

China Economic Headlines

Coming Events

04-07/09- Delegation of Medical Devices Companies to Beijing and Shanghai

Israeli Trade Mission to China, jointly with the Israeli Export & Intl. Cooperation Institute and Consulate General in Shanghai, organize a delegation of Israeli companies in the field of medical devices. The delegation will visit Beijing and Shanghai and will hold business meetings with potential distributors, governmental agencies such as SFDA and will visit leading local and international market leaders.

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10/09-19/09- IWA World Water Congress and Water Delegation to Beijing, Shenzhen and Hong-Kong

On 10-14 of September, Beijing will host a fifth IWA World Water congress, the most important event in the water industry. Over 4,000 people are expected to participate in the Congress and exhibition over five days, where leading researchers and practitioners will present the latest innovations in water management.

Israeli Trade Mission to China, jointly with Israeli Export Institute, organizes an official and business delegation to IWA congress, as well as industry information booth. In addition, follow up activities will be organized with Beijing Water Bureau and Shenzhen Water Bureau, following the agreements that were reached during the visit last April. The delegation will visit as well HK and the activities there will be organized by the Consulate general in HK.

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Bilateral Cooperation

Lumenis' Selecta II approved in China

Lumenis said on 12 June that China's medical-device regulatory authority approved its Selecta II device for treatment of glaucoma. The Selecta II device, which reduces intraocular pressure associated with glaucoma, will forego the need to monitor patient compliance with medications, which can be difficult in China because most of the visually impaired live in rural areas but the majority of the ophthalmologists work in urban hospitals. (*United Press International 2006-06-14*)

General news on Chinese economy

China May Restrain Foreign Investment in Real Estate

China may announce rules this month aimed at curbing foreign investment in real estate, said Lin Zheyang, deputy director general of the commerce ministry's Foreign Investment Administration. The rules will define what type of

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foreign investor will be allowed to buy property and are aimed at regulating inflows of overseas funds into real estate and preventing speculation. Overseas investors including Citigroup Inc., Morgan Stanley and Goldman Sachs Group Inc. are seeking to gain from China's real estate market as economic growth fuels demand for offices, shops and homes. At the same time, Premier Wen Jiabao is stepping up efforts to cool the market to prevent a property bubble. (Jun 22, Bloomberg)

Govt. to pour US\$20b into China's west

China's planning agency announced over the weekend that about 165 billion yuan (US\$20 billion) will be plowed into 12 major projects in the nation's western regions in the coming five years. The investment is aimed at invigorating the nation's impoverished inland regions and includes railway lines, highways, small airports, industrial plants and hydroelectric projects, the National Development and Reform Commission (NDRC) said in a report on its Web site. (Jul 5, Shenzhen Daily)

Central Bank Predicts a GDP Growth Rate of 10%

In a research work, the Research Bureau of People's Bank of China predicted that due to apparently rising price level, China's GDP would increase by 10% this year, and Consumption Price Index (CPI) would grow by 1.7%. This research work also said that the main reason for rising domestic price level was the elevated cost level due to rising international price of upstream products, such as crude oil and non-ferrous metal. Other reasons included increased demand due to investment and export growth, and considerably fast growth of financial institutions' loans. (Jun 28, FDI)

China's trade surplus may hit US\$130b

China's trade surplus may hit a new high of between 120 billion and 130 billion U.S. dollars in 2006, Bi Jingquan, the deputy head of the National Development and Reform Commission (NDRC) has estimated. (Jun 27, Xinhua)

News on various sectors

Consumer Goods

EU Agriculture Exports to China to Exceed 2b Euros in 5 Yrs

The European Union (EU) will see its agriculture exports to China exceed 2 billion euros in five years, if current trade trends continue, said a EU representative. EU's agriculture exports are likely to hit 4 billion euros, when China's urban middle class reaches 200 to 250 million, said Raimondo Serra, Agricultural Counselor with the Delegation of the European Commission in China, at a forum during the "Sino-Italian Green Week" which runs from July 3 to 6. (Jul 5, Xinhua)

Int'l fashion brands contend for China's casual wear market

The top 4 fashion giants of the world, Spanish fashion giant ZARA, the US casual wear brand GAP, Swedish fashion pioneer H&M and reasonably-priced German fashion chain store C&A, are expected to consolidate their position in the Chinese market in two years time. ZARA has already taken the lead to launch its operations in Shanghai, and H&M has recently also announced its plan to establish a retail store in China next year. Fashion retailing consultant Kurt Salmon Associates released some statistics, showing that China's casual wear market will grow at an annual pace of 10% to reach a scale of 468 billion Yuan (60 billion \$) by 2010. (Jun 26, ChinaNews)

