Limits on movie imports 'should be loosened'

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Experts are calling for a lifting of the restrictions that are used to protect China's domestic film industry by controlling how many movies can be imported into the country during the summer.

Their comments came after a few foreign blockbusters that were expected to come to Chinese theaters in August, a peak season for movies, failed to appear on screens.

Of the 30 films that were to be released in China in August, only six were imported, industry sources said. Three of them came from the United States, two from the France and one from Thailand.

Of the three from Hollywood, only *The Amazing Spider-Man* — which was released throughout the world during the weekend of June 29 — is being eagerly awaited at the Chinese box office. The other two were released in the US in the first half of 2011.

Several other Hollywood productions were originally meant to premiere in China this month but now don't appear on theater schedules. Among them were *The Dark Knight Rises* and *The Twilight Saga: Breaking Dawn*.

The release of those movies may not come until after Aug 30, when most school's summer vacations have come to an end.

No written rule limits the number of foreign films that can be imported during the summer, but the practice of restricting their numbers has existed for years.

Gao Jun, general manager of the Beijing Shengshi Huarui Film Investment & Management Co, and the former deputy general manager of the theater operator New Film Association, issued a warning about the possible consequences of postponing the release dates.

"I'm afraid that the restrictions will have adverse effects on consumption in the movie market, even though domestic movies will be able to get a larger share of total ticket sales," he said.

Chen Shaofeng, deputy dean of Peking University's institute for cultural industries, also said the unofficial restrictions on imports of foreign films during the summer could inadvertently harm the Chinese film industry.

"The more domestic movies are protected, the less box office revenues that are generated in our market will increase, even though it is necessary to give (such films) an appropriate amount of protection," he said.

Jiang Defu, a spokesman for China Film Group Corp, the largest State-owned film conglomerate in China and one of the two companies authorized to oversee the distribution of foreign movies in the country, explained that before an imported movie is released, "there are a series of procedures that involve different departments and parties".

"It is definitely not just one institution such as China Film Group that is able to decide the whole thing," he said.

In the first half of this year, more than 100 domestic movies generated less than 3 billion yuan ($470 million) in revenue. At the same time, 38 imported ones grossed nearly 5 billion yuan, an amount that made up 65 percent of the total box office revenue collected in the country, according to m1905.com, a movie website.

In July, the protective measures did produce good results for domestic movies. Among the beneficiaries was *Painted Skin: The Resurrection*, which by July 27 had raked in more than 700 million yuan in ticket sales, more than any other Chinese-language movie during that month.

Most of the domestic movies to be released this month are medium and small-budget productions.

Chen added that makers of domestic movies don't have much money to spend on marketing and promotion and their productions thus tend to run for shorter stretches of time than foreign ones.

Analysts suggest, however, that it would be a mistake to place tighter restrictions on imports of Hollywood movies, noting that the domestic industry cannot be successful without the support of large audiences.

what's news

YANG BO / CHINA NEWS SERVICE

An artist performs on a tightrope at the 2012 Asia Outdoor Exhibition in Nanjing on Sunday. The performer would at times walk on the tightrope, and at times jump and perform turns on it.

Thermal coal imports could slow amid stockpiles

China's imports of power-station coal may slow amid higher-than-average stockpiles at energy suppliers, increased hydro-electric production and stagnating electricity demand, according to a market report from Standard Chartered Plc.

Serene Lim, an analyst at Standard Chartered in Singapore, said China's demand for thermal coal is weaker than last year, and inventories at major utilities were equivalent to 26 days of consumption as by July 10, compared with a typical level of 18 days during the summer peak-consumption period.

The bank has forecast an average third-quarter price of $95 a metric ton for coal at the Australian port of Newcastle, and $88 at South Africa's Richards Bay terminal.

China's coal imports, including power-generation and steelmaking grades, climbed 65 percent in June from a year earlier, according to the General Administration of Customs.

Standard Chartered sees 11% jump in H1 profits

Standard Chartered Plc, the UK bank that gets most of its revenue from Asia, posted an 11 percent gain in its first-half profit and said it plans to add branches in China and India as rivals falter amid the global economic slowdown.

Its net income rose to $2.86 billion from $2.57 billion a year earlier, according to figures released to the Hong Kong Stock Exchange, a result in line with market expectations.

