

## China Economic Headlines

### Coming Events

#### 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.

#### June 22-25, 2006: CISIS 2006 - China International Software & Information Service Fair 2006

CISIS 2006 will be held in Dalian World ExpoCentre, Dalian, Liaoning Province. CISIS is the only national level software fair in China approved by the central government. The theme of CISIS 2006 is "Independent Innovation, International Cooperation". For more information on CISIS, please visit <http://www.cisis.com.cn/en/index.asp>. Companies who are interested to learn more about the Israeli booth and activities in CISIS 2006, please contact Ms. Caroline Nave at IEICI in Israel (Tel: 03-5142828, e-mail: [nave@export.gov.il](mailto:nave@export.gov.il)) or Ms. Tian at the Embassy of Israel in Beijing (Tel: 010-85320583, E-mail: [econ3@beijing.mfa.gov.il](mailto:econ3@beijing.mfa.gov.il)).

### General news on Chinese economy

#### China's Economy Grew 10.2% in 1st Qtr

China's economy expanded by an estimated 10.2% in the first quarter of this year, President Hu Jintao said. China's economy expanded by an average 10 percent in the past three years driven by an investment boom. Premier Wen Jiabao said the government will tighten controls on fixed-asset investment and lending after reviewing the country's first-quarter performance. China leapfrogged France and the U.K. to become the world's fourth-largest economy last year, boosted by the results of a nationwide census in 2004 that showed the \$2.26 trillion economy was 17 percent bigger than previously estimated. (Apr 16, Bloomberg)

#### China Plans Policies to encourage Technology Innovation

Gu Dawei, a deputy director from China's National Development and Reform Commission (NDRC), says new policies are in the making. These policies will cover tax stimulation, finance, investment and government procurement. Technology enterprises will be exempt from paying income taxes in their first two years of operation and only pay income tax at a rate of 15% afterwards. In addition, no duties or value-added tax will be charged to enterprises who import equipment and raw materials from abroad for key state projects. Finally, the government will provide sponsorships and bank loans to encourage high-tech enterprises' innovative efforts. (Apr 4, ChinaTechNews)

#### Coming Events

#### General news on Chinese economy

#### Israel-China Bilateral Relations

#### News on various sectors

Consumer Goods

Environment & Energy

IT & Telecom

Medical & Healthcare

Others

#### 2008 Beijing Olympic Games

## **China's Forex Reserves Surge Again**

China's foreign exchange reserves, which exceeded Japan's as the world's biggest in February, last month surged by 32.8 percent over March last year to 875.1 billion U.S. dollars. A People's Bank of China report published Friday said the reserves grew by 56.2 billion dollars in the first quarter of the year alone. *(Apr 14, Xinhua)*

## **RMB to Appreciate by Around 3% This Year: ADB**

China's currency hit a 12-year high on Apr 6 and the Asian Development Bank (ADB) indicated the renminbi (RMB) may appreciate by 3 percent this year. In an unusual move the bank made the forecast in its annual Asian Development Outlook journal which was published Apr 6. It based its prediction on discrepancies between the US dollar and a basket of currencies used by China to set its currency against the dollar. *(Apr 7, Xinhua)*

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## **Retail Sales of Consumer Goods to Exceed 7.5 trillion yuan**

China's total retail sales of consumer goods for this year is expected to exceed 7.5 trillion yuan (937 billion U.S. dollars), up 13 percent year-on-year, according to a report by the Ministry of Commerce. The report, known as Report on Development of China's Consumer Goods Market, said the situation of the balance between demand and supply will improve during the first half of this year. *(Apr 4, CRI)*

## **China's Foreign Debts up 13.56% in 2005**

China's foreign debts (excluding those of Hong Kong, Macao and Taiwan) totaled 281.04 billion U.S. dollars at the end of 2005, up 13.56 percent over the previous year. Figures from the State Administration of Foreign Exchange show that mid and long-term foreign debts rose 614 million U.S. dollars to 124.9 billion dollars, up 0.49 percent. Short-term debts increased by 32.94 billion dollars over the end of 2004 to 156.14 billion dollars, making up 55.56 percent of the total. Registered foreign debts totaled 190.25 billion U.S. dollars, and trade debts were 90.8 billion dollars. *(Mar 31, Xinhua)*

