

# Strong house sales may lead to curbs

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House sales in July, traditionally a slow season for the property industry, continued their rebound from June.

Experts said that if the sales boom raises prices significantly, the central government is likely to roll out **REALTY** policies to cool the market.

As of July 25, registered residential house sale nationally rose 6.9 percent over the same period in June, according to Centaline China Property Research. The research institution said house sales for all July may see a new monthly high this year.

First-tier cities, such as Beijing and Guangzhou, have seen a much faster recovery in house turnover. During the first three weeks of July, turnover in first-tier cities grew 29 percent compared to last year to hit 1.8 million square meters, while third-tier cities grew only 1 percent, according to Centaline. Second-tier cities posted a 37 percent growth, but in

terms of turnover floor space, the growth was smaller than that of first-tier cities.

The sales rebound followed a buying spree in June.

House prices, especially in eastern cities, have stopped declining and started to rebound strongly. The average house price in eastern cities tracked by E-house China, a Shanghai-based property-research company, exceeded 13,000 yuan (\$2,037) per sq m, a 6.6 percent rise over a month earlier and a 7.3 percent increase.

Zhang Tianwei, a 28-year-old employee of a Beijing technology company, has already felt the effects of the red-hot housing market.

Early this year, he spotted a project in Huilongguan, a Beijing suburb favored by the capital's average wage earners. In May, sales people told him a 90 sq m house there was 1.6 million yuan, but by July, the price had climbed to 1.9 million yuan.

Frustrated by the high price, Zhang decided to buy it anyway. But when the houses were open for sale last week,

he found that there were 1,400 people waiting for the 430 houses, with the potential buyers to be decided by lottery. The few lucky winners got only three minutes to decide whether they wanted to buy a house.

"I knew the odds were slim, but I went there anyway, hoping that previously qualified people would quit," Zhang said. "It turned out that no one quit on the spot. It was crazy."

The price rebound has forced more people like Zhang to look for older houses. As a result, online registered used house sales hit 15,135 in July (as of July 28), a 26 percent rise over a month earlier, and a 76.4 percent surge compared with a year earlier.

## Looming control?

The sales and price surges in some cities already have got the attention of the central government, which fears that some of its recent macroeconomic easing policies may have sent the wrong messages to the market.

To invigorate the flagging economy, China cut interest rates twice in a month. Some "fine-tuning" policies adopted

by local governments have also fueled the expectation of further property market easing.

To quell those expectations, central authorities in the past 10 weeks have pledged to keep the curb policies firmly in place.

A more recent show of determination came last week, when the State Council said it has sent eight teams to 16 municipalities and provinces to inspect the implementation of housing policies.

"The central government is very likely to roll out new restrictions on the property market if two conditions are met: one, it feels the broad economy is bottoming out; two, house prices in July see a significant rebound," said He Tian, director of China Index Academy, a realty information service provider under Soufun.com, China's largest property website.

The new curb policies may involve expanding the multiple-house purchase limit, which has not been adopted in some cities; and toughening enforcement of the limit, including stricter verification of the house purchase qualification, according to He.

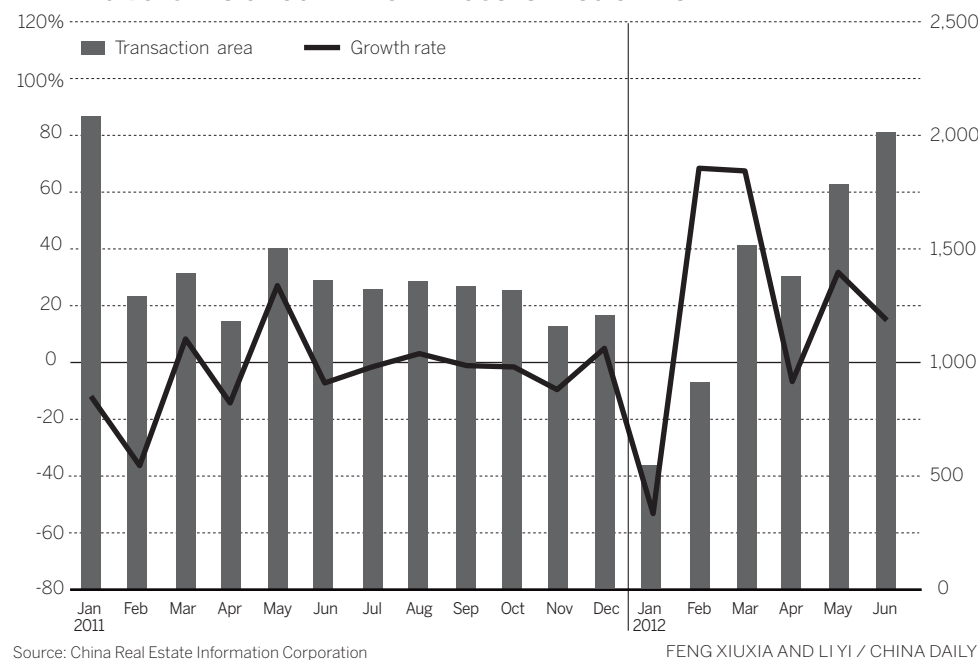
Some experts argued a more market-oriented approach. The Chinese Academy of Social Sciences in a recent report suggested expanding the number of cities that levy property taxes.