The London-based bank, which concentrates on Asia, Africa and the Middle East, is set to meet its full-year targets for "double-digit" growth in revenue and earnings per share, said Peter Sands, chief executive, who added that it plans to hire more than 1,000 people this year in emerging markets.

Chinese banks make record $206b in bond sales

Chinese banks are selling the most bonds on record this year as policymakers urge them to lend more freely in support of projects needed to steer the country out of an economy slowdown.

Lenders issued 1.32 trillion yuan ($206 billion) in bonds in the first half, of which the policy banks issued 1.11 trillion yuan, according to data compiled by Bloomberg.

The total is 36 percent higher than in the preceding six months and 16 percent more than a year earlier. China Development Bank Corp is the largest bank that lends to promote official policies and its 10-year debt yields 4.06 percent. Globally, financial companies pay 4.19 percent, according to a Bank of America index.

China cut interest rates in June and July, the first reductions since 2008, and is encouraging local governments to boost investment as economists forecast 2012 growth will be the slowest in 13 years.

Wealth levels continue to climb in China, says report

One in every 1,300 people in China has 1 million yuan ($157,000) or more, according to a report from GroupM Knowledge, the knowledge management arm of GroupM, the media investment management operation.

And the number of Chinese people who have 10 million yuan or more reached a record of 1.02 million, an increase of 6.3 percent from 2011.

China is home to 63,500 super-rich people, defined as people with 100 million yuan or more, an increase of 5.8 percent from last year, according to the report.

Rupert Hoogewerf, chairman and chief researcher of the report, said: "As China is set to become the world's biggest market for luxury, it is critical to understand the Chinese luxury consumer."

$71.4b deficit booked in international payment

Capital flowed out from the Chinese market in the first half of the year, but it was not "a massive and concentrated evacuation", according to an official from the State Administration of Foreign Exchange.

The country's balance of international payments in the second quarter showed a deficit of $71.4 billion in the capital and financial account after a surplus in the first three months, indicating that capital might have flowed out at a faster pace, the administration said.

"The recent changes were mainly because foreign exchange assets are shifting from the central bank to domestic institutions and individuals," the official said, denying that large amounts of foreign capital are evacuating.

"Even if the data showed a net outflow of capital, it is still affordable."

In the first quarter, the capital and financial account surplus was $51.1 billion, compared with a deficit of $48 billion in the fourth quarter of last year, according to the data.

Regulator publishes new credit system rules

The country's top securities regulator has published the first package of regulations for the credit system of the stocks and futures markets.

According to an official from the China Securities Regulatory Commission, a national profile database and information search system will be built to disclose the credit quality of market participants.

Reward and punishment measures will also be applied to encourage trustworthy behavior, according to the official.

"It's necessary to strengthen the construction of the credit system to reform and develop Chinese capital markets," he said, adding the regulations are expected to take effect in September.

Shipbuilding orders fall 50.3% in first half

New orders for China's shipbuilders fell sharply in the first half of the year, according to the Ministry of Industry and Information Technology.

New orders fell 50.3 percent over a year ago to 10.74 million deadweight tonnage.

China's shipbuilders completed 32.2 million deadweight tonnage in the first half, up 4.2 percent.

At the end of June, the country's collective order book was 125.87 deadweight tonnage, down 30.7 percent year on year. The orders made up about 1.8 years of the shipbuilders' work.

Top management reshuffle at China Mengniu Dairy

There has been a reshuffle at the top of China Mengniu Dairy Co Ltd.

Chief Executive Yang Wenjun has resigned and been replaced by Sun Yiping, while two new non-executive directors have been named: Tim Orting Jorgensen and Finn S. Hansen, who both held positions in the top management of the Denmark-based Arla Foods.

The Hong Kong-listed Mengniu said in a statement that Yang completed two terms as chief executive of Inner Mongolia Mengniu Dairy (Group) Co Ltd, the company's main operating subsidiary.

Sun was deputy general manager of the Shenzhen-listed COFCO Property (Group) Co, a unit of COFCO Corp, which is a large shareholder of China Mengniu Dairy.

Industry experts said that Yang was the last of the Mengniu founders still in the company. His departure is the beginning of a new era, in which the company will likely be controlled by COFCO.

