

QUOTABLE

“The airport construction fee will not be canceled.”

LI JIAXIANG, head of the Civil Aviation Administration of China, said on Tuesday the airport construction fee will remain. The fee is spent on construction, airline subsidies, energy conservation, training, equipment replacement and technological development. The public has questioned the necessity of the airport construction fee for many years.

THE NUMBER

1,820

YUAN

The per capita healthcare expenditure in China reached 1,820 yuan (\$286) in 2011, according to the China Academy of Medical Sciences and Beijing Municipal Health Bureau. According to the research, released on Monday, total healthcare expenditures in China was 2.45 trillion yuan in 2011, accounting for 5.2 percent of GDP, and about 500 billion yuan more than 2010.

ON THE WEB

Highlights from chinadaily.com.cn

Slideshow: A selection of the best celebrations by medal-winning athletes at the London Games.

Video: Olympic swimmer Jiao Liuyang talks at the team's training center in London about her biggest opponent in her hunt for gold in the 200m butterfly final — herself.

Bilingual: Performers from the London 2012 opening ceremony are “cashing in” by selling props and costumes online for thousands of pounds.

Hot Words: Learn the term “gold obsession” and how to use it in our language tips.

On China Forum

<http://bbs.chinadaily.com.cn/>

Discussion: What if Bruce Lee had competed at the Olympics?

Scan it!

Read more on chinadaily.com.cn



Contacts

LONDON:
Phone +44 (0)207 398 8270
Fax +44 (0)207 398 8260
Feedback views@mail.chinadailyuk.com
Circulation & Advertising enquiries@mail.chinadailyuk.com

BEIJING:
News (86-10) 6491-8366
Subscription (86) 400-699-0203
Advertisement (86-10) 6491-8631
E-mail editor@chinadaily.com.cn
iPhone app chinadaily.com.cn/iphone

Factory activity growth at 8-month low

Separate PMI for smaller companies suggests economy primed to pick up

By **CHEN JIA, WEI TIAN** in Beijing and **YU RAN** in Shanghai

Manufacturing activity increased in July, albeit at the slowest rate in eight months, while another gauge, focusing more on small and medium-sized enterprises, recorded the largest increase in nearly two years.

The two readings suggest a stabilization, and analysts expect the economy to pick up in the next five months.

The official purchasing managers' index in July, a key gauge reflecting operational activity in the manufacturing sector, stood at 50.1, according to the National Bureau of Statistics and the China Federation of Logistics and Purchasing on Wednesday.

It was lower than the market consensus of 50.5, and was a

slight drop from 50.2 in June. A reading above 50 indicates expansion and beneath, contraction.

A separate PMI reading, by HSBC, which mainly focuses on small and medium-sized businesses, indicated a slowing deterioration with a reading of 49.3 in July, up from 48.2 in June, the largest month-on-month increase in 21 months.

The official PMI figure is based on data from 820 companies in 31 industries. Large enterprises generated a PMI of 50.3 last month, a decline from 50.6 in June. Small-scale businesses recorded a figure of 48.2, against 47.2 for a month earlier. This figure has remained below 50 for four consecutive months.

“Production and construction always slow down in July,” Lu Zhengwei, chief economist

with Industrial Bank, said.

He was confident that the outlook would improve soon, a view shared by the China Federation of Logistics and Purchasing.

Sub-indexes, gauging production, new orders and employment, all fell by 0.2 points from June, highlighting downside risks, according to Huang Yiping, chief economist for Asia at Barclays Capital.

“The risks may come from a deteriorating European situation, which has been dragging down US growth, and less effective or insufficient domestic policy support,” Huang said.

The International Monetary Fund said last week that China's economy will rebound in the second half of this year to expand 8 percent in 2012 as government policies to spur growth take effect.

Entrepreneurs in East China's Zhejiang province, a regional export powerhouse, remained concerned.

“There is no obvious sign that the amount of orders from European countries will increase soon,” said Li Zhongjian, the manager of Wenzhou-based Zhejiang Tung Fong Lighter Industrial Co Ltd.

Overseas orders in July fell by 20 percent compared with June and are expected to drop further in August, Li added.

Large industrial enterprises saw profits drop in June for the third consecutive month amid sluggish demand, NBS data showed on Friday.

Many companies are seeking to upgrade and streamline operations but this has met resistance.

Research conducted by global consultancy company McKinsey & Company found that only one third of the companies succeed in the endeavor, with resistance from employees and outdated management attitudes cited as major obstacles.

“For example, in many cases, it is not the technology bottleneck but management incapability that hinders the upgrade of companies,” said Zhang Haimeng, partner with McKinsey in China.

China's slower growth has had consequences for Asia. The Republic of Korea's exports declined sharply year-on-year in July with consumer prices increase at their slowest pace in more than 12 years.

