



business

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ONE \$ = DEQUALS

▼ RMB 6.2309	▲ HKD 7.7510	▼ JPY 102.21	▼ EUR 0.7373	▼ GBP 0.5902	▼ AUD 1.0710	▼ INR 60.31	▼ CAD 1.0862	▼ KRW 1021.95	▼ THB 32.49	▼ BRL 2.2617
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Japanese firms 'still confident'

By YAO JING
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Japanese companies may be investing less in China, but they have by no means given up on the market, according to a report by the Japanese Chamber of Commerce and Industry in China that was released on Wednesday.

In its annual white paper, which discusses key issues facing Japanese companies in China and makes recommendations to the government, the chamber said Japanese companies still have strong intentions to expand in China.

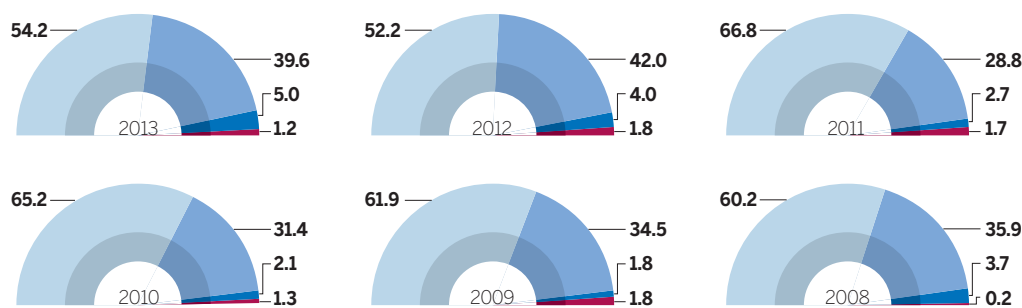
"We hope the paper will promote dialogue and cooperation between the Chinese government and Japanese companies," said Shinjiro Sawada, chairman of the chamber.

With regard to companies' intentions to invest in China in the next year or two, the ratio of those planning to increase investment was 54.2 percent, up about 2 percentage points year-on-year.

Another 39.6 percent said they will maintain the current level, according to a survey conducted by the Japan External Trade Organization in October and November 2013.

CHANGING BUSINESS INTENTIONS

Unit: % Expansion Unchanged Reduction Relocation



Source: Japanese Chamber of Commerce and Industry in China

LI YI / CHINA DAILY

"Most of these who hope to keep up the momentum in China are producing and selling in China, such as food companies," said Yoshihisa Tabata, vice-chairman of the chamber.

Tabata said that traditional manufacturers focusing on processing trade in industries such as electronics and fiber may shrink their operations or shift to cheaper markets.

The paper noted that with increasing costs for materials and labor, and growing concerns about the risk of having too many resources concentrated in China, Japanese investment in China slid in the latter half of 2013.

In the white paper, the chamber reiterated the commitment of Japanese companies to China and noted that Japanese companies had helped Chinese companies to strengthen their technology levels, improve their business efficiency and become more competitive on both the supplier and customer sides.

However, the chamber also called for equal treatment of Japanese companies in China.

The paper called for the development of rules for a market-oriented economy and adequate implementation, the loosening of excessive government regulations and equal

treatment of domestic and foreign companies and application of global standards.

In the January-May period, overall nonfinancial foreign direct investment in China rose 2.8 percent to \$48.91 billion. However, FDI from Japan slumped 42.2 percent, according to the Ministry of Commerce.

Nevertheless, Japan was still among the top five investors in China.

"Political tensions aside, the outlook for Japanese investment in China depends on the size of the Chinese market and also the competitiveness of Japanese companies," said Song Hong, an economist at

the Institute of World Economics and Politics at the Chinese Academy of Social Sciences.

"To my knowledge, most Japanese companies are planning to maintain their production in China and are still betting on the huge Chinese market," said Song.

Still, Japanese companies, especially those in the vehicle and electronic sectors, are losing competitiveness in the global context.

Moreover, they are confronted with fierce competition as more foreign companies battle for market share and local companies gain strength.

Reality check for realty sector

Property prices continue to head south as homebuyers stay on the sidelines amid increasing funding problems for real estate developers, Zheng Yangpeng reports

Housing prices slumped further in China in May with more homebuyers preferring to stay on the sidelines in anticipation of a further drop in prices.

The number of cities that experienced a month-on-month price decline surged to 35 in May, compared with only eight in April,

according to data released by the National Bureau of Statistics on Wednesday. Only 15 out of the 70 cities monitored by the NBS saw a higher price over April, compared with 44 in April.

On a year-on-year basis, Wenzhou was the only city that reported lower prices in May from a year earlier, but still at the same level as in April. The largest gain

was about 11.3 percent, down from 13.6 percent in April.