## **Israel-China Bilateral Relations**

### **Teva Boosts China Biotech Stake**

Teva Pharmaceutical Industries, a generic pharmaceutical company, said that it has increased its equity ownership in Tianjin Hualida Biotechnology in Tianjin, from 45% to 60%. The Petach Tikva, Israel-based company said that it originally acquired its 45% equity ownership in Hualida through the Sior acquisition in 2004. Its partner in Hualida will continue to be Tianjin Zhongxin Pharmaceutical Group, which is owned by Tianjin Pharmaceutical Holdings, a Chinese pharmaceutical group. Hualida Biotechnology is a manufacturing-based enterprise involved in R&D and marketing of genetic recombinant medicines, highly purified proteins, anti-virus and anti-tumor chemicals, and natural products. *(TheStreet.com 2006-03-31)*

## News on various sectors

### Consumer Goods

#### Gold price hits record high in Beijing

The price of gold hit a record high in Beijing on Wednesday as price rose from 162 yuan (20.25 U.S. dollars) per gram to 170 yuan (21.25 dollars). The rise came after the domestic raw material gold price reached 151 yuan per gram on Apr 4. China is the world's third-biggest market for gold after India and the United States. Last year Chinese demand for gold rose 8 percent to more than 250 tons. (Apr 6, *People's Daily*)

### Environment & Energy

#### Xinjiang to Develop Wind Power Project

Impressing people with its sweet seedless grapes, the Turpan Basin in northwest China's Xinjiang Uygur Autonomous Region, is expected to become a major wind power generator in the country soon. China Huadian Corporation will spend 15 billion yuan (1.87 billion U.S. dollars) on building wind power projects with a combined installed capacity of two million kilowatts in Turpan Basin. This will be the largest wind power project ever built in China. (Apr 13, *Xinhua*)

#### Major waterways facing pollution risks

China's major waterways are facing serious pollution risks due to poor planning and location of chemical projects and a lack of proper waste treatment. After a chemical plant discharged toxic pollutants into the northeastern Songhua River last year, the State Environmental Protection Administration (SEPA) launched a comprehensive review of chemical and petrochemical projects near major water areas. The results revealed high pollution risks due to the improper location of chemical plants, said Pan Yue, SEPA deputy director. (Apr 6, *Xinhua*)

### IT & Telecom

#### 3G

#### China's 3G Standard Trial to End Soon

The ongoing trial of TD-SCDMA will end in the third quarter of this year, so said Yang Hua, secretary-general of the TD-SCDMA Industrial Alliance. A source with one of the three telecom operators involved in the trial said it is expected to conclude in late July. The trial, believed to be the last test before licences are granted for commercial use, has been carried out in five Chinese cities since last month. The five trial locations are Beijing, Shanghai, Baoding in Hebei Province, Qingdao in Shandong Province and Xiamen in Fujian Province. (Apr 21, *China Daily*)

#### Foreign Fund Likely to Operate 3G in Mainland

An informed source revealed that foreign investors is likely to be allow to participate in the mainland's 3G business operation, in a bid to support the development of the home-made 3G standard TC-SCDMA. The source further said that a well-known Hong Kong telecom carrier has preliminarily got a certainty to obtain a 3G license within this year. At present, money and operating experience are still two key factors influencing the mainland's 3G development. Insiders say another reason to allow the participation of foreign cooperators in this field is that it will to some extent lower the risks of the new venture along with the huge capital injection. (Apr 7, *Sinocast*)

## **3G Business to Boom in Economically-developed Cities**

In view of China's current mobile telecom market situation, as well as 3G market's own characteristics, the long-expecting 3G business will mainly boom in the country's economically-developed cities, and it will not be realism to see an overall prosperity across the country, said an expert at a recent wireless telecom meeting held in southwestern municipality of Chongqing. According to the development pattern of telecom market, carriers would have to first go through five or eight years of construction period engaged mainly in network building or customer network cultivation, and would then gain profit in the following five or eight years, said the expert. And China's 3G market will be just during an investment stage till around 2010. (Apr 3, *Sinocast*)

## **Carriers**

### **Telecom Operators Invest Heavily for 3G**

Chinese telecom companies have begun to invest heavily in their mobile phone networks in preparation for the launch of 3G. Statistics with the Ministry of Information Industry (MII) show China's telecom industry reported a growth rate as high as nearly 40 percent in the first two months of this year. Sales revenue of the industry reached 94.91 billion yuan (about 11.9 billion US dollars) during the period with a year-on-year rise of 38.2 percent. Profits rose 59 percent to 5.9 billion yuan. (Apr 12, *Xinhua*)

