



Tourists from China outside a Laox Co shop in the Akihabara district of Tokyo. Tokyo-based Sony has posted a record annual net loss of \$6.4 billion.

## Sony and Panasonic market values decline to 30-year low

By BLOOMBERG NEWS  
in Tokyo

Sony Corp and Panasonic Corp, Japan's biggest consumer-electronics makers, saw their market value plummet to their lowest levels in three decades last month after forecasting earnings that missed estimates because of a failure to end losses from TV sets.

Sony, the world's No 3 TV maker, slid to the lowest since August 1980. The maker of Walkman music players and Bravia TVs closed with a market value of \$17.5 billion, compared with more than \$100 billion in 2000. Panasonic, the world's largest maker of plasma TV sets, dropped to the lowest since January 1978, according to data compiled by Bloomberg.

The declines came after the companies said losses from their TV businesses will continue and as investors remained skeptical about predictions for returning to profit this year. Without hit products such as the compact-disc player of the 1980s, Sony and Panasonic have lost ground to Samsung Electronics Co and LG Electronics Inc in TVs and to Apple Inc's iPod.

"The Japanese companies need to develop unique and No 1 products to propel growth in the future," said Yuuki Sakurai, chief executive officer at Tokyo-based Fukoku Capital Management Inc, which manages \$7.3 billion of assets. "At this point, I don't see any company in Japan that can do that."

Panasonic eliminated about 17,000 jobs after posting a record 772 billion

yen (\$9.7 billion) loss last year.

TV sales this year will drop 11 percent to 15.5 million units, while losses will continue for a fifth consecutive year, Panasonic said. The company's earnings targets "could be difficult to achieve, given restructuring costs and sluggish TV demand," Yasuo Nakane, a Tokyo-based analyst at Deutsche Bank AG, said before the announcement. "Targets should be realistic."

Osaka-based Panasonic made "excessive" investments in plasma and liquid crystal display TVs, President Fumio Ohtsubo told reporters. "We regret the decision we made."

Tokyo-based Sony is eliminating 10,000 jobs, about 6 percent of its workforce, as part of its restructuring.

By comparison, Samsung, based in Suwon, South Korea, the world's biggest maker of phones, chips and TVs, has gained 23 percent this year and is valued at \$167 billion. Apple, based in Cupertino, California, with a market capitalization of \$530 billion, has jumped 40 percent in New York trading this year.

Global TV shipments last year fell for the first time in six years because of excessive inventory in the United States and Europe and the end of Japanese government subsidies for purchases, according to DisplaySearch, part of NPD Group. Shipments fell 0.3 percent to 247.7 million units, the researcher said.

Both Panasonic, the maker of Lumix cameras, and Sony, whose businesses include films, insurance, music and game consoles, have changed their leadership.

# Rebates: Stocks boosted by program

FROM PAGE 13

A third related policy, called "home appliances going to the countryside" and set to expire by early next year, guaranteed a 13 percent rebate offered by the government to boost consumption of big-ticket items among the 737 million farmers who live outside the cities.

After the first two subsidy programs came to an end, sales of home appliances in the first quarter of 2011 dipped 0.53 percent year-on-year, air conditioners sales fell 3.2 percent and electrical heaters sank 24.8 percent, according to data from the Ministry of Commerce.

The announcement of the new wave of subsidies boosted the stock market. The next trading day after the announcement, shares in washing machine maker Hefei Rongshida Sanyo Electric Co surged 7.8 percent to 9.17 yuan. Stocks in white goods maker GD Midea Holding Co added 1.8 percent to close at 13.89 yuan.

Suning Appliance Co, the biggest home appliance retailer by market value, also gained 1.7 percent to 9.87 yuan, after its president Jin Ming said the policy will boost its sales.

"The new policy is likely to create 300 billion yuan in home appliances sales and is encouraging to retailers such as Suning," he said.

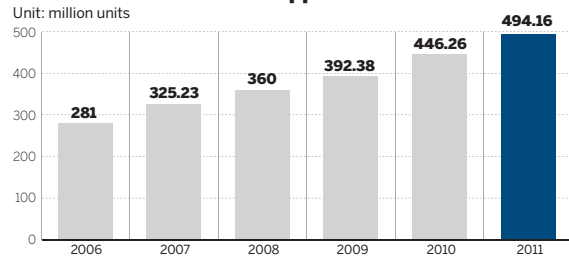
To answer the government's call, Jin said that, since January, 80 percent of Suning's procurement and sales of televisions and water heaters are rated level one or level two in terms of energy efficiency. Forty percent of air conditioners also meet that standard. Moreover, 40 percent of Suning's sales in the last two years were under the home appliances replacement scheme, which prompted 70 billion yuan in sales.

According to Haitong Securities Co, the 26.5 billion yuan under the renewed policy equals a 12 percent subsidy on ex-works prices and an 8 percent rebate on the retail price.