Green food industry sees robust development in NE China

The fast developing green food (organic food) industry is becoming one of the pillar industries in Northeast China's Heilongjiang Province. The province ranks first in the country in terms of its overall economic volume, plantation area of organic food and the number of green food products. The green food industry has already become the sixth largest industry in the province, following petrochemicals, equipment manufacturing, pharmaceuticals, and energy and forestry. Its growth rate is expected to be more robust in the future. The green food industry, with its high market demand and comparatively higher prices compared to ordinary food, is becoming an important driving force in increasing farmers' incomes. *(Jun 19, China Daily)*

Environment & Energy

Desertification "Very Serious" in West China

Desertification in China's western region remains a "very serious" problem with 50,000 villages frequently being threatened by sandstorms, said Zang Chunlin, deputy head of Sandstorm Control Office of the State Forestry Administration, in his address to an ongoing forum on Sino-Italian Cooperation on the Environment. China has 2.64 million square km of desert land, 97.58 percent of which lies within the seven western provinces or autonomous regions, such as Gansu, Inner Mongolia, Xinjiang, and Ningxia. The western region also lags far behind the east economically, prompting the central government to promote a Develop the West Campaign to address this imbalance. *(Jul 5, Xinhua)*

Construction of New Wind Power Project Begins in East China

Construction of a wind power station with an installed capacity of 200,000 kilowatts began on Wednesday in Dongtai, a city in east China's Jiangsu Province. The 1.7 billion yuan (212.5 million U.S. dollars) project is designed to generate 400 million kilowatt-hours of electricity annually. China boasts rich wind power resources, with potential energy reserves standing at one billion kilowatts. *(Jun 28, Xinhua)*

IT & Telecom

3G

China 3G delayed to spring 2007

China could finally see the introduction of 3G mobile phone technology in the second quarter of next year, Deutsche Bank analysts William Bao Bean and Michael Feng wrote in a research summary published. In the meantime, some manufacturers stand to benefit from government spending on a huge trial of the country's home-grown 3G system, TD-SCDMA. There will be huge demand for 3G in China, researchers believe. More than five million subscribers will sign up in the first year alone, growing to almost 85 million by the third year, according to Beijing-based Norson Telecom Consulting. Various sources in China's mobile phone industry have blamed the long-delayed introduction of 3G solely on the government's desire to let China's own 3G system, TD-SCDMA, start off on an equal footing with foreign-developed 3G technology. The government apparently hopes that developing TD-SCDMA inside China will help build local expertise, and reduce royalty payments to foreign mobile technology patent holders. *(Jun 28, vnunet.com)*

Carriers

China mobile overseas phone acquisition aborted

China Mobile Communications Corp's much-expected acquisition of Luxembourg-based Millicom International Cellular SA seems to have been

aborted. But analysts said the move would help China Mobile the world's largest mobile operator in terms of the number of subscribers avoid a big mistake overseas. (Jul 5, *China Daily*)

China Unicom Awarded Hurray! WAP Contracts

Hurray! has been awarded two separate contracts by China Unicom Guangdong and Shaanxi provinces to upgrade their provincial Wap portal systems, utilizing the company's proprietary service provisioning and management software VASPro. According to the contracts, existing VASPro software platforms in the two provinces will be upgraded to support approximately 1.4 million and 0.6 million concurrent users respectively. It is believed that these contracts marked a pickup in mobile operators' activities to expand capacity on their wireless data infrastructure to accommodate continued user growth. (Jul 4, *ChinaTechNews*)

Henan Mobile Will Launch Mobile TV in July

Starting in July, Henan Mobile says it will open mobile phone television service to its users. Mobile phone users of Henan Mobile will be able to watch and listen to real-time television programs of Henan Cable, an affiliate of Henan Provincial Administration of Radio, Film and Television, by clicking the "Mobile Phone TV Dream World" link on their mobile phone. With more breakthroughs being made in the core technology, more radio, film and television networks will be integrated into mobile communication networks in China. (Jun 30, *ChinaTechNews*)