Currently, only two cities, Shanghai and Chongqing, have a property tax.

Hai Wen, a senior economist and vice-president of Peking University, on Monday also called on the government to promote the tax.

"What the government should do is not ask people not to buy houses, but reduce the number of empty houses (bought for investment, not being lived in). A property tax is the best way to realize this," he said.

## TRADING VOLUMES OF COMMERCIAL HOUSES IN 30 CITIES



Source: China Real Estate Information Corporation

FENG XIUXIA AND LI YI / CHINA DAILY

## what's news



LI XIANG / XINHUA

**Two youngsters from Macao show off their robot, Cantonese opera ambassador, at the 12th Chinese teenagers' robot competition, in Tianjin on July 18. The robot was made of "green" materials. The competition attracted more than 500 entries.**

## CNOOC parent gets OK to build LNG terminal

The China National Offshore Oil Corp won government approval to build another liquefied natural gas terminal in southern China's Shenzhen amid increasing demand for the fuel.

In June, the National Development and Reform Commission approved the project with a designed receiving capacity of 4 million metric tons a year, the commission said on its website on Monday. The Diefu facility, 70 percent owned by China National Offshore and the rest by Shenzhen Energy Corp, will comprise four LNG storage tanks each with 160,000 cubic meters of capacity.

China is planning to triple its use of gas by 2020 to about 10 percent of total consumption to cut reliance on coal and oil. LNG imports rose 29 percent in the first half of 2012 from a year earlier to 6.7 million tons, according to the General Administration of Customs.

## Inter-bank bond market open to overseas investors

China allowed more international investors to buy bonds on the nation's largest debt market and purchase higher-yielding notes for the first time, as the world's second-biggest economy continues to develop its capital markets.

Participants in the Qualified Foreign Institutional Investor program now may buy bonds on the inter-bank market, the China Securities Regulatory Commission said in a Friday statement on its website. Previously, participants were restricted to exchange-listed debt, which is less than 2 percent of the interbank equivalent.

International investors will also now be permitted to buy bonds of small and medium-sized companies through private placements, the regulator said. Such securities typically yield more than their counterparts listed on China's stock exchanges.

## China boosts railway-cost target for second time

China increased its planned 2012 spending on railway infrastructure for the second time this month as the government invests more to bolster its slowest economic growth in three years.

The Ministry of Railways, the nation's largest corporate debt issuer, plans to spend 470 billion yuan (\$74 billion) on railroads and bridges this year, according to a bond prospectus on Monday. That's 4.8 percent higher than a ministry figure cited in a July 6 statement by the Anhui provincial economic planning agency, which indicated a 9 percent increase from the previous figure.

The new target exceeds last year's 461 billion yuan in spending and follows Premier Wen Jiabao's July 10 comments that promoting investment growth is essential to stabilizing an expansion that decelerated to 7.6 percent in the last quarter.

## Iron ore seen extending decline in October

The slump in iron ore that's driven its price to its lowest level in 31 months may level off this quarter before deepening in October as business activity in China, the ore's biggest buyer, slows, according to UBS AG.

