

# ChinaBusiness

## Business briefs



WU CHANGQING / FOR CHINA DAILY

A visitor looks at the first domestic 1 million kilowatt nuclear generator rotor at a recent international nuclear power equipment exhibition in Beijing. China is expected to attain a nuclear power generation capacity of 11.74 gigawatts by the end of 2011, says the National Energy Administration.

### ENERGY

#### Nuke target too 'aggressive'

An "over-aggressive" target for the nuclear power industry by 2020 may harm the sector's healthy development, an industry expert from the National Development and Reform Commission's (NDRC) think tank cautioned.

Any target exceeding 80 gigawatts (gW) by 2020 may put excessive pressure on China's nuclear power industry due to inadequate domestic equipment manufacturing capacity and safety risks, said an industry expert from the Energy Research Institute, the think tank of the NDRC. China has 13 reactors currently in operation, with a total generating capacity of 10.8 gW, and an additional 28 units, with a total capacity of 30.97 gW, are under construction, according to the latest statistics from the National Energy Administration (NEA).

China is expected to attain a nuclear power generation capacity of 11.74 gW by the end of 2011, the NEA said.

Nuclear power development will maintain the current growth rate till 2013, said Xiao Xinjian, a researcher from the Energy Research Institute. This is partly because the industry needs time to digest the third-generation technology, Xiao said.

China is also keen on increasing the localization rate of nuclear power equipment that accounts for 50 to 60 percent of the investment cost. The rate of the third-generation technology is only 30 percent.

### TRADE

#### Drill pipe faces stiff duties

Chinese exporters' drill pipe for oil production will face antidumping and countervailing duties as high as 430 percent after the United States International Trade Commission agreed on a 3-to-3 vote that the low-priced Chinese imports may threaten harm to US producers. The duties will take effect this month.

Four US companies, including VAM Drilling USA and TMK IPSCO of Illinois, jointly brought the case, and the United Steelworkers Union and US Steel Corp, the country's top producer of the metal by volume, backed the complaint.

Baoshan Iron and Steel Co Ltd, the biggest

listed steelmaker in China, had no dumping duty applied.

### TREASURY

#### No yen for Japanese bonds

China sold a net 177.3 billion yen (\$2.15 billion) of Japanese bonds in December, capping the biggest yearly decrease since at least 2005, after the yen and benchmark government debt fell in November.

China sold a net 243.5 billion yen in short-term Japanese debt and bought 66.1 billion yen in long-term bonds, Japan's Ministry of Finance said in a statement on Tuesday. That resulted in net sales of 467.7 billion yen in 2010.

The yen dropped 3.9 percent in November against the dollar, the first decline since April. Yields on 10-year Japanese government debt climbed 26.5 basis points, or 0.265 percentage point, in November, the biggest surge since April 2008.

### STOCKS

#### HK to provide yuan IPOs

Yuan-denominated initial public offerings (IPO) are expected to be launched in Hong Kong this year for the first time as the city attempts to boost its role as the offshore yuan settlement center.

Hong Kong's stock exchange and the securities regulator are preparing for the launch of yuan-denominated IPOs and are hopeful that the good news will come this year, said Chan Ka-keung, Secretary for Financial Services and the Treasury Bureau of Hong Kong, on Monday without giving a specific timetable.

The plan to issue yuan-denominated stocks is seen as the latest move to expand the use of the currency in Hong Kong and to meet the growing demand for the equity products as the city has seen a rapid buildup of deposits in the currency.

### PROPERTY

#### Housing market to stall

Around 20 percent of registered residents in Beijing will not be able to buy a new apartment this year after the new round of policy

tightening kicks in.

That could lead to a 20 to 30 percent fall in property sales and stall price growth, according to industry experts.

The Chinese capital, which experienced the biggest surge in property prices (42 percent) nationwide last year, is expected to roll out its new detailed property regulations around mid-February, in line with the central government's requirements.

The State Council launched a new round of measures on Jan 26 to rein in property prices. Besides raising the minimum down payment for second-home buyers to 60 percent from the current 50 percent, it also further tightened rules restricting home purchases.

#### Reality sales strong in Hainan

Property sales and prices in Hainan, China's first international tourism island, rebounded during the city's tourist high season, with investors increasingly looking for opportunities in the commercial sector.

According to the National Bureau of Statistics, the price of properties in Sanya rose by 48 percent year-on-year in December, the largest increase among 70 major cities. Property prices in Haikou also rose, by 29.7 percent year-on-year.

The floor space of residential properties sold in December climbed 98.1 percent month-on-month, compared with a 52.3 percent surge for 2010. The total sales jumped by 116.7 percent in December over the previous month, hitting 9.4 billion yuan (\$1.4 billion).

Though the local government has launched measures to limit the number of homes a family can purchase in Hainan, the development of Hainan international tourism island and the construction of railways on the island attracted a growing number of investors.

### FINANCE

#### Rate hike aims to tame inflation

The central bank has raised interest rates for the third time since mid-October by another 25 basis points, to help mop up liquidity and tame surging inflation.

Effective on February 9, the benchmark one-year lending rate will increase to 6.06 percent from 5.81 percent, and the one-year deposit rate will rise to 3 percent from 2.75 percent, the People's Bank of China said in an announcement on its website.

The tightening measure was announced right at the end of the Spring Festival holidays and one day before the markets open.

Lu Zhengwei, chief economist at Industrial Bank, said the move had been predicted as China maintains strong growth momentum, and the consumer price index (CPI), a major gauge of inflation, was expected to hit a record high in January.

### ENERGY

#### Natural gas demand to soar

China's natural gas demand will rise 20 percent in 2011 to 130 billion cubic meters (cu m) and production will increase 16 percent to 110 billion cu m, according to a statement from the National Energy Administration (NEA).

According to the NEA, China's gas consumption in 2010 was 110 billion cu m, a rise of 20 percent year-on-year. Meanwhile, production was 94.48 billion cu m, a 12 percent increase from 2009.

## Quotable

"The property tax can be considered a new measure to adjust demand and supply, curb property speculation and squeeze the housing bubble,"

**CHEN GUOQIANG**, deputy chief of the China Real Estate Society, commenting on the first-ever property tax for second-home buyers launched by Shanghai and Chongqing late last month.

"Faced with incomplete nationwide regulations, limited financing options and an immature credit rating system, the difficulties for foreign players are sizable."

**CUI DONGSHU**, deputy secretary-general of the National Passenger Car Information Exchange Association, saying that rich management experience and a mature business model no longer provide advantages for overseas car leasing companies entering the Chinese market.

"It is not a sound argument to ask China to appreciate the yuan for trade reasons. There are lots of uncertainties in the global economy now... so the trade surplus issue is not because of the level of exchange rates."

**CHEN DEMING**, the Minister of Commerce, speaking at the World Economic Forum in Davos, Switzerland.



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