China Unicom builds largest WCDMA 3G network

China United Network Communications Group Co Ltd, the parent company of China's second-biggest telecom operator, China Unicom, said the company had completed the world's largest wideband code division multiple access, or WCDMA, 3G network by the end of 2011.

China Unicom said it owned 237,000 WCDMA base stations in 2011 after obtaining a 3G network operation license from Chinese authorities in 2009, according to a statement posted by China Unicom on Wednesday on the State-owned Assets Supervision and Administration Commission's website.

Between 2009 and 2011, China Unicom invested 129.3 billion yuan ($20.45 billion) in its 3G network. More than 85 percent of the investment was used to buy equipment from domestic companies.

Bayer's sales up in second quarter of 2012

Bayer Group's pharmaceuticals segment saw its sales increase by 4.3 percent to 2.7 billion euros ($3.3 billion) in the second quarter of 2012, which came mainly from North America and emerging markets, especially China.

Bayer Group also saw its underlying earnings increase in the period.

"In view of its strong business performance, we are raising our guidance for the full year of 2012," said Marijn Dekkers, Bayer AG management board chairman, at a presentation of an interim report on Tuesday. He reported that Bayer had roughly 10.2 billion euros in sales — a new record. That was in part the result of currency effects.

The company's healthcare subgroup saw the value of its sales increase by 10 percent to 4.7 billion euros. Its pharmaceuticals and consumer health segments both contributed to the increase.

CHINA DAILY — AGENCIES

Alstom boosts hydro power investment in China

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Alstom, the world's third-largest power equipment maker, is boosting its investment in hydro power in China, as other renewable energy sectors such as wind and solar energy face a slowdown.

POWER

Alstom Renewable Power, Alstom's division in charge of renewable power generation equipment and services, plans to establish a Global Technology Center in Tianjin, as part of a 100 million euro ($123 million) investment to upgrade Tianjin's hydro industrial facility — the largest such plant that Alstom has in operation.

"Compared with other renewables, hydro power is very stable," said Jerome Pecresse, president of Alstom Renewable Power.

And as the renewable sector — including wind and solar — develops, the demand for pumped-storage plants will also increase, according to Pecresse.

Alstom is one of China's leading hydro producers. The company has contracts for hydro turbines and generators covering about 47 gigawatts, out of which about 50 percent are already in commercial operation.

Alstom was also involved in the construction of the Three Gorges Dam, the world's largest power plant of any kind, to which it supplied 14 of the dam's 32 units, each with an output of 700 megawatts.

"International hydro power companies are setting up their research and development centers in China to grab more market share, leading to fierce competition as well as more mergers and acquisitions," said Zhou Xiujie, an industry analyst with China Investment Consulting.

According to the China Electricity Council, the country's hydro power investment reached 44.4 billion yuan ($7 billion) in the first five months of the year, up nearly 50 percent year-on-year.

With a temporary slowdown in the construction of nuclear plants after the Fukushima disaster in Japan, the Chinese government is pushing ahead with all forms of renewable energy: solar, wind, bio-energy, geothermal and hydro.

However, the development of wind and solar energy is slowing down.

Authorities began tightening approval for wind power projects last year after a significant amount of wind resources were wasted because the grid was not capable of carrying or sending out the electricity.

Despite the government's ambitious push, the solar market in China is still very small, with less than 3 gW installed at the end of 2011.

In comparison, hydro power makes up 22 percent of the country's installed power base, with many large hydroelectric projects either in the planning stage or under construction. The country's hydro market is booming, with installed capacity for hydropower increasing by 15 gW every year, and expected to reach 380 gW by 2020 from just under 200 gW this year.

China plans to get 11.4 percent of its energy from renewable sources by 2015, of which hydro power will contribute two-thirds, analysts said.

In the first half of the year, the central government has approved six major dam projects totaling 8.8 gW, with another 10 gW in the pipeline by the end of the year, according to the National Development and Reform Commission.

China's hydropower capacity stood at 230 gW at the end of 2011, 22 percent of the total, and another 55 gW are now under construction, according to figures released by the National Energy Administration.

The country's hydro power market slowed down during the 11th Five Year Plan period (2006-10) partly due to controversy about its environmental impact. However, new approvals accelerated since 2010 when the reduction of carbon emissions was at the top of the government's agenda.

Meanwhile, the slowing economy may pose some challenges for hydro power development as demand for electricity is cooling down.