"October is the month I do get worried about because China does go on holiday for a week," said Tom Price, a Sydney-based analyst, referring to the National Day. "You see a potential for a correction in the iron ore trade around that month, just like we saw last year."

Iron ore, which has lost 16 percent in prices in 2012 as economic growth in China fell to its weakest pace in three years, tumbled 31 percent in October. Lower prices may hurt mining companies such as Vale SA, the world's largest iron ore producer, which said on Wednesday that second-quarter sales slumped 21 percent.

## Chimbusco 'bought' Russian low-sulfur fuel oil

China Marine Bunker (PetroChina) Co Ltd bought an 8,000-metric-ton cargo of low-sulfur fuel oil from Russia, according to a company official who asked not to be identified because the information is confidential.

The country's largest marine-fuel supplier, known as Chimbusco, paid a premium of about \$110 a ton over Singapore prices, and the shipment arrived at North China's Tianjin port in mid July, the official said.

## COSCO drops to 9-month low on loss in first half

China COSCO Holdings Co Ltd, the country's largest listed shipping company, fell to a nine-month low on the Hong Kong Stock Exchange after saying its preliminary first-half loss widened more than 50 percent as a shipping glut weakened rates.

The fleet operator dropped by as much as 4.3 percent to HK\$3.15 (\$0.41) before trading at HK\$3.17 as of the noon trading break, the lowest level since Oct 10.

Slowing global economic growth, including in China, and fuel costs that have remained high contributed to the record expansion of losses, the shipping company said in a statement on Friday after the market

closed. Losses will widen by half from the 2.8 billion yuan (\$439 million) deficit for the six months that ended June 30, according to the preliminary earnings report.

## Gome bonds beat peers as put option nears

Gome Electrical Appliances Holdings Ltd may be leading a stock slide in China, but its convertible bonds are outperforming peers before a September redemption option that offers a 10 percent annualized yield.

Shares in the nation's second-biggest electronics retailer have tumbled 42 percent this month in Hong Kong, the steepest drop among 143 members of the MSCI China Index, as the company forecasts a first-half loss.

The retailer announced in June a plan to buy back some of its convertibles and Philip Cheung, a finance manager at the Beijing-based company, said in a Thursday phone interview that there is "adequate cash" for these purchases as well as redemptions in September.

Gome had 5.5 billion yuan of funds at the end of March, according to its financial statement for the first quarter, a period in which earnings slumped 88 percent after China ended subsidies on new home appliances.

## China opposes US tariffs on wind towers: statement

China strongly opposes the tariffs that the US Commerce Department has imposed on Chinese wind turbines, saying that decision backfires on the US wind power industry.

Chinese wind tower exporters did not dump, or sell the product at below-market rates, in the US market, nor did they receive non-actionable subsidies, in violation of WTO rules, said a statement from the China Chamber of Commerce for Import and Export of Machinery and Electronic Products on Monday.

In a preliminary ruling on Thursday, the US Department of Commerce imposed provisional anti-dumping duties from 20.85 percent to 72.69 percent on utility-scale wind towers from China. The anti-dumping tariffs add to countervailing duties of between 13.74 percent to 26 percent, the department announced in May.

Some wind towers from China could thus face tariffs as high as nearly 100 percent.

## Urban residents' incomes rising faster than inflation

The disposable incomes of most urban Chinese citizens grew faster than the consumer price index in the first half of the year, according to statistics from 28 provincial-level administrative regions.

Among the country's 34 provincial-level administrative regions, 28 have released data on the combined urban per capita disposable income in the January-June period, and all saw disposable income increase by at least 10 percent year-on-year, Beijing-based Beijing Times reported on Monday.

The same period witnessed a CPI increase of less than 5 percent in each of the 28 regions, said the newspaper.

A total of 17 provincial-level regions saw per capita income growth rates higher than or equal to the nation's average of 13.3 percent, and Northwestern China's Ningxia Hui autonomous region is vying for the quickest growth, at 14.4 percent.

## China's software industry slows in first half

China's software industry grew at a slower pace in the first half of the year amid the economic slowdown both at home and abroad, the Ministry of Industry and Information Technology said.

The sector's combined profits totaled 117 billion yuan (\$18 billion) in the first half, up 10.6 percent from a year earlier, but the pace of growth slowed from the same period last year, the ministry said.

