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**Apparel enterprises step from manufacture to capital operation**

DATE: 2008/08/15

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Since the beginning of this year, enterprises such as Eratat, Dapai, Xtep, etc. have entered the capital market smoothly. Meanwhile, the international venture investment group frequently appear in Quanzhou, Fujian province. Up to now, 30 more Quanzhou enterprises have listed in the security market both at home and abroad, and accumulated a total amount of RMB 20 billion in the capital market, thus forming an influential "Quanzhou Section". As a pioneer of capital operation, Septwolves in its early years invested the Industrial Bank Co., Ltd. which brought huge benefit for the company, and successfully transited into the strategic investor of capital market. Many well-known private enterprises such as Heng'an, Xunxing, Qinqin, etc. also set foot in financial industry and bought a stake in banks.

Source: *Apparel World*

**China's Trade Surplus Swells**

DATE: 2008/08/14

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Journal of Commerce

China's trade surplus ballooned in July to its highest level in eight months as its trade surpluses with the U.S. and Europe grew despite concern about weaker global demand.

Export growth rebounded in July, the customs agency said on Monday, after a slowdown in June prompted Beijing to boost tax rebates for struggling textile exporters.

China's global trade surplus in July was \$25.3 billion, the agency said, up 4 percent from the same month in 2007. Exports in July soared by 26.9 percent to \$136.7 billion, the data showed. That came after export growth fell in June to 18.2 percent, down from May's 28 percent rate. Imports in July also grew strongly, rising by 33 percent to \$111.4 billion.

China's trade surplus with the U.S. grew 13.8 percent over the year-earlier period to \$16.4 billion, according to customs data. The surplus with the 27-nation European Union, China's biggest trading partner, ballooned by 22.9 percent to \$15.

Exporters have suffered from a rise in China's currency, the yuan, against the dollar, which makes their goods more expensive in the United States. But the yuan is falling against the euro, making their exports more attractive to European consumers.

Source: China Textile Network Company

Chinese leaders are trying to narrow the trade gap to reduce the flood of money that is pouring into the economy and adding to pressure for prices to rise. They have cut export-related tax rebates and imposed curbs on sales of goods such as steel and plastic that are considered too dirty or energy-intensive to produce.

But the government raised rebates of value-added taxes on textile exporters after foreign sales fell 4.2 percent in June. China is believed to be looking at similar measures to help other struggling export industries.

The July monthly surplus was China's highest since November, when the country recorded a trade gap of \$26.3 billion.

*Source: trafficworld*

### **China's retail sales up 23.3 percent in July**

DATE: 2008/08/13

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BEIJING, Aug. 13 (Xinhua) -- Domestic retail sales leaped a brisk 23.3 percent to 862.9 billion yuan (125.8 billion U.S. dollars) in July this year, the National Bureau of Statistics (NBS) said on Wednesday.

The growth rate was 6.9 percentage points higher than the same period last year and 0.3 percentage points higher than the previous month.

*Source: Xinhua*

### **China plans more post-Olympics reforms for state enterprises**

DATE: 2008/08/11

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BEIJING, Aug. 10 (Xinhua) -- A Chinese official said on Sunday that after the Olympics, the government would intervene in the consolidation of centrally-administered state-owned enterprises (SOEs) instead of letting them regroup on a voluntary basis.

The Olympics wrap up in late August and the Paralympics finish in mid-September.

"The target of reducing the total number of centrally-administered SOEs to 80 to 100 by 2010 is unchanged," said Li Rongrong, chairman of the State-owned Assets Supervision and Administration Commission (SASAC), at a press conference at the Beijing International Media Center. There were 149 such SOEs at the end of 2007.

He said SASAC made the decision because many centrally-administered SOEs had no national economic security role and should compete in the market.

The centrally-administered SOEs made great contributions to building venues and supplying power and oil to the Games. They had also offered expertise and innovation in the space program and the development of the new fighter jet, the J-10, he said.

Amid fluctuating global oil and raw material prices and especially during the harsh winter and the disastrous quake in Sichuan this year, many such enterprises sustained losses to keep domestic prices stable.

Li said SASAC had no plan at present to regroup the five state-owned power companies. However, it would speed up the rationalization of state-owned real estate companies to no more than 15.

Source: China Textile Network Company

He said the central government would remain the dominant shareholder of these SOEs and these enterprises should "make positive contributions" to the healthy development of China's stock market.

Source: Xinhua

## Adidas cool as Li Ning steals the Beijing limelight

DATE: 2008/08/11

Sportswear giants adidas reacted calmly yesterday to what was effectively the biggest ambush marketing coup in the history of sport at the opening ceremony of the Olympics.

The lighting of the Olympic flame, watched by a worldwide audience of billions, was carried out by China's triple gold medallist Li Ning, whose sensational space-age run/flight around the top of the Bird's Nest stadium will make his name recognisable around the globe.

Li's gymnastic experience and Olympic triumphs in 1984 made him a credible final torchbearer. But his sportswear firm named after him have massive ambitions to challenge adidas and Nike in Europe and America using the Games as a launchpad.



Off to a flier: former Chinese gymnast Li Ning carries the Olympic flame during the spectacular opening ceremony

And there could be no better promotion than Li's star role, watched by 840 million TV viewers in China alone.

Chinese websites were full of comment about how the publicity was 'unfair to adidas', especially as the German company are official sportswear suppliers for the Olympics.