### **Carriers heed the call for corporate wireless services**

In China's vibrant wireless value-added service market, corporate applications are attracting the attention of a growing number of mobile and internet service providers. At present, mobile operators are offering limited functionality to enterprise customers, who generate significantly higher average revenue per user than mass market consumers. (Apr 13, *scmp*)

### **China Unicom to Make Investment in GSM Network Improvement**

China Unicom planned a capita budget of CNY 22 billion, and 49% of the total will be used for improve the GSM network, and upgrade the network in first-tier cities to be able to provide wireless Internet access and data services. Earlier, the company's 2005 annual results issued on March 23 showed the revenues from GSM business reached CNY 52.14 billion, and the figure went up 9.7% from the previous year. (Apr 7, *CCID*)

### **China Unicom Launches "Push Mail" Service**

China Unicom has launched a "push mail" service as part of its drive to woo business customers. This service keeps subscribers connected so they can access a range of wireless information using their mobile devices. The launch of the country's first commercial push mail service underlines Unicom's growing desire to stay ahead of its larger rival, China Mobile, in the corporate wireless valued-added service (WVAS) market. (Apr 5, *China Daily*)

### **China Telecom's New Base Attracts IT and Telecom Firms**

China Telecom has finished the construction of its new information park, according to the official of the park development office. This park will become the base of popularization of science for the IT and telecom technology during 2010 Shanghai World Expo. And now Shanghai Telecom has decided to move its headquarters to this park. After completion, the park will attract many IT and telecom related enterprises to settle in. Many domestic enterprises and organizations have decided to settle in, some of which currently are negotiating with China Telecom, including IBM, Siemens, Samsung and Deutsche Telekom AG etc. (Apr 13, *Sinocast*)

## **China Netcom to Pump CNY7bn in Henan Information Village Project**

China Netcom plans to pour CNY 7 billion in next three years into upgrading the informationization level in villages in central China's Henan Province. In the fixed-line carrier's plan, by the end of this year, it will finish building 20,000 terminal receiving stations for village far-distance education, and make broadband access available in over 68% of administrative villages in the province. By the end of next year, more than 90% of villages will have the broadband access. And by 2008, broadband will be available in generally all villages in Henan Province, which will then be leading in informationization construction among the nation's central and western areas. (Apr 3, Sinocast)

## **China Fixed-line Operators Face Challenges to Expand Subscriber Base**

The China based research firm, Analysys International says, as PHS user growth slows down, fixed-line telecommunication operators face challenges to further expand the subscriber base. According to Analysys International, China fixed-line telecommunication subscribers continued to grow in 2005, with penetration rate reaching 26.9%. However, the growth was mainly brought by PHS user growth other than traditional fixed-line telecommunication subscriber growth. Analysys International says China's fixed-line telecommunication subscribers increased by 7.23% in 2005, while PHS subscribers increased by 30.83%. Total absolute growth of PHS users in the full year was also larger than that of fixed-line subscriber growth. (Mar 30, C114)

## **China Carriers Wants Internet Calls Blocked**

Shanghai Telecom, which has 6.2 million landlines, plans to use Narus Inc.'s system to improve its ability to block "unauthorized" Internet calls that connect to its phone system, bypassing its toll structure. Use of Internet calling, also known as VoIP, is growing quickly across the world, threatening the business models of some telephone companies. The Chinese government and major phone companies have refused to confirm that account. VoIP-blocking software from another U.S. company, Verso Technologies Inc., is being tried out by an unidentified Chinese carrier. (Apr 5, AP)

## **Policies**

### **Chinese Vice-premier Stresses Application of Information Technology**

Chinese Vice-Premier Zeng Peiyan has called for the development of a national strategy to promote the application of information technologies in social and economic development. Priority must be given to the research of integrated circuits, a new generation of mobile telecommunications, digital television and other key IT technologies, he said. (Apr 21, Xinhua)