Prices in large cities also cooled. Among the four tier-one cities, only Beijing recorded a month-on-month rise of 0.2 percent, while Shanghai posted a 0.3 percent decline, Shenzhen a 0.2 percent fall and Guangzhou barely changed, according to the NBS.

Yan Yuejin, an analyst with the Shanghai-based E-house China R&D Institute, said the realty downturn in smaller cities contributed to the price cooling in bigger cities. "The wait-and-see" sentiment was strong among prospective homebuyers and this in turn hit home sales," he said.

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Overseas links help maintain growth in Chengdu

chengdureport

By LI YU and PENG CHAO
in Chengdu and LIU BALJIA in Beijing

Chengdu, an international hotspot in western China, has maintained steady economic growth after attracting overseas partners, despite overall downward pressure nationwide.

Chengdu's GDP reached 232 billion yuan (\$37 billion) in the first quarter of this year, a 7.8 percent increase year-on-year and 0.4 percentage points higher than the national rate.

Premier Li Keqiang said on Monday that China would meet this year's growth target of about 7.5 percent, which is "slower than the past, but normal".

Huang Xinchu, Chengdu Party secretary, said Chengdu would continue to optimize its industrial structure and maintain steady economic growth.

The city will give priority to industries including electronics and information, automobile, new energy, high-tech machinery, finance and e-commerce, according to Huang.

International investments have boosted Chengdu's economic development.

Keith Williams, chief executive officer of British Airways, said the airline recognizes Chengdu's potential and believes the city will become a key hub on the international aviation map in the future.

British Airways increased the number of flights to Chengdu from three to five a week on May 6, less than eight months after it opened the direct route.

The airline uses new Boeing 787s for the route, which provide about 1,000 seats for three flights.

Chengdu was one of the first

\$37
billion

GDP in the first quarter of this year

\$13.7
billion

foreign trade in the first quarter of this year

73
international
flights
run from Chengdu

cities to operate routes with the new aircraft, which Williams said showed the importance the airline attached to the city.

United Airlines started a direct Chengdu-San Francisco route on June 11, which marked the first direct link from western China to the United States.

Jake Cefolia, United's vice-president of Atlantic and Pacific sales, said Chengdu was a city with unique attractions and a gateway to a market of 200 million people. "We are very optimistic about the Chengdu market because of its rich business opportunities and tourism resources," he said.

A total of 73 international flights run from Chengdu and the local government has new routes planned to link the city to more major international destinations such as Istanbul, Moscow, Paris and Dubai, according to the Chengdu Logistics Office.

Chengdu has accelerated



PENG CHAO / CHINA DAILY

British Airways has increased the number of flights from London to Chengdu, the capital of Sichuan province, from three to five a week.

its pace of opening-up to the outside world and integrating into the world economy in recent years.

More than half of the Fortune Global 500 companies have established a presence in Chengdu, including Intel, Dell, Lenovo, DHL, UPS, FAW-Volkswagen and Volvo.

According to local officials, Chengdu produces half of the world's laptop chips and two thirds of the iPads.

The city is expected to produce more than 800,000 cars. "As the demand continues to shrink globally, competi-

tion among multinational companies is more likely to center on regional markets," said Yan Xing, deputy director of Chengdu Academy of Social Sciences.

Yan said Chengdu was one of the best choices for multinational companies to explore China's western market, as the city is at the center of the region's most important cities, including Chongqing, Xi'an, Kunming and Guiyang.

Despite a 1 percent drop in China's foreign trade in the first quarter, Chengdu's foreign trade maintained steady

growth and reached \$13.7 billion, a rise of 9.6 percent year-on-year.

The city is expanding foreign trade by transforming itself from a domestic transport hub into an international hub, according to local officials.

The city is China's fourth-largest air hub and has plans for a new airport, which will make it the third city on the Chinese mainland to have a second airport, after Beijing and Shanghai.

The city also expects to operate a return route ser-

vice of the Chengdu-Europe express rail. The service runs from the Chengdu Railway Container Logistics Center, the largest railway container distribution hub in Asia, to Lodz, in Poland.

The express rail opened on April 27, 2013, and by April this year had operated 45 trains with 3,704 containers, which totaled 8,293 metric tons and were worth \$156 million, according to Shanda Huang, operations manager of Chengdu Hatrans YHF Intermodal Logistics Co Ltd.

The cargo came from prov-

inces around the country and included laptops produced by PC giant Dell's global operation base in Chengdu, auto parts, home appliances, clothing, shoes and toys.

The local government plans to shorten the train's journey time to 12 days from the present 14 days and increase the frequency of trains to twice a week during peak season.

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