Chongqing Telecom Testing GSM/PHS Dual-Mode Handsets

Chongqing Telecom has started internal testing for GSM/PHS dual-mode terminals, which will come into the market once Chinese regulatory agencies approves. Such a dual-mode PHS handset can support GSM and PHS modes at the same time, meaning that a mobile phone and a PHS handset are integrated into one terminal. In fact, the dual-mode PHS handset does not realize the convergence of the two networks, and the functions of PHS handset and mobile phone still exist independently. (Jun 29, *Sinocast*)

GD Mobile, Kingdee Allies in Mobile Biz

Guangdong Mobil and Kingdee International Software Group Co.(Kingdee) signed a strategic alliance agreement that they will develop the market of mobile business hand in hand. It's authoritatively learned that Kingdee is the first software company cooperating with the carrier, while GD Mobile is the first carrier involved in mobile business. Mobile business has become the development target of mobile communication industry, Internet industry, and software industry, and will accelerate the birth of new value chain system. In fact, this step made by China Mobile is very similar to "business guidance" of China Telecom, for both are attracted by the trade application and enterprise market. The difference is that China Telecom takes advantage of Wide Band, while China Mobil makes full use of mobile phone terminals. (Jun 23, *Sinocast*)

SK Telecom to buy \$1 bln worth of bonds in China Unicom

South Korea's top mobile phone company SK Telecom Co. announced Wednesday it will spend as much as 1 billion U.S. dollars on China Unicom Ltd. convertible bonds early next month as an effort to engage in the world's largest mobile phone market. 'China is an attractive telecom market, with growth in both quantity and quality,' SK Telecom Chief Executive Officer Kim Shin-bae said in a statement. 'The strategic alliance through the purchase of convertible bonds will give SK Telecom a foothold for us to directly make inroads into the Chinese market.' Kim plans to sign a contract to buy the bonds at 6 p.m. (1000 GMT) on Wednesday in the Beijing headquarters of China Unicom, the Yonhap News quoted officials of the company as saying. (Jun 23, *Xinhua*)

Policies

MII Offers Support To Communications Technology

China's Ministry of Information Industry (MII) announced that it will provide funds to 21 projects involving TD-SCDMA, AVS, WLAN and WAPI. For TD-SCDMA, MII will allocate funds to support TD-SCDMA smartphone embedded operation system development and manufacturing; TD-SCDMA core technology and terminal products manufacturing; and HSDPA product development and manufacturing. For AVS, MII will finance AVD coder, code transmitter, AVS based IPTV top box and system, AVS based red ray high definition disk and AVS based chips. Unexpectedly, MII has not included WiMax or VOIP in the range of its support. Local media speculate this may be because these technologies were not originally developed in China. (Jul 5, *ChinaTechNews*)

3 Chinese Ministries Push Informationization For Enterprises

China's National Development and Reform Commission, Ministry of Information Industry and the Information Office of the State Council are together promoting informationization in medium and small enterprises. The three ministries will continue their cooperation and work on six major aspects: working out guidelines for medium and small enterprise's informationization; holding exchange activities; free training for informationization; organizing exhibitions for enterprises to exhibit their informationization achievements; holding forums; and creating surveys on informationization development. (Jun 22, *ChinaTechNews*)

MII to Regulate SP Market In Cooperation With Telecom Operators

China's Ministry of Information Industry (MII) announced that from this month until the end of 2006 it will cooperate with the six basic telecom operators in the country to better regulate the service provider (SP) sector. MII will mainly focus on bad conduct that affects consumers, including non-standard pricing, false advertising, coercive sales techniques, offering service without users' confirmations, and creating obstacles for users to un-subscribe from a service. (Jun 21, *ChinaTechNews*)

Telecom Equipment Manufacturers

Nokia wins \$150 mln China Mobile network deal

Mobile telecoms equipment maker Nokia said it had won a \$150 million deal with Henan Mobile to expand GSM and GPRS networks in Henan province. Nokia faces fierce competition in China, the world's biggest mobile communications market. Others active in the market include Ericsson and Motorola, as well as Chinese rivals Huawei and ZTE. (Jul 5, *Reuters*)

Big cash boost for TCL subsidiaries

JRDC, a subsidiary controlled by TCL Communication Technology Holdings Ltd(TCT), has received US\$16 million from two overseas strategic investors. The cash is expected to boost R&D at JRDC and TCT, a leading Chinese handset maker. JRDC is an R&D facility established by TCL and strategic investors to provide mobile phone solutions to handset makers and global operators. It will focus on the development of cost-effective camera phones in 2006 as well as multimedia and 3G handsets in 2007-08. TCT is a top mobile phone maker in China. But since last year it has seen losses, largely due to an industry downturn at home as well as its merger with Alcatel's mobile phone unit. (Jun 29, *China Daily*)

