is to be officially launched, according to a meeting held in Beijing on February 23. A number of test competitions will be staged this year with an aim to improve conditions of venues and facilities, examine functional systems, fine-tune operational plans, train managing teams, integrate resources, replenish

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logistics, and eventually lay a solid foundation for Games-time operations.
(www.beijing2008.com 2006-02-24)