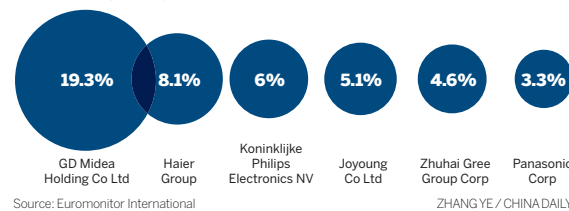
The household appliance stimulus has boosted expectations that similar packages will follow to stimulate the economy and consumption, said Wu Kan, a Shanghai fund manager at

## WHITE GOODS STATS

### Market size of consumer appliances in China



### Top six consumer appliances' market share in China (2011)



Source: Euromonitor International

Dazhong Insurance Co, which oversees \$285 million. "The policy tone has shifted to maintaining economic growth."

Some believe the policy will have a limited effect on turning around the whole sector because people bought goods they anticipated they would need under the previous programs.

Spurred by the series of rebate policies, China's home appliance market rocketed to 494.2 million units in 2011, according to statistics from market research firm Euromonitor International.

Figures provided by Gome Electrical Appliances Holding Ltd show that the sales volumes of appliances under the home-appliance replacement scheme increased by more than 200 percent month-on-month in December.

"Sales of home appliances will still largely depend on the macroeconomic environment and property sales," Essence Securities wrote in a note in May. "Leading manufacturers are expected to benefit more from the new subsidy program."

Xie from Capital Securities Corp agreed. He believes refrigerators and

washing machines lack the momentum for further growth because so many homes already have them or they are beyond the ability of some to buy them.

He predicts sales of air conditioners will increase most from the new policy because devices with new technology that helps lower waste gas emissions and is in accordance with the new policy that targets subsidizing energy-efficient products is now more prevalent.

"Based on our observations, the policy will subsidize constant-speed air conditioners that are rated level one in terms of energy saving, as well as level one and level two if they are inverter-aided. It will be stricter than a pilot program run in Beijing that rebated level two and above air conditioners, no matter what technology they apply," he said.

As market watchers warned the incentives may not necessarily drive up demand right away, salesmen expressed similar concerns.

"Not all washing machines will be included in the policy of giving subsidies to customers, even if they buy energy-efficient ones," said

Zhao Yan, a veteran saleswoman at a Gome outlet in Shanghai.

Even if the policy has yet to be implemented, "to my knowledge, some foreign brands, such as Bosch and Siemens, are not going to benefit from the program," she said, without revealing how she knew.

Zhao, 47, has been in the appliances sales industry for eight years. She was pessimistic about the scheme because the stagnant real estate market will fail to lift new demand.

"There is no need to buy new electrical appliances if people cannot afford new apartments. Besides, the whole economy is not as good as before," she said.

The policy of giving subsidies to customers doesn't seem to help to raise her sales figures.

"In the past few years, the situation was better. However, now fewer customers come to shop and today I didn't sell even one washing machine," said Zhao, whose monthly income is 1,450 yuan after pension payments.

The scheme has a limited effect in boosting sales for Japanese electronic appliance vendors, which suffered severe losses in the past year, said analysts.

Sony Corp flagged a record \$6.4 billion annual net loss, double its earlier forecast and giving it a fourth straight year of red ink.

Similarly, consumer electronics and liquid crystal display screen maker Sharp Corp also increased its full-year net loss forecast to \$4.7 billion from \$3.6 billion.

Panasonic turned down interview requests on the upcoming policy. Calls to the public relations department of Hitachi went unanswered.

Japanese vendors only occupy a low single-digit percentage of China's white goods market. According to Euromonitor, Panasonic was the only Japanese company to be ranked among the top 10 vendors in 2011 with just a 3.3 percent market share.

For the air conditioner segment, Panasonic, Hitachi and Daikin each accounted for less than 1 percent of market share, Xie said.

Deng Jin contributed to this story.

## Congress sign of Chengdu's growing biotechnology clout

By WANG XIN in Chengdu  
wangxin@chinadaily.com.cn

The ongoing World Biomaterials Congress in Chengdu is expected to further boost the area's thriving biotechnology industry, said Chen Lin, director of the Chengdu Municipal Bureau of Exposition.

Held every four years in a different country, the congress is considered by industry insiders to be the Olympics of the science and industry of biomaterials, a field involving the artificial replacement of bodily tissues, bones and organs.

As the first Chinese city to host this prestigious global forum, Chengdu is being recognized for its growing role in the global biomaterials industry, Chen said.

The congress, which began on June 1, has attracted more than 2,000 scholars and experts, corporate executives and government officials from all corners of the globe. Among them are more than 30 renowned Chinese and foreign academicians.

During the forum's panel discussions, experts will discuss the latest findings and brainstorm about ways to cross new frontiers in biomaterials and regenerative medicine, organizers said. At the same time, the five-day event also provides participants with ideal opportunities to closely experience Chengdu, Chen said.