### **MII Sets New Goal For Communications In Rural Areas**

China's Ministry of Information Industry (MII) has announced a new goal for this year's rural area communications project, aiming at increasing the telephone penetration rate in the countryside by 1.5% and making it reach 98.6% by the end of the year. MII is requiring the six main telecom operators to introduce telephones to 10600 villages that have not had a phone and to connect those townships that have not had Internet access to narrowband dial-up or even broadband. MII says that telephones will be added in 10000 villages next year to ensure that every village in the country can have a phone by the end of 2007. MII says it will try to seek funding and policy support from concerned regional departments in realizing this ambitious goal. (Apr 6, ChinaTechNews)

### **Joint research on 4G mobile phones to begin**

Telecom ministers from Japan, China and South Korea agreed to promote joint research on the standardization of formats of fourth-generation (4G) mobile phones capable of high-speed and large-capacity data transmission. On 4G

phones, the agreement says the three countries will further promote joint study to standardize the main technology. The ministers also agreed to jointly tackle the issue of ensuring the security of information networks, which include measures to curb unsolicited mail. The three countries will also consider model projects on IC tags which, fitted with a tiny integrated circuit and an antenna, can transmit a great deal of information wirelessly to a separate receiver. The tags can be used to track the production and distribution of products. The three Asian countries held their first telecom ministers' meeting in 2002 and this year's meeting was the fourth such event. (Mar 28, *Shenzhen Daily*)

## Telecom Equipment Manufacturers

### **Microsoft Bullish on China 3G, to Launch New Handsets**

Chinese users will have increasing demands for new value-added services after the country launched 3G services, which will in turn boost Microsoft Corporation's revenues here, revealed Scott Horn, Microsoft's director of mobile and embedded devices division. Microsoft is going to successively market a large number of new models of mobile phones in China in such context. (Apr 20, C114)

### **Datang to Set up 3G Development Center**

Datang Corporation announced that its subsidiary Datang Telecom Technology and Industry Group and Datang Communications Equipment Co. Ltd had formally signed the contract in Xi'an, and both sides would set up a development center of domestic 3G to jointly develop core products in line with 3G standard. After the establishment of the development center, Datang will boast a series of domestic 3G industrial chains marked by "core network---base station---terminal", and this is conducive to having an edge over others before granting 3G license in China. As the manufacturer who owns most patents, once Datang has mastered the overall developing and manufacturing capacity of the domestic 3G industrial chain, it will gain huge patent profit and benefit from its own products. (Apr 10, *Sinocast*)

### **Huawei to Build Mobile Network for Vodafone**

Top Chinese telecom equipment maker Huawei Technologies has won a contract from Vodafone to build a next generation mobile network in the Czech Republic. The deal with Vodafone, the world's largest mobile operator by revenue, marks a major step forward for Huawei's push for expansion in Europe. Under the deal, Huawei will provide equipment and systems to Vodafone's operations based on 3G WCDMA technologies. The financial details of the deal were not disclosed. (Apr 5, *China Daily*)

### **ZTE Positions Itself as a CDMA Leader**

ZTE announced it has become the first telecom equipment provider with the capability to successfully deploy All-IP CDMA2000 solutions based on the IOS V5.0 standard for commercial use worldwide. ZTE's All-IP CDMA2000 solution offers carriers several advantages including vocoder savings, large savings on transmission costs, better QoS (Quality of Service) and improved voice quality. In addition, the All-IP solution is based on IOS V5.0 standards that ease any multi-vendor interoperability issues and enable the operator to make a smooth migration to IMS. (Apr 6, C114)

### **ZTE to conduct IPTV trial for Netcom**

ZTE Corp., the largest domestically listed telecom gear maker, said yesterday that it will conduct its first trial of IPTV for the Beijing arm of China Netcom, the country's second-largest fixed-line operator. The trial follows ZTE's three previous IPTV contracts with Netcom's larger rival, China Telecom, and further

strengthens ZTE's market position as one of China's major IPTV system providers. *(Mar 29, Shenzhen Daily)*

## **Domestic Cell Phones Lose Appeal**

China's mobile phone makers will fall even farther behind their foreign rivals this year after losing nearly 5 percentage points in 2005 as the overseas firms launched new models in the entry-level handset sector. Domestic phone manufacturers made only 29.77 percent of the handsets sold in China last year, the first time the figure fell below 30 percent line in the past three years. Home-grown firms, including Ningbo Bird and TCL, appear to be caught in a vicious cycle: They are losing money and as a result can't invest in research and new products. *(Apr 16, Shanghai Daily)*