ZTE Corp sees decline in 1st-half net profit

ZTE Corp said it forecast a year-on-year fall in net profit for the six months to June. In a statement filed with Shenzhen Stock Exchange, the company said

preliminary calculations indicate a profit fall, but it did not give a specific figure. ZTE also forecast overseas revenue to grow 35 to 50 percent during the period. The company's net profit was down 85.5 percent year-on-year at 33.42 million yuan in the first quarter. *(Jul 4, C114)*

Nokia-Siemens Joint Venture Gives Pressure on ZTE

After Nokia and Siemens earlier announced the combination of their telecom units, Chinese telecom outfit giant ZTE expressed that it has sensed the pressure that was to drive the company turn to acquisition for future development. "Mergers are constantly happening among our customers, as well as among equipment providers, and that therefore asks ZTE to present better products to fit the market", said Cao Qiang, vice president of ZTE's wireless division, at a recent interview with Singapore media, additionally revealing that ZTE would go for acquisition when time was mature. According to statistics, last year, the world's wireless equipment market registered a size of USD 65 billion, in which Shenzhen-based ZTE took up about a 1% stake, being the world's eighth largest wireless equipment provider. Comparably, the new Nokia-Siemens joint venture will have 21% of the global market shares. *(Jun 26, C114)*

Huawei: Order Growth Suffers 15% Decline

Liu Jiangfeng, vice president for Asia-Pacific region of Huawei Technologies Co., Ltd., said the leading telecom equipment maker separately set its targets for contractual sales and contractual sales revenues at USD 10.7 billion and USD 8 billion for 2006. In 2005, Huawei achieved contractual sales and contractual sales revenues of USD 8.2 billion and USD 6 billion respectively. In line with aforesaid estimation, the order growth of Huawei actually slows down, declining from 45% in 2005 to 30% this year. Mr. Liu attributed the growth decline to furious market competition and decrease in product prices. Huawei, ZTE, Motorola, Ericsson and Nokia currently compete furiously in domestic and foreign markets. *(Jun 29, C114)*

Huawei adjudicated as the vendor of the year 2006

Network solutions provider for telecommunication, Huawei Technologies, has bagged three awards in the recently announced Frost and Sullivan ICT awards for the year 2006. The company was adjudicated the 'Vendor of the year, 2006', 'Optical vendor of the year' and 'Broadband equipment vendor of the year,' a statement from Huawei said. *(Jun 26, C114)*

Huawei sees global contract sales of \$10.7 bln in '06

Huawei said lately that it expects \$10.7 billion in orders for 2006, which would lead to revenues of about \$8 billion. "We are targetting global contract sales of \$10.7 billion this year and a revenue target of \$8 billion," Liu Jiang Feng, Huawei's Vice President for Asia Pacific, told Reuters in an interview. Huawei achieved contract sales of \$6 billion in 2005 and orders of \$8.2 billion. *(Jun 26, C114)*

Putian Obtained Loans From China Development Bank

China Development Bank (CDB) and China Putian recently signed an agreement involving a total sum of CNY 20 billion. CDB expressed that the money would be mainly used to support Putian to conduct R&D, upgrade products and expand international businesses. This is good news to Putian as well as to TD-SCDMA industry. Mo Jianghua, a high-level management of Putian told reporters on June 23 that the above-mentioned three areas were also Putian's main targets in recent years. *(Jun 29, C114)*

Aux: 25% Of Chinese Mobile Phone Firms Will Disappear

Li Xiaolong, marketing director from the Chinese home appliance manufacturer Aux, says that at least one-quarter of the domestic mobile phone manufacturers

will go bankrupt and there will only be about 15 manufacturers left by the end of this year. To prepare for this situation, Aux will set up a second mobile phone production base in Shenzhen, which will consist of a research institute and a factory, and it is expected to yield 5 million mobile phones each year. The new production base will start operations in July. (*Jun 26, ChinaTechNews*)

Datang Telecom Terminates Cooperation with Warburg Pincus

Datang Telecom Technology Co., Ltd. has terminated the cooperation with US-based Warburg Pincus, a global investor. Datang Telecom will pay USD 32 million to take back the stakes Warburg Pincus held in Datang Microelectronics Technology and Datang Telecom (Holdings). (*Jun 22, Sinocast*)