As a hub of technology, finance and commerce in Southwest China, Chengdu is playing a leading role in the country's western development campaign, making it a great source of economic



**Our goal is to build Chengdu into an internationally influential destination for exhibitions and conferences, with professional services, an international environment and a branding effect."**

CHEN LIN  
DIRECTOR OF THE CHENGDU MUNICIPAL BUREAU OF EXPOSITION

potential, he noted.

Economic growth has brought a boom in the conference and exhibition sector, which maintained an average annual growth of 20 percent over the past decade. This has had a positive effect on related industries in the city, Chen said. Since the city surpassed 500 billion yuan (\$78.48 billion) in GDP in 2010, the sector's growth has been on the fast track.

With total exhibition areas surpassing 2 million square meters, the industry generated more than 700 million yuan in direct revenue and

stimulated related consumption worth about 9.4 billion yuan in the first quarter of this year.

"Our goal is to build Chengdu into an internationally influential destination for exhibitions and conferences, with professional services, an international environment and a branding effect," Chen said.

With the addition of new hotels and modern conference centers, the environment and amenities in the city have improved significantly in recent years, he said.

A wealth of cultural heritage and tourism resources add to Chengdu's charm, including a giant panda research center; the millenia-old Dujiangyan irrigation system and a residence of renowned poet Du Fu, of the Tang Dynasty (AD 618-907).

Chengdu is home to Taoist shrine Qingcheng Mountain, a popular scenic gorge known as Jiuzhaigou, and Wuhou Temple commemorating Zhuge Liang, a legendary royal military adviser during the Three Kingdoms (AD 220-280). The city is also renowned for its spicy and distinctive cuisine, Chen said. "Open-mindedness and friendliness epitomize the essence of our city," he said.

"This is a city where, once you come, you never want to leave," he quoted famous movie director Zhang Yimou as saying.

In addition to the gathering of biomaterials researchers, the Fortune Global Forum and the world Chinese Entrepreneurs Convention will be held in Chengdu in 2013.



A worker of US-based biomaterials company Instron examines the equipment on display in the exhibition during the congress.

## Biomaterials forum brings interest in host

By XU XIAO in Chengdu  
xuxiao@chinadaily.com.cn

Foreign guests to the World Biomaterials Congress held in Chengdu are eyeing more opportunities in the city.

"Chengdu is at the frontier of the world's biomaterial industry, and the business here is increasing," said James Ritchey, who heads a division of Instron, a US-based professional biomaterial company that manufactures tensile, compression, fatigue, impact and hardness testing machines.

The company now has offices in Beijing and Shanghai. Although there are no offices in Chengdu, Ritchey told China Daily that the city is important to the company because it is the "hub" of biomaterials industry in China.

He said the company came to Chengdu to hear about the latest trends and research findings in biomaterials and understand new requirements in the markets.

Actually, Instron is just among many foreign companies that took part in the exhibition during the congress. Wiley-Blackwell, another US-based company, has taken note of Chengdu's fast development and is looking for potential opportunities here.

Wiley-Blackwell focuses on international scientific, technical, medical, and scholarly publishing business. It publishes nearly 1,500 peer-reviewed journals articles and more than 1,500 new books annually in print and online as well as databases, major reference works and laboratory protocols.

### Chengdu's advantages

Since the 1970s, Chengdu has been conducting research on biochemical materials. After decades of development, the city has become one of the country's centers for the research and development of biochemical materials.

As a leader in biomaterials, Chengdu has been designated

by the Ministry of Science and Technology as China's nanobiotechnology research and development center. It is also one of the country's important bases for international cooperation in this field.

Chengdu's many universities and research institutions offer strong technological and human resources support for further growth in the field. Renowned Sichuan University has long been backing the industry. Sichuan University's National Engineering Research Center for Biomaterials is the first of its kind in the country.

Other institutions, such as the Southwest Jiaotong University, the Chengdu Organic Chemicals Institute of the Chinese Academy of Sciences and the Sichuan People's Hospital, also have R&D centers in the field.

A lot of scholars and scientists like Zhang Xingdong, academician of the Chinese Academy of Engineering and professor at Sichuan Univer-

sity, are leading a group of talented young scientists to tap the potential of the biomaterials industry in Chengdu and Sichuan province.

The province has listed bioengineering and the new materials industry in its major industrial stimulus plan, which was formulated in 2009 in response to the central government's instructions to develop the western regions.

In 2011, the total revenue of bioengineering and material industries in the province surpassed 190 billion yuan (\$30 billion), accounting for 29 percent of Sichuan's high-tech industries, said Jiang Jufeng, governor of Sichuan province at the opening ceremony of the congress on June 1.

He said Sichuan is looking forward to boosting communication and cooperation with international scholars, scientists and businesses to further develop the biomaterials industry and contribute more to people's happiness and well-being.

chengduspecial