## **Lenovo Mobile Set to Take 10% of China's Handset Market**

Lenovo Mobile Communication Technology Ltd., a subsidiary of Lenovo Group, set a goal of overtaking Samsung to snap up 10% of the Chinese mobile phone market. Lenovo Mobile has come into the first place among home handset makers since October 2005, according to the data by the market research firm Sino Market Research Ltd. The 10% market share is a great challenge for the company, and it also needs to take a further step to expand outlet network and promote brand and sales if it wants to achieve the goal, said Lenovo Mobile general manager Zhijun Liu. *(Apr 18, C114)*

## **Four big names occupy over 70% of china`s mobile phone mkt**

Four big overseas names; Nokia, Motorola, Samsung and Sony-Ericsson, account for a combined share of 70 per cent of China's mobile phone market in 2005, according to a survey conducted by the State Press and Publication Administration. In a breakdown, Nokia took a 29.23 per cent share, ranking first; while Motorola took 18.84 per cent, up by 3 percentage points over 2004; Samsung, 16.87 per cent; and Sony-Ericsson, 8.31 per cent. The four big names were followed by Alcatel, Philips, Lenovo and Siemens, which saw market shares of between 5 per cent and 6 per cent. *(Apr 13, C114)*

## **Ningbo to Boost Bird's TD-SCDMA Terminal R&D Project**

Ningbo municipal government has recently confirmed to boost Bird's TD-SCDMA terminal research and development and industrialization project during the five years from 2006 to 2010. Bird had sold total 50 million mobile phones by the end of last year, and over 10 million units were vended in the overseas market. *(Apr 7, Sinocast)*

## **Other**

### **Chinese Telecom Industry Sees Acquisition Surge**

After years of stagnancy, the Chinese telecom industry is embracing a new surge of acquisitions in 2006, which will mainly focus on three fields, namely the telecom operating market's restructuring and opening-up to foreign capitals, the integration of telecom equipment manufacturers, and the acquisitions of underestimated Internet firms and service providers, according to insiders. In accordance with the promise to the World Trade Organization, China will allow foreign companies to hold no more than 50% stake in firms in the value-added sector this year. This will be a breakthrough point for foreign capitals to enter the Chinese telecom service market. *(Apr 20, C114)*

## **China's Internet-based TV Faces Hurdles**

Internet-based television services such as video-on-demand won't be widely adopted in China until 2008, according to new reports from research firms that watch the industry. The obstacles include uncertain policies, immature technology and high prices, according to research firms iSuppli Corp, Deloitte and International Data Corp. The Internet-protocol TV user base in China reached 300,000 in 2005 - a huge leap from the previous year's 50,000 but still only a limited portion of the total TV user base of 300 million. *(Apr 14, CRI)*

## **TCL Gets First Digital TV Certificate**

TCL Corp., a leading consumer electronics maker in China, has been given a certificate of digital TVs by the Ministry of Information Industry, the first one in the country. *(Apr 13, SinoCast)*

## **China's Wireless Music Market to Reach US\$1.7 Billion by 2008**

China's Analysys International says revenues from wireless music, including CRBT, IVR, stream media and music related WAP/MMS services, will reach US\$1.7 billion in China by 2008. Wireless music subscribers will reach 114 million in 2008, accounting for 20% of total mobile phone subscribers in China by then. *(Apr 12, C114)*

## **China's Mobile Users to Come to 600mn in 2009**

China's mobile service subscribers had reached 374.45 million by December 2005, according to a recent report of ROA Group. With China's mobile service subscriber base expanding vigorously, Chinese mobile telecom carriers are striving to create new growth areas for demands. In this way, the nation's mobile service subscribers are expected to come to 595.46 million in 2009, accounting for 44.18% of its total population. ROA Group predicts that GSM users will increase to 380 million in 2008, but due to gradual updation to 3G, GSM users will gradually decrease from 2009. Additionally, CDMA users reached 32.72 million in 2005, and the number is estimated to get to 73.7 million in 2009. *(Apr 4, CCID)*