Skyworth Group to Develop 3C Integration

Recently, Zhang Xuebin, the president of Skyworth Group, said that 3C integration is a new chance for the traditional household appliances industry, and many domestic manufacturers have taken measures ahead of it, such as Changhong and Haier. Skyworth Group, which presently owns 12 industrial companies, has reportedly established the flat panel management center, which belongs to Shenzhen Skyworth-RGB Electronics Co., Ltd. Lu Rongchang, the new CTO of Skyworth Group who once worked as general engineer of Panda Electronics Group Co., Ltd. (PEG) and general manager of Nanjing Panda Electronics Co., Ltd. (NPE), is estimated to be one of the core technical persons in the 3C integration field of China information industry. (*Jun 21, C114*)

China Jan-May Mobile Phone Output Up 66%

China's production of mobile phones in the January to May period rose 66% from a year earlier to 173.91 million units, the Ministry of Information Industry said. China made 37% of the 825 million mobile phones produced worldwide last year, the ministry said at the time, citing data from market research firm IDC. (*Jul 4, C114*)

Other

China's Broadband Users Topped 37 Million

Figures from IDC show that the number of China's broadband users had reached 37 million by the end of 2005, with an increase of 52% over the number of 24 million in 2004. David Yang, a senior analyst in IDC China's Telecom Research team, said that the growth rate of broadband access was declining as the market was becoming saturated, while multiplying users did not increase revenues due to toll reduction. Yang considered broadband VAS market to be the key driving force of broadband market growth, although China's broadband VAS market was still immature. He also added that the broadband VAS (Value-added Services) market of China's small and medium size enterprises is worth paying attention to. (*Jul 4, Sinocast*)

Instant Messaging Service Users Exceed 746mn By Q1

By the first quarter of 2006, the instant messaging service subscribers in China had reached 746.57 million, increasing 7.8% from the fourth quarter of 2005. The increment is the least one in the past five quarters. In terms of the market share, Tencent QQ still held the No.1 position by its successful marketing mode, earliest entrance, and huge subscribers and totally controlled 69.28% shares, a slight decline from previous quarter. Tencent QQ is gradually moving its focus from increasing subscribers to providing more value-added services. (*Jul 4, Sinocast*)

SMIC Builds New Factory in Mainland China

Following the construction of two 12-inch chip factories which are located in Beijing and Shanghai, respectively, Semiconductor Manufacturing International Corporation (SMIC) now plans the construction of its third 12-inch chip factory

in Wuhan, China's Hubei Province. The construction of the factory is expected to be completed around the end of 2007. (*Jun 28, ChinaTechNews*)

China's Booming Mobile Market to Total 500 Million People

China will have more than 500 million mobile phone subscribers by next year -- 37% of the population. The country's dense urban markets are already saturated with mobile phones, and by 2010, almost half of China's 1.3 billion people will be using mobile phones, according to eMarketer's new report, China Mobile. In addition to the mammoth overall opportunity, marketers should note that 25% of mobile phone subscribers in China are between 20 and 24 years old. For marketers who want to reach these young adults, SMS is a good bet since 99% of respondents in a recent survey said handsets feature text messaging. But only 21% could play music on their phones. Ringback tones are a growth business, though. One mobile provider, China Mobile, hit \$427 million for its ringback service by the second year of operation. (*Jun 23, Yahoo*)

Henan Phone Subscribers Exceed 40mn

By the end of May, the total phone subscribers in the central Chinese province of Henan amounted to 40.5858 million, including 20.0114 million fixed phone subscribers and 20.5744 million mobile phone subscribers, according to the official website of China's Ministry of Information Industry. Henan hence become the fifth province with over 40 million phone subscribers after Guangdong, Jiangsu, Shandong and Zhejiang. (*Jun 28, Sinocast*)

China Starts up 10Gbps Core Router Test

China has officially started up the 10Gbps core router test, organized by a communication standard institution under the country's Ministry of Information Industry (MII). The test is the largest third party public test ever held in the country, and will be on some extent different from the similar tests in other countries. For now, the two major router equipment providers in the country, Alcatel Shanghai Bell and Cisco System's China operation have promised to take part in the test. (*Jun 27, Sinocast*)

China writes its own digital TV standard

After years of rivalry and numerous delays, China is poised to roll out a long-awaited standard for terrestrial digital television. The mandatory standard will cover both fixed and mobile terminals and will eventually serve more than half of China's TV viewers, especially those in suburban and rural areas. Though its name is not official yet, the standard is being called Digital Multimedia Broadcast-Terrestrial/Hand-held. DMB-T/H signals the beginning of the end for small Chinese trials of Europe's DVB-T standard, and it adds another rival to the mix for mobile-TV services in China. (*Jun 27, eetimes*)