Business revenue climbed 26.2 percent year-on-year to 1.1 trillion yuan in the January-June period, down 3.1 percentage points from the growth in the same period last year.

In the first six months, the sector's exports rose 11.7 percent to \$16.24 billion, 6 percentage points lower from the same period last year.

## Guild Investment to add to value of Chinese stocks

Guild Investment Management Inc, which oversees about \$150 million in assets, plans to buy more Chinese stocks in the next six months because of valuations.

"In the second half of 2012, it's a real opportunity for China and the rest of Asia markets, and we will be increasing our exposure," said Anthony Danaher, company president, in an interview at Bloomberg's office in Singapore.

The fund increased Chinese equities to 20 percent of total allocations from zero two months ago, said Danaher, who favors retail and travel-related Chinese stocks. The fund manager is avoiding auto and real estate shares.

AGENCIES — CHINA DAILY

## industryspecial

# Enhancing the rings with a diamond

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Two years ago this month, The Dow Chemical Company, one of the world's largest chemical companies, joined the Olympic family as a worldwide partner.

It is possible to say Dow and the Olympic Games were destined to be together.

Dow was established in 1897 and the first Olympic Games of the modern times were held in 1896.

Dow's logo is a red diamond while the Olympic rings are similar to the jewelry worn on fingers.

A diamond setting enhances the rings and, together, it conveys an unbreakable bond. In the very same way, Dow's partnership with the Olympic Games brings out the best in sports.

Both are bonded together by a commitment to the values and priorities of the Olympic vision, scientific innovation and sustainable development.

George Hamilton, vice-president for Dow's Olympic operations, said: "Our innovative and sustainable products enable the Olympic Games to showcase the best in sport. At the same time, the Olympic Games are the best and biggest platform to demonstrate Dow's solutions."

## Three-decade ties

The initial relationship between Dow and the Olympic Games goes back to the 1980 Winter Olympic Games held in Lake Placid, the United States.

That year, Dow supplied a significant amount of Styrofoam insulation for the ice-skating and bobsled competitions.

Today, Styrofoam is widely



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**Dow Chairman and CEO Andrew Liveris (left) and International Olympic Committee President Dr Jacques Rogge announced Dow's worldwide Olympic partnership at a press conference in July 2010.**

acknowledged as one of the best insulation materials in the construction industry thanks to its stable dimension, outstanding waterproof performance, high heat resistance and super anti-compression strength.

The material is now used in more than 21 million buildings around the world, saving up to \$10 billion a year in energy costs, which equates to several hundred million tons of reduced carbon emissions each year.

Before becoming a worldwide sponsor in 2010, Dow has been offering its solutions at different occasions of the Olympic Games.

Dow's Styrofoam was used again in the 1988 Winter Olympic Games in Calgary, Canada for the ski jumping and bobsled competitions.

The US Olympic bobsled team also turned to Dow's Tactix performance polymer to produce their sleds.

At the 2002 Winter Olym-

pic Games in Salt Lake City, PeladDow calcium chloride pellets were used to keep pedestrian areas clear and safe for athletes, volunteers and spectators.

Dow began participating in Olympic Games corporate hospitality with the 1996 Atlanta Olympic Games, a program it has joined for six successive Olympiads.

## Commitment

Dow has a long-standing commitment to global sustainability, scientific excellence and addressing the most pressing needs the world is facing today in areas like energy, housing, health and safety.

The Olympic movement is about peace, progress and the world coming together to celebrate our common humanity, ideals Dow has pledged to uphold.

In July 2010, the International Olympic Committee formally announced Dow as an "Official Worldwide

Olympic Partner" and the first-ever "Official Chemistry Company for the Olympic Movement" through 2020. Only a few companies have the privilege and honor to have their logos presented together with the Olympic rings.

The Dow Chemical Company is a worldwide partner of the Olympic Games from 2010 to 2020, and it says it is proud to provide innovative and sustainable solutions for the Olympic Games.

At the 2012 London Olympic Games, the Olympic Stadium, the Riverbank Arena, the International Broadcasting Center, the Olympic and Paralympic Village and the Westfield Shopping Center, among others, are all using Dow products and solutions.

Athletes, spectators and TV audiences around the world will be able to experience and see how material science truly improves their performance and our daily lives.