## **Telecommunications group slams Chinese regulators**

China's Ministry of Information Industry (MII) is blocking foreign operators from participating in areas of the country's telecommunications sector that are technically open to foreign investment, according to the Telecommunications Industry Association (TIA). "To date, MII has effectively blocked actual participation by foreign companies in these areas by implementing high entry barriers, both through its licensing authority and its ability to narrowly define the scope of services included in each value-added category," TIA said. *(Apr 10, C114)*

## **Digital China Undergoes Major Structural Changes**

Digital China has this week divided its business into four subsidiaries to focus on consumer sales, enterprise sales, IT service and bank service, respectively. Through this adjustment, Digital China has conferred more finance and human resource power to the four subsidiaries, which are expected to operate separately and independently. *(Apr 5, ChinaTechNews)*

## **China's CPU Almost As Good As P4**

Domestically developed Godson-2E central processing unit has reached a performance equivalent to the early series of Intel's Pentium 4 CPUs, announced Hu Weiwu, chief developer of Godson series microprocessors in China's Academy of Sciences, Sina News reported. The academy's Institute of Computing Science will publish its first official test report on Godson-2E's performance in May. Previous tests have shown that the 1-gigahertz Godson-2E CPU is capable of competing with a 2-gigahertz Pentium 4 CPU. It is

estimated that manufacturers will commence a small-volume production of its Godson-powered computer models in June. Each model may only retail 1,500 yuan (US\$186.8). (Apr 5, Shanghai Daily)

## **Baidu ranks No. 1 in China's on-line searching market**

Baidu and Google have become the two major companies dominating China's on-line searching market with 90 percent of the market share in combination. A report released by iResearch said that the most frequently used searching web-site in China is Baidu.com, which accounts for 56.6 percent of the total market. Google.com ranks the second with the market share of 32.8 percent. The two web-sites in combination account for nearly 90 percent of China's on-line searching market. Yahoo and its related searching web-sites only have a market share of less than 5 percent, said iResearch. (Apr 4, Xinhua Online)

## **Medical & Healthcare**

### **Sino-US research center for clinical drugs founded**

A research center for clinical drugs has been founded in Beijing jointly established by Peking Union Medical College Hospital of China and Wythe of the United States, one of the top 10 pharmaceutical companies. The center will enable Chinese patients to benefit from new drugs. Wythe will set up a training and research program and provide drugs for research and some of the full-time researchers. Meanwhile, the center will cooperate with other Wythe centers to improve research efficiency. The two sides will cooperate in clinical research for diseases including senile dementia, apoplexy, diabetes, osteoporosis and cancer. Wythe has increased its investment in research of new drugs in recent years and has chosen PUMCH as its partner in China. (Xinhua 2006-03-24)

### **China's Hisun Pharmaceutical to make Eli Lilly TB drug**

The US-based drug firm Eli Lilly & Co said it will allow China's Hisun Pharmaceutical Co Ltd to start manufacturing one of its tuberculosis drugs called Capreomycin. Hisun is the only Chinese company involved in the technology transfer which will effectively increase global supplies at a lower cost. (AFX 006-03-25)

### **China Wireless Announces Additional Contract With Tianjin Medicine Industry & Biology Technic Company, the Maker of China's #1 Homeopathic Product, the Kangqi Capsule**

China Wireless Communications, Inc. announces that it has signed an additional contract with the Tianjin Medicine Industry & Biology Technic Company. Tianjin Create Co., a systems integration company and subsidiary of China Wireless Communications, has signed an additional contract to provide computing solutions, network routing, and auxiliary IP equipment as well as maintenance, technical support and software up-grades for Tianjin Medicine Industry & Biology Technic Company. Tianjin Medicine Industry & Biology Technic Company is a JV operation between the Chinese government and private industry. The company's showcase product is the Kangqi Capsule for health protection which is sold in drugstores throughout China. (Yahoo 2006-03-29)

### **Shenzhen firm gets license for flu drug**

SWISS drugmaker Roche Holding AG has given Shenzhen-based HEC Group the second license in China to produce a generic form of Tamiflu, an anti-viral medicine that could be used in treating bird flu. The move is part of Roche's efforts to expand the global manufacturing network for its anti-flu drug to meet growing demand. In December, Shanghai Pharmaceutical Group became the first manufacturer in China to acquire a license to produce the generic form of Tamiflu, known as oseltamivir. HEC is also entitled to extend the benefits of the agreement to its two affiliates, Yichang Changjiang Pharmaceutical Co in