Shanghai Takes H.264 as Standard for IPTV Commercial Use

Shanghai Media Group (SMG) is speeding up application of IPTV. An insider in charge of IPTV reveals that IPTV will cover the entire Shanghai this September, and by then, Shanghai Telecom will have finished rebuilding the ADSL broadband network. The standard for video and audio coding and decoding that Shanghai's IPTV project will apply is H.264, which is the first commercial H.264 network in China. Before this, China Netcom and SMG have applied MPEG4 as standard for the IPTV project in Harbin. The experimental network jointly built by Shanghai Telecom, Siemens and UTStarcom in Pudong and Shenmin districts of Shanghai applies MPEG4 as the standard. Two communications equipment providers UTStarcom and ZTE Corporation respectively win the order of 50,000 lines in Shanghai IPTV project. (*Jun 22, C114*)

Software industry gets government help

China aims to increase the number of software export bases to up to 15 by 2010 to boost the fledgling software export and outsourcing industry, said Yi Xiaozhun, vice-minister of commerce. China currently has six software export

bases, in Beijing, Shanghai, Tianjin, Dalian in Liaoning Province, Shenzhen in Guangdong Province, and Xi'an, of Shaanxi Province. Yi said the Chinese Government had already set a goal of raising service trade turnover to US\$400 billion by 2010. (*Jun 22, China Daily*)

Medical & Healthcare

Increasing costs lead to losses in pharmaceutical industry

The pharmaceutical industry witnessed a decline in the profit growth rate in the first quarter of this year, in spite of the rapid growth of production and sales, as well as uptrend exports in the sector. Nearly one third of pharmaceutical enterprises suffered losses, according to a medicine industrial performance analysis released by the National Development and Reform Commission. Insufficient energy supplies and rising prices of raw material are the main bottle neck for current economic development in China, which won't be effectively solved in a short time and will be a challenge for the development of the pharmaceutical industry in the future. Production costs will also increase by around ten percent after enterprises' alteration according to the requirements of the Goods Manufacturing Practice. (*Jul 3, China Daily*)

Bayer hires four banks to expand China operations

Bayer AG hired four banks, namely China Construction Bank, Industrial & Commercial Bank of China, HSBC Holdings Plc and Standard Chartered Plc to arrange a 6.1 billion yuan (\$760.8 million) loan to build chemical plants in China. Bayer will spend \$1.8 billion until 2009, its biggest investment abroad. It will build facilities on a 1.5 square-km site in Caojing, China's largest chemical industry park, to make raw materials including methylene diphenyl diisocyanate (MDI), which is used to make insulation materials, and polycarbonate for compact discs. (*Bloomberg 2006-06-10*)

M.D. Anderson to collaborate with Chinese cancer center

The University of Texas M.D. Anderson Cancer Center has inked a collaboration agreement with Tianjin Medical University Cancer Institute and Hospital in China. The partnership will allow for collaborations in clinical, educational and translational cancer research, and will build upon decade-old professional relationships between physicians and scientists at the two institutions. Collaborations between faculty members at both institutions have already advanced research in cancer pain management, breast and gastrointestinal cancers, genomics and molecular markers. The institutions plan to expand on additional projects in epidemiology, state-of-the-art radiation oncology and tissue banking as well as translational research programs and training exchange opportunities for investigators. (*Houston Business Journal 2006-06-10*)

Degussa buys into Chinese fine chemical firm

Looking to add active pharmaceutical ingredients (APIs) and intermediates to its Chinese portfolio, Degussa has acquired a majority stake in the Chinese fine chemicals firm Lynchem, allowing it to target the pharma industry more competitively. The German firm aims to triple its volume of business in this attractive growth region to €900m by 2008, acquiring Chinese companies – it already owns 23 - and integrating them into its global production infrastructure and marketing network. (*In-PharmaTechnologist.com 2006-06-10*)

China Pharma Holdings Announced Recent Product Approvals

China Pharma Holdings announced that it had recently received approvals from China's State Food and Drug Administration (SFDA) to manufacture and market three new generic products: Ozagrel, Propylgallate and Alginic Sodium Diester. All three drugs are by prescription only and will be available as injectable forms. China Pharma Holdings Inc. is a U.S. public company

currently listed on the OTCBB. Helpson Bio-pharmaceutical Co., Ltd, a specialty bio-pharmaceutical company headquartered in Haikou City, Hainan province in China, is a wholly owned subsidiary of China Pharma Holdings. (*Xinhua 2006-06-20*)

