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**Crackdown on fakes sees gains**

DATE: 2008/05/16

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Increased efforts by Chinese customs to protect intellectual property rights (IPR) last year benefited 5,776 cases involving 34 countries, regions and international organizations, a senior customs official said yesterday.

Last year, Chinese customs seized more than 333 million pieces of goods involving IPR infringement, valued at close to 439 million yuan (\$63 million) - up 83 and 116 percent year on year, respectively - Gong Zheng, vice-minister of the General Administration of Customs, told a press conference.

Most of the goods were found in the United States, United Kingdom, China, Japan, France, Greece, Germany and the Netherlands.

In a case last July, the Huangpu customs in Guangzhou, Guangdong province, seized two containers of fake Close Up toothpaste, infringing the trademark of consumer products giant Unilever.

The 298,730 pieces of counterfeit toothpaste were valued at close to 1 million yuan.

Among the IPR infringement cases seized, 99 percent involved trademarks, Gong said.

Almost all of the cases infringed on exports, which were dominated by consumer goods such as clothing, footwear, headgear, toys, bags, electronics and auto parts.

Most of these were uncovered when customs officials were inspecting exports through waterborne transportation.

"Cases of infringement by express and ordinary mail are getting more and more complicated," Gong added.

He suggested that foreign visitors not purchase, take and mail any goods that infringed IPR out of China.

The crackdown on counterfeiting and piracy has been stepped up amid the absolute value of IPR-infringed goods rising, he said.

"Compared with the rate of growth in trade volume, the proportion of IPR infringement in the overall

volume has been dramatically decreasing," Gong added.

To date, the government has signed bilateral customs assistance agreements with more than 33 countries and regions, including cooperation on the enforcement of IPR protection.

Such cooperation has been particularly strengthened with the US, European Union, Japan and Hong Kong, officials said.

Last April, an action plan on IPR protection was inked among China, Japan and the Republic of Korea.

The efforts of Chinese customs have also been recognized domestically and internationally, officials said.

Last May, the World Customs Organization honored customs officials for their outstanding contribution in fighting counterfeit goods and piracy.

However, Gong said soaring trade volume has continued to put pressure on such enforcement.

Last year, China's imported and exported goods were valued at \$2,173.3 billion, with a total of 2.4 billion tons of goods under customs inspection and management.

"Those infringing on IPR are adopting many new, hidden methods of avoiding customs supervision and crack downs, such as forging the names of goods, covering up trademarks and forging authorization documents," he said.

*Source: China Daily xinhua*

## **Central bank:China's economy won't see galloping inflation**

DATE: 2008/05/16

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Despite global inflation, the Chinese economy is unlikely to see galloping inflation thanks to its own growing impetus, said Su Ning, vice governor of the People's Bank of China (PBOC), on Thursday.

It is imperative for the Chinese government to pay close attention to inflation pressure in the future, Su told a one-day forum on Sino-Indian financial cooperation.

Globally, due to the continuous depreciation of the U.S. dollar and strong growth of some emerging economies, prices of energy, raw material and farm products have kept rising, which has pushed up inflation rates worldwide, he said.

Over the last year or so, China has been faced with mounting pressure on inflation.

China's consumer price index, the main gauge of inflation, has risen from above three percent in March last year, to above 6 percent in August, and to 8.5 percent year-on-year last month, as a result of the robust national economy and domestic food price rises coupled with soaring international energy prices.

China, however, is still capable of warding off galloping inflation because the world's fourth largest economy, which has enjoyed robust growth in the last few years, has a favorable fiscal situation and enterprises' profitability has significantly improved, said the vice governor.

He said China's macro-economic policies at present are primarily aimed to guard against a shift from

structural price rises to evident inflation.

Regarding the fiscal policies, Su said it is necessary to maintain stability and continuity. As to the monetary policies, he noted that the main task is to create a favorable environment for curbing inflation.

Earlier on Monday, the PBOC announced that it would raise the reserve requirement ratio for commercial banks by half a percentage point to curb excess liquidity and ease inflation.

This will be the fourth such move this year, and it will lift the country's reserve requirement ratio to a new high of 16.5 percent as of May 20.

"The rise is aimed at strengthening liquidity management in the banking system and steering reasonable growth in bank credit," the central bank said in a statement.

The PBOC raised the reserve requirement ratio on Jan. 25, March 25 and April 25, respectively, on top of 10 such moves in 2007. It also raised interest rates six times last year.

The new tightening measure was unveiled on the same day as the National Bureau of Statistics said the country's inflation rate hit 8.5 percent in April, up from 8.3 percent in March and only slightly lower than the nearly 12-year high of 8.7 percent in February.

*Source: Xinhua*

## **Retail Sales Soar - Apparel Up 29.7 Percent**

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China's retail sales increased 16.8 percent in 2007; however sales have escalated in 2008, with April sales soaring 21.5 percent to a new record of 814.2 billion yuan or approximately 116 billion U.S. dollars. Total January through April retail sales jumped 21 percent to 3.3697 trillion yuan. China's middle class is actively purchasing apparel, home appliances and furniture. During January through April, cumulative food sales increased 25.3 percent; however, apparel sales climbed 29.7 percent. At this rate, domestic consumption of apparel will double in less than 3-1/2 years. Furniture sales were up 37.2 percent during the same period.