Hubei Province and Sunshine Lake Pharma Co in Guangdong Province. (*Shanghai Daily 2006-03-30*)

## **Calypte buys stake in Beijing Marr**

Diagnostic test maker Calypte Biomedical Corp. said it has acquired a 51 percent equity interest in China-based Beijing Marr Bio-Pharmaceutical Co. for undisclosed terms. The remaining 49 percent in Beijing Marr is owned by Marr Technologies Asia Ltd., an affiliate of Marr Technologies BV, Calypte's largest stockholder. As a result of the deal, Calypte receives rights to manufacturing facilities needed to produce its HIV test products in China. The acquisition also includes the rights to a number diagnostic test products approved by the Chinese government, as well as other diagnostic tests. (*Business Week 2006-03-31*)

## **Chinese Gov't Allows Takara Bio to Import Research Products**

The Chinese Ministry of Commerce has allowed Japanese biotech Takara Bio subsidiary Takara Biomedical Technology to import wholesale lab equipment and reagents for biological research. On April 1, Takara Biomedical Technology will sell to China wholesale products offered by two other Takara Bio subsidiaries, Takara Biotechnology and Clontech, the company said. Takara Biomedical Technology will also export bioscience products manufactured in China. (*GenomeWeb News 2006-03-31*)

## **China evaluates new rural medical care system to insure farmer's health**

China will evaluate pilot projects of a new rural medical care system to insure farmers' health, Ministry of Health said on 29 March. The evaluation will cover counties in 29 provincial areas that first carried out the new rural medical care system in 2003. An expert team will carry out face-to-face surveys with farmers. China has 900 million rural people, and over 700 million remain in the countryside and live in poor conditions. This is why China has tilted its policy focus toward rural development. (*Xinhua 2006-03-30*)

## **Sigma-Aldrich buys China distributor**

St. Louis-based Sigma-Aldrich Corp. which produces biochemical and organic chemical products used in research, biotechnology, pharmaceutical development and chemical manufacturing said on April 3 it bought its primary distributor in China and established a new enterprise as part of an effort to more directly serve customers there and establish a base for future growth. The company established Sigma-Aldrich (Shanghai) Trading Co., a wholly foreign-owned enterprise (one without Chinese ownership); acquired Beijing Superior Chemicals and Instruments Co. Ltd., its primary distributor in the People's Republic of China; increased the size of its administrative offices in Shanghai to accommodate the expansions; and opened a leased transit warehouse in the PuDong area of Shanghai. (*St. Louis Business Journal 2006-04-04*)

## **China Mulling Extend OEM Medicine Production**

To ease the curb led by overproduction to the development of medicine sector in China, the country is now considering extend the scope of medicine OEM production to some extent. The plan will enable some non-medicine producers holding a new medicine certificate to entrust the production to other eligible medicine manufactures rather than producing by themselves. According to a preliminary scheme worked out by SFDA, the OEM extension will cover the medicine production companies holding a new medicine certificate or those manufactures with an imported medicine registration or a medicine products registration, as well as having their own intellectual property right and being during the compound patent period or administrative protection period. (*TMCnet 2006-04-04*)

## **USTDA PROMOTES U.S.-CHINA COOPERATION ON AGRICULTURAL BIOTECHNOLOGY TRADE**

Expanding U.S. cooperation with China in the area of agricultural biotechnology is the focus of a U.S. visit by a high-level Chinese delegation of regulators, agronomists, engineers and educators funded by the U.S. Trade and Development Agency (USTDA) and organized by the Iowa Farm Bureau Federation (IFBF). The visit is designed to promote further understanding of U.S. and Chinese agriculture and science-based biotechnology standards. *(Harold Doan and Associates 2006-04-06)*

## **State-owned pharmaceutical firms see revenue, output increase**

China's 22 State-owned pharmaceutical companies reported that total income reached RMB 19.71 billion in first two months of this year, an increase of 8.1% over same period last year, according to State-owned Assets Supervision and Administration Commission (SASAC) of the State Council. Total industrial output amounted to RMB 9.29 billion, increasing by 8.1%.