Analytik Jena starts production of analytical instruments in China

Analytik Jena AG gave the go-ahead for the incorporation of the first large instrument to be made entirely in China for the examination of water quality in pharmaceuticals, the environment and the semiconductor industry. The Group is now deploying a "TOC" analytical system for industrial routine applications, which was developed using German technological expertise, for production at its Chinese subsidiary in Shanghai. The so-called "UVTOC" analyses the pollution of primarily drinking or industrial water with organic contamination (TOC = parameter for total organic carbon) and this focuses on a problem that is becoming more important, particularly in China - the ever-shrinking resource that is water. (*PharmaLive.com 2006-06-20*)

BioMachines Partners With CapitalBio in China

BioMachines Inc., a biotech company that develops, manufactures and sells advanced automation tools to accelerate drug discovery and development announced the signing of an exclusive distribution agreement with CapitalBio Corporation of Beijing, China. With the signing of this agreement, BioMachines has expanded its sales channel beyond North America and Europe and into China, Taiwan and Hong Kong. (*PRNewswire 2006-06-21*)

Daiichi Sankyo Now Authorized to Market Its Products in China

Daiichi Sankyo of Japan has announced that its subsidiary Sankyo's affiliate in China, Shanghai Sankyo Pharmaceuticals, has obtained a medicine management certificate. With this approval, Shanghai Sankyo Pharmaceuticals can import and distribute finished products from its parent company Sankyo (as well as Daiichi Sankyo in the future) in China. As an initial step, Shanghai Sankyo Pharmaceuticals plans to import and sell antitumor agent Nidran from mid-2006. (*JCN 2006-06-22*)

China BioPharma To Acquire China's Largest Vaccine Distributor

China BioPharma's subsidiary Zhejiang Tianyuan Biotech Company has signed a letter of intent to acquire Hainan CITIC Biopharmaceutical Development Company. Under the agreement Zhejiang Tianyuan Biotech would acquire over 90% interest in Hainan CITIC Biopharmaceutical with the remaining interest being owned by China's Center for Disease Control. Hainan CITIC is the largest vaccine distributor in China, with an extensive customer network in most major cities within the country. (*China CSR 2006-06-23*)

Chinese API manufacturer to mentor Alparma on vancomycin

Alparma has asked one of the largest manufacturers of bulk active pharmaceutical ingredients (APIs) in China, Zhejiang Hisun Pharmaceutical, to help it double its capacity of making vancomycin. Under the agreement, the US specialty pharmaceutical firm will purchase vancomycin from Hisun to meet short-term demand until the completion of the construction and regulatory approval of a new vancomycin manufacturing plant at the Hisun facility in China. (*In-PharmaTechnologist.com 2006-06-29*)

China Health Holding Announces Acquisition of Henan Furen Huaiqingtang Pharmaceuticals Co. Ltd., PR China

China Health Holding, a developer, marketer and manufacturer of natural herbal supplement products based on traditional Chinese medicine, announced that the Company entered into a Letter of Intent with Furen Pharmaceuticals Group Co., Ltd, China for the proposed acquisition by the Company of 51% or more of Henan Furen Huaiqingtang Pharmaceuticals Co. Ltd., China, the

wholly owned subsidiary of Furen Pharmaceuticals Group Co., Ltd. Pursuant to the Lol, the parties have expressed their intent and support for the cooperation and accomplishment of the acquisition of Henan Furen Huaiqingtang Pharmaceuticals Co. Ltd. by the Company. The company also recently signed a Lol with WangJing Hospital and the WangJing Hospital of China Academy of Chinese Medical Sciences, PR China, in order to develop the China International University of Traditional Chinese Medicine and the University Hospital for Traditional Chinese Medical Sciences. (*BUSINESS WIRE 2006-06-29*)

Yale Ovarian Cancer Detection Technology Licensed In China by SurExam

Yale University Office of Cooperative Research today announced that it has granted an exclusive license agreement with the Chinese company SurExam Life Science and Technology (Shenzhen) Co. for the commercialization of the university's blood testing technology for epithelial ovarian cancer (EOC). SurExam is a Chinese Bio-Pharmaceutical company focusing on the research, development and promotion of products related to early cancer detection. The company's target is to become the leading company in China in the field of diagnostic industry. (*Medical News Today 2006-06-16*)