But adidas preferred to concentrate on their claim to have overtaken Nike as the leading sports brand in China, which Nike dispute.

Meanwhile, despite the widespread acclaim for the opening ceremony, a number of IOC members felt it highly inappropriate after the tensions with Tibet for China to use goose-stepping military soldiers to raise the Olympic flag.

### Star-spangled blunder

The Chinese organisation of the Games is difficult to fault, but the first few bars of the American national anthem went missing yesterday - with President Bush and family in the Water Cube arena - during the ceremony for world record swimmer Michael Phelps's first gold medal.

But at least BOCOG might have another seven occasions with Phelps on the podium to get the tune right.

### Huw do you think you are?

The BBC coverage of the opening ceremony has come in for plenty of criticism with Huw Edwards undercooked on his facts and figures and pronunciation.

He described South Pacific nation Kiribati as it is spelt, when the correct way is Kee-ree-bas, the sort of attention to detail that Barry Davies, the previous sports ceremony caller, would have known for sure.

The Beeb are sending Edwards home so he can present the 10 o'clock news. He then returns to Beijing to prepare for his Closing Ceremony commentary, having missed most of the Games.

### How hard is your job Howard?

Only the United States could be so unattractively self-confident of their substantial gold medal haul at the Beijing Olympics to have a senior member of their media personnel, Jeff Howard, whose official job on their staff list is 'Managing Victory'.

### Spinning for Sochi

The conflict between Russia and Georgia has meant British PR spinmeister John Tibbs working in overdrive attempting to keep a positive outlook about Sochi, for whom he played a major role in securing the 2014 Winter Games.

The Black Sea resort, which has had to start almost from scratch in building its Olympic facilities - an issue which has already begun to exercise the International Olympic Committee - is situated just 100km from the outbreak of warfare, which set a new record for the Olympic Truce being broken even before the opening ceremony.

### Phil pays his own way

The Labour Government's paranoia about being accused of any form of junketing at the Olympics, one of the excuses explaining PM Gordon Brown's absence from the opening ceremony, has meant that Phil French, the party's senior adviser on sport, has paid his own way to Beijing in order not to be seen freeloading.

French works for Andy Burnham, Secretary of State for Culture, Media and Sport, who is taking two other members of his staff with him to Beijing - the same number accompanying Minister of Sport Gerry Sutcliffe and Olympic Minister Tessa Jowell.

Source: *dailymail*

## China's consumer inflation may continue to fall

DATE: 2008/08/11

China's consumer inflation may continue to decline in July, marking the second consecutive month this year that it has dropped, according to economists' estimates.

That may mean a departure from the rising spiral of inflation after it peaked at an annualized 8.7 percent in February.



China's consumer inflation may continue to decline in July, marking the second consecutive month this year that it has dropped, according to economists' estimates. (Photo Source: China Daily)

Lehman Brothers economist Sun Mingchun said his team's research found the July consumer price index (CPI), the main barometer of inflation, may drop to 6.7 percent year-on-year from 7.1 percent in June.

The domestic Bank of Communications research arm said the figure could fall at 6.4 percent, which is also the estimate of Southwest Securities.

Source: China Textile Network Company

One of the reasons why prices are stable is that there has been no flooding, a regular feature of the rainy season, said Sun of Lehman Brothers.

Daily price data from the Ministry of Agriculture and the National Development and Reform Commission show that agricultural product prices rose only slightly in July while meat prices fell. Weekly price data released by the Ministry of Commerce also showed a moderate decline in food prices.

The relatively high statistical base of last July also contributed to the drop in inflation this July, said Guo Tianyong, economist with the Central University of Finance and Economics. China's CPI hit 5.6 percent year-on-year last July, the first time it reached the 5-percent level that year.

"If no major natural disaster hits China in August, CPI could fall below 6 percent in August, providing more room for the government to remove its price controls," said Sun.

Economists said that without many unexpected incidences, it will gradually ease to around 5 percent by the year-end. A possible price liberalization of oil products, however, should not be a one-off adjustment, which will put a huge pressure on the country's battle against inflation, Guo said.

China raised the prices of oil products and electricity late June. Analysts said that once the inflation pressure eases, policymakers may start a second round of price liberalization, which may lead to a rebound in CPI.

If such liberalization moves are indeed made, they should be done in phases, not in one go, said Guo. Only that will ensure inflation does not peak again, as it did in February.

The pressure from the rising producer price index (PPI), which gauges ex-factory prices and influences CPI, may be a concern, but even taking into consideration its impact, consumer inflation may no longer exceed the February peak in the coming months and the first half of next year.

"The worst times are behind us," said Dong Xianan, macroeconomic analyst with Southwest Securities.

"From the second half of last year, the tightening stance had been obvious, which is a pre-emptive move to ensure the current easing of inflation."

### **Macroeconomic growth**

The economic growth may gradually slow down in the rest of the year, analysts said, but the fine-tuning of policies would shore it up.

Dong from Southwest Securities forecasts that given the current growth momentum, the whole-year figure for GDP growth may be 10.1 percent, well below the 11.9 percent of last year. Other estimates are around the 10 percent mark.

The global economic slow-down, which reduces external demand for China's exports, will bring much trouble to China, but its domestic consumption and investment will remain stable, analysts said.

More importantly, the central authorities may adjust its tight policies to cater to individual demand of regions and sectors that have found it difficult to survive the tightened policies.

*Source: China Daily*