

SCI China Market Update – March 2018

Dear Friends,

The Chinese New Year holiday is over. The Year of the Dog has begun. Importantly, China's next government will be decided in early March at the upcoming National People's Congress. It will continue Xi's development ideas and policies.

In our last newsletter, we highly recommended Lingood Machinery as the best-qualified Chinese supplier of loss-in-weight feeder systems. Just before the Chinese New Year, a group of managers from Mondelez International visited Lingood in Wuxi to examine the company for "qualified vendor" status. Mr. Walker, Investment and Purchasing Director of Mondelez, announced that Lingood passed the examination with no issues. Congratulations! Here is the company's website: www.lingood.com.cn. What's new in the China market? Below is business news for your information, selected from a variety of public sources:

China's factory growth seen easing only marginally in February

China's manufacturing sector likely posted another month of relatively solid growth in February, despite long Lunar New Year holidays and a tough pollution crackdown which disrupted factory operations. The official manufacturing Purchasing Managers' Index (PMI) is expected to have dipped only slightly to 51.2 in February from January's 51.3, according to a median forecast of 29 economists in a Reuters poll. That would mark the 19th straight month of expansion for China's manufacturers, and reinforce consensus views that the world's second-largest economy will only see a modest slowdown in growth this year.

But like much of China's data early in a new year, the trends may be distorted by the timing of the week-long Lunar New Year holidays, which fell in February this year but January in 2017.

China to push forward development of Xiongan new district

A new special economic zone in China should create a template for high-quality development, with a focus on the environment and building a "smart" city as per Beijing.

Important progress has been made in the planning for the zone, known as Xiongan New Area. Experts believe that Xiongan will become another "Shanghai Pudong" in the north but will be much better developed and environmental friendly. The new city is about 100 km (60 miles) southwest of Beijing in

Hebei Province and is expected to take over some “non-capital” functions of Beijing. Once the high-speed train construction is completed, Beijing or Tianjin to Xionggan is only 30 minutes.

China's Geely buying \$9 billion stake in Daimler

China's Zhejiang Geely Holding Group Co is buying a stake worth about 7.5 billion euros (\$9.22 billion) in Daimler AG to become the largest investor in the German automaker, Bloomberg reported, citing people familiar with the matter.

Hangzhou-based Zhejiang Geely has been building up a stake of just under 10% through purchases of Daimler's shares in the stock market in recent weeks, according to the report on Friday. Zhejiang Geely owns Volvo, as well as the maker of London's black cabs and last year acquired a 49.9% stake in Malaysian automaker Proton.

Chinese automaker BAIC to open first plant in Mexico

Chinese automaker Beijing Automotive Industry Corporation (BAIC) unveiled a plan to build its first factory in Mexico for the North and South American markets. The company will invest around \$1 billion for the construction of the plant set to begin in 2020, Jimena Saenz, BAIC's director in Mexico, said in an interview with Xinhua.

As one of China's five largest automakers, BAIC sells automobiles in 53 countries, including South American countries such as Argentina, Brazil, Chile, Colombia, Peru and Venezuela.

Over 260,000 entities to pay environmental tax in China

More than 260,000 companies and other entities in China that discharge pollutants will have to start paying an environment tax in April, state news agency Xinhua reported, citing the tax authority. The Environmental Protection Tax Law took effect on Jan. 1 requiring taxpayers to file quarterly, with the first period starting on April 1, it said.

China develops 400kph high-speed train

China is developing new bullet trains with a speed up to 400kph, said a leading figure in the country's high-speed railway technology development.

The maximum speed of China's bullet trains rose to 350kph, when the Fuxing (Rejuvenation) bullet trains started operation between Beijing and Shanghai on Sept. 21, 2017.

China beats 2017 coal-fired power capacity reduction target

China eliminated or suspended 65 gigawatts (GW) of coal-fired power capacity in 2017, exceeding the national target of 50 GW, the state-owned Xinhua news agency reported, citing the State Council. The country aims to eliminate or halt a total of 109 GW of coal-fired power capacity by the end of this decade while at the same time keeping its total installed coal-fired power capacity below 1,100 GW. For more information about doing business with China please visit our website at www.s-c-i.com or call me at 610-828-8061. Thanks!

Happy Year of the Dog!

Shiqiang Gu
President & CEO

Sino Consulting (SCI)
One Tower Bridge
100 Front St., Suite 1460
West Conshohocken, PA 19428
U. S. A.
Tel: (610) 828 8061
Fax: (610) 828 8801
Web: www.s-c-i.com