China-made Tamiflu approved for production

A Chinese company has been approved by the State Food and Drug Administration (SFDA) to produce the anti-flu drug, Tamiflu. Swiss pharmaceutical firm Roche Swiss granted a sub-license for the production of Tamiflu to the Shanghai Pharmaceutical Group in December. Clinical studies on the effectiveness of Tamiflu began in March. (*Xinhua 2006-06-14*)

China Animal Disease Control Center opens in Beijing

The China Animal Disease Control Center (CADCC) opened in Beijing, in an effort to upgrade scientific research on animal disease control. The CADCC is affiliated to the Veterinary Bureau of the Agriculture Ministry, which is responsible for the prevention, control and treatment of animal diseases in China. (*Jun 23, Xinhua*)

Others

World Bank Offers Loan to Northeast China's Infrastructure Project

The World Bank's Board of Executive Directors approved 218 million U.S. dollars in a loan for infrastructure projects in northeast China's medium-sized cities. The projects will assist these cities in Liaoning Province in enhancing the performance and quality of their existing urban transport infrastructure in terms of mobility, access, and safety, the bank said in a statement. (*Jun 28, Xinhua*)

Trade: More foreign firms in trading

Foreign companies accounted for more than half of China's foreign trade, taking almost three in every five dollars in imports and exports last year. The 2005 Top 200 list of China's importers and exporters listed 148 foreign companies, up 50 percent from 2001, while four privately owned Chinese companies also elbowed their way on to the list. (*Jun 27, Shenzhen Daily*)

China to cut tariff on cars, auto parts

With the approval of the Chinese government, the Customs Tariff Commission of the State Council, has decided to lower the tariffs on cars, SUVs (sports utility vehicles or cross-country vehicles), and mini-buses from 28 percent to 25 percent, as of July 1. Meanwhile, the import taxes on auto parts, such as auto bodies, underpans, medium and low emission gasoline engines, will be reduced to 10 percent from a range between 13.8 percent and 16.4 percent. (*Jun 15, Xinhua*)



2008 Beijing Olympic Games

Beijing builds energy-saving projects

Beijing has initiated a number of projects using solar energy and recycled water for the 2008 Olympic Games, said an official with the Beijing Olympic Organizing Committee in Beijing. According to Yu Xiaoxuan, environment director of the committee, a 6,000-square meter solar system funded partly by Italy is currently under construction. It will provide hot water for 16,000 athletes and save 2,000 tons of coal a year. Other projects including a heating and cooling project for a 410,000-square meter building that uses recycled water. It is the largest of its kind in China and is expected to save 6,000 tons of coal a year. *(Jul 5, Xinhua)*

First Clean Fuel Buses Running on Beijing Roads

Emission-free fuel cell buses, which could help Beijing solve its power shortage and pollution problems, began their rounds in the city on 20 June. The DaimlerChrysler buses were purchased with United Nations grants to help China research and develop environmentally friendly vehicles. Altogether only 36 DaimlerChrysler fuel cell buses are running worldwide. The buses are running under a demonstration project jointly launched by UNDP China, the Ministry of Science and Technology and other partners.

(China Daily June 21, 2006)

An Easy Life That's Soft on Environment

High-tech appliances which promise a comfortable life that's soft on the environment too have gone on show in Beijing. Saving energy without compromising your quality of life has always been a challenge, but the new technologies on display at the 2006 Beijing Energy Saving Environmental Protection Exhibition may have the answer. The concept that people can save energy while still being able to enjoy life is the main theme of the show, at the National Agriculture Exhibition Hall. Other topics include environmental protection, renewable resources and the Green Olympics. About 180 companies took part in the exhibition, organized by the Beijing municipal government. It is open until June 18. *(China Daily June 15, 2006)*

China and France -- Sailing to Success

Qingdao City of east China's Shandong Province organized an intercity promotional conference in the French city of Brest on June 11. As the Chinese city is playing host to the 2008 Olympic Sailing Regatta, the conference was titled "Meeting at the Olympics, Sailing in Qingdao." The two cities had officially signed an agreement establishing ties a month ago. Brest is reputed to be the "French Navy Capital" and the "Center of French Sea Scientific Research." Qingdao, which provides important harbor facilities in China, is well-known as a naval port and for the development of technology used on the high seas. According to a Chinanews' report, promotional activities will also be held in Nantes in France on June 13 and in Southampton, UK on June 15. *(China.org.cn June 14, 2006)*