*(China Knowledge Online 2006-04-07)*

## **New body to regulate drug approval will make little difference - public policy scholar**

The State Food and Drug Administration (SFDA), which mainly deals with the approval of drugs, medical devices and health care products, launched a new administrative service centre on April 3. Spokesman with the SFDA said, the new centre was part of the reform of the drug approval and registration system, and would reduce the amount of red tape companies had to negotiate before they could have their drugs approved. In the past, the application office, technical approval office, administrative approval office as well as the certificate-issuing office was located in different places, making things somewhat inconvenient. However, the new center separates the technical and administrative approval offices, and responsibility for each department is clarified. The center will have to process all applications within a certain time limit, and give clear reasons for any delay. *(Interfax China 2006-04-07)*

## **Others**

### **China to Further Open Air Cargo Market**

China will further open up its air cargo market in an active, gradual and orderly way, announced Yang Yuanyuan, director general of the General Administration of Civil Aviation of China at the International Air Cargo Association (TIACA) Summit 2006 in Beijing. The airfreight sector is a current investment gem. Five air cargo companies, including Jade Cargo International Company Limited, Great Wall Airlines Company Limited, Shanghai International Air Cargo Company Limited, have been approved for construction. They are expected to start business later this year. *(Apr 14, CRI)*

### **Multinationals vie for China's govt procurement**

Global multinational magnates are fixing their eyes on constantly expanding Chinese government procurement and striving to grab "the fat" of this market. Statistics show that in 2005, China's government procurement kept expanding and set a record of 250 billion Yuan (US\$31.25 billion), an increase of more than 15% over a year earlier. Although the Chinese government only opens about 15% of its procurement to overseas suppliers currently, foreign suppliers have already monopolized the procurement of elevators, lamps, color films, rubber, sedans, washing preparations, carbonic acid drinks, and some household electric appliances. As for IT products which take up a large proportion in government procurement, most multinational corporations like Microsoft, Dell, Hewlett-Packard and Intel have established special departments aiming at China's government procurement market in recent years. *(Apr 6, Chinanews)*

## 60 National Firms Have Global Potential

Sixty Chinese companies are set to become global players over the next decade, according to a paper released by the IBM Institute for Business Value. The 60 companies, 47 State owned and the rest privately owned, were selected by IBM after passing three tests relating to their global potential. Among the firms, there are relatively well-known players such as telecom equipment maker Huawei, and oil firms CNPC and CNOOC. There were also less well-known companies, such as Galanz, the Wanxiang Group, the Midea Group, Chery, Lifan and Ningbo Bird. (Apr 5, *China Daily*)



## 2008 Beijing Olympic Games

### Capital's Plan to Improve Lifesaving Skills

The Beijing municipal government sees the Olympic Games as a good opportunity to expand the number of first aid helpers among the general public. Currently, only 1 in every 120 citizens in Beijing has the lifesaving skills. The ratio is expected to reach 1 in 80 by 2008, with about 260,000 residents being brought into the first aid program, according to the Beijing Emergency Medical Center, or 120 Service Center. Apart from the center, Beijing Red Cross Society, a non-profit charity organization, is another body responsible for first aid training programs. It will train 400 such people by April. The center also signed an agreement with the organizing committee of 2008 Olympic Games, offering first aid training for its volunteers. (*China Daily March 24, 2006*)

### Forestation Plan for Olympic Green Park

After achieving its goal of a 50 percent greenery rate in Beijing as part of a pledge for 2008 Olympic Games, the capital is now turning its attention to the sports venues themselves. Major forestation efforts will be made in the Olympic Green, a theme park specially created for the anticipated event, around sports venues, and along roads that connect the venues and downtown. Greenery projects related to the Olympic venues will be finished by the end of this year, according to the gardening and forestry bureau. (*China Daily March 24, 2006*)

### China Netcom sets up service headquarters for Beijing 2008 Olympics

China Netcom has established service headquarters for the Beijing 2008 Olympic Games, officially starting implementation of the carrier's Olympics service plan. Beijing Communication is China Netcom's subsidiary in the Chinese capital. Zhao Jidong, Deputy General Manager of China Netcom and General Manager of Beijing Communication, was appointed head of the service headquarters. China Netcom became the official fixed-line communication service partner of the Beijing 2008 Olympics in July of 2004. During the event, China Netcom will provide fixed-line communication services including voice, data, and wireless broadband. In addition, the carrier will support approximately 25,000 international broadcasters in transmission. China Netcom said it will start large-scale telecom infrastructure construction in Olympic stadiums and venues. (Apr 7, *Interfax*)