Although sales growth in food and meat can be attributed, in part, to soaring prices, this is not the case in apparel. Domestic apparel prices remain under pressure, with the April CPI for apparel dropping 1.6 percent from the previous year. This situation makes the growth in retail sales even more impressive.

*Source: GlobecoNews*

## **Apparel Price Pressure Continues, Despite Inflation Concerns**

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Rapid growth in China's economy and strengthening in the yuan are spurring inflation, up 8.5% in April from a year earlier. This rate is just down from 8.7% recorded in February, the highest in twelve years, but well above the central bank's annual target of 4.8%. This "rising tide" of higher consumer prices is reflected in higher retail costs for many component goods and services, including food and rents. But apparel prices continue to experience deflation, as prices fell again in April, off -1.4% from

Source: China Textile Network Company

one year ago. These trends of higher consumer prices and lower apparel prices mirror similar trends seen in the EU and U.S. This phenomenon implies tighter margins along the apparel supply chain, from yarn mills to Chinese retailers, as the costs involved in making and selling apparel raw material costs, wages, rents' rise, while the prices paid by consumers continues to decline. A stronger yuan could spur domestic manufacturers to focus from exports to the retail market, thereby increasing supplies to retailers, and ultimately keeping pressure on Chinese apparel prices in the future.

Source: Globecothenews

## Consumer Price Index (CPI) by Category (Mar., 2008)

DATE: 2008/05/15

Item	The same month last year =100			The same period last year =100		
	Total	Urban	Rural	Total	Urban	Rural
<b>Consumer Price Index</b>	<b>108.3</b>	<b>108.0</b>	<b>109.0</b>	<b>108.0</b>	<b>107.8</b>	<b>108.7</b>
1. Food	121.4	120.9	122.5	121.0	120.6	121.7
Grain	106.8	107.1	106.2	106.2	106.6	105.5
Meat, Poultry and Their Products	145.8	146.0	145.5	144.1	144.3	143.7
Eggs	104.9	104.5	105.8	106.0	105.6	106.8
Aquatic Products	111.0	110.9	111.2	111.1	110.9	111.5
Fresh Vegetables	122.7	121.8	125.0	127.7	126.9	129.7
Fresh Fruits	104.3	103.8	106.2	107.7	107.2	109.3
2. Tobacco, Liquor and Articles	102.5	102.7	102.2	102.3	102.5	102.1
3. Clothing	98.8	98.6	99.4	98.4	98.0	99.4
4. Household Facilities, Articles and Services	102.5	102.6	102.2	102.2	102.4	101.9
5. Health Care and Personal Articles	103.7	103.5	104.1	103.4	103.2	104.0
6. Transportation and Communication	98.3	97.8	99.8	98.7	98.0	100.2
7. Recreation, Education and Culture Articles	99.3	99.2	99.5	99.4	99.3	99.5
8. Residence	107.0	106.4	108.1	106.6	106.2	107.3

Source: National Bureau of Statistics of China

## China's trade surplus slackens

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China's trade surplus decreased slightly last month from a year ago amid declines in international trade growth triggered by the global economic slowdown.



Monthly surplus reached 16.68 billion last month, down 1.14 percent year-on-year but up 24.5 percent from 13.4 billion U.S. dollars in March, the General Administration of Customs said yesterday.

Exports in April rose 21.8 percent year-on-year to 118.71 billion U.S. dollars, while imports rose 26.3 percent to 102.03 billion U.S. dollars.

Source: China Textile Network Company

The sharp decline in April's export growth after a 30.6 percent rise in March should be seen as a return to the medium-term trend rather than a sudden weakening in China's exports, said Sun Mingchun with Lehman Brothers.

He said year-on-year growth of exports in March 2008 was abnormally strong given exports in March 2007 were extremely weak because exporters had frontloaded their shipments last February.

China's trade surplus has been narrowing since the government took measures to curb exports of resource-intensive and heavily polluting products and started to encourage imports from last year.

The World Trade Organization has predicted global trade growth will decline to 4.5 percent, 1 percentage point lower than last year. It could be the slowest rise since 2002.

"The global economy is facing more uncertainties this year given the possible shrinkage in US demand and inflationary pressures. Both these factors are expected to aggravate the global economic slowdown, further affecting trade," said Liang Yanfen, a researcher with the Chinese Academy of International Trade and Economic Cooperation.

"Slowing external demand may take more time to impact export growth, but the weakening trend is becoming more evident both in and outside the US. Higher commodity prices and currency appreciation would check the continued rise in trade surplus," said Ken Peng, a Citi analyst.

Export growth stayed robust at 21.8 percent but is under pressure as even Asian demand has started to slow, suggesting that a weakening in the final product markets is affecting upstream producers while imports continue to be supported by a stronger currency, high commodity prices and government controls over trade in food and resources out of inflation concerns, he said.

The country's trade surplus in the first four months narrowed to 57.99 billion U.S. dollars, 5.31 billion U.S. dollars lower than a year ago.

Exports in these four months amounted to 424.6 billion U.S. dollars, up 21.5 percent, or 6 percentage points less than a year earlier. Imports were 366.6 billion U.S. dollars, up 27.9 percent, or 8.8 percentage points more than a year earlier.

Realized foreign investment reached 35.02 billion U.S. dollars during the four months, up 59.32 percent year-on-year, the Ministry of Commerce said.

*Source: China Daily*