“Final manufacturing PMI confirmed only a modest improvement of manufacturing conditions thanks to the initial effect of the earlier easing measures,” Qu Hongbin, chief economist in China with HSBC, said.

Currently, the country's job market is facing increasing pressures, highlighted by both the official and HSBC figures.

“As the labor market is a lagging indicator of economic cycles, a further deterioration in employment conditions

remain possible,” a report from HSBC said.

The government has been aware of the potential risks and started to take measures.

These include slashing interest rates in July, for the second time in a month and lowering the amount of funds banks must keep in reserve.

At a key meeting attended by the top leaders on Tuesday, the government pledged to cut taxes and maintain moderate credit growth while beefing up support for major projects and implementing policies that allow private capital to play a bigger role.

A research note from Barclays Capital said that the central bank is expected to cut interest rates in the third quarter.

Contact the writers at chenjia1@chinadaily.com.cn, weitian@chinadaily.com.cn and yuran@chinadaily.com.cn

AFP contributed to this story.

around china

BEIJING

Mainland, Taiwan to hold new talks

Chief mainland and Taiwan negotiators for cross-Straits relations will hold their eighth round of talks on Aug 9 in Taipei.

Chen Yunlin, president of the mainland-based Association for Relations Across the Taiwan Straits, and Chiang Pin-kung, chairman of the Taiwan-based Straits Exchange Foundation, are expected to discuss and endorse an investment protection agreement.

The two parties are also expected to discuss and sign an agreement on customs cooperation, according to a press release issued on Wednesday by the Taiwan Work Office of the Communist Party of China Central Committee.

Govt to promote breastfeeding

The Ministry of Health said it hopes to have half of China's mothers breastfeeding within eight years.

“The ministry will make great efforts to increase the rate to 50 percent by 2020 in the country, but that needs cooperation of all stakeholders, including hospitals, families, and communities,” said Xu Xiaochao, a senior official with the maternal and children health and community health department under the ministry.

Currently, only about 30 percent of newborns younger than 6 months old are breastfed exclusively on the Chinese mainland, a recent ministry survey showed.

HEBEI

Officials charged for toxic capsules

At least 38 officials in three provinces have either been dealt disciplinary punishments or face criminal charges following a medical-safety scare that revealed pill capsules were being made from leather shoes.

A number of companies in Hebei province were using calcium oxide to bleach waste leather before stewing the leather into industrial gelatin to sell to capsule makers.

According to the Ministry of Supervision website, 12 officials in Hebei, 20 officials in Henan province and six officials of Zhejiang province have been held responsible for the scandal and will be punished or face criminal charges.

SHANXI

Coal mine flooding traps 12 workers

Twelve people were trapped after a coal mine flooded on Wednesday morning in North China's Shanxi province, according to local authorities.

The accident occurred around 3 am at a pit under construction, which is located in Hongtong county, Linfen city, a spokesman with the provincial coal mine safety administration said.

Twenty-two people who were working underground escaped from the flooded shaft, said the spokesman, adding that rescuers had managed to talk over the phone with four of the trapped.

CHINA DAILY — XINHUA



PRAYER IN TIBET

PHOTOS BY LOSANG / FOR CHINA DAILY

Above: Tibetan Buddhists wait to pay homage to the 11th Panchen Lama Bainqen Erdini Qoigyijabu at the Tashilhunpo Monastery, the traditional seat of successive Panchen Lamas, in Xigaze, the Tibet autonomous region, on Tuesday.

Below: Panchen Lama Bainqen Erdini Qoigyijabu chants at the Tashilhunpo Monastery on Tuesday.



China's duo bows out of beach volleyball

Heartbreaking loss to Russian pair has Chinese players looking to future

By **XINHUA** in London

China has bid a quick farewell to the men's beach volleyball event at the London Olympics on Wednesday after the country's only pairing of Xu Linyin and Wu Penggen lost their third match.

After two losses, the Chinese duo showed determination in their do-or-die game, but service and attack errors cost them dearly. They lost 27-29, 21-17 12-15 to Russia's Konstantin Semenov and Sergey Prokopyev.

“We failed to grab the opportunity at the first set and the Russians were very persistent. When it came to the third set, it's all about performances, but not skills,” said Wu, who at 30 is the senior of the pair.

Xu Linyin, 26, hid his disap-

pointment in a stern face.

“We tried our best, you see, we lost all matches in three sets. We had chances in every match. It's disappointing, but this is the end,” Xu said. “We had seven set points in the first set, but we could not pull through. We made too many mistakes in attacking and serving.”

The Chinese started strong and opened 5-3 in the first set, but the Russians caught up 5-all with some tricky digs and solid blocks. The two sides changed leads to 20-all, when the Chinese secured the set point with a spike from Wu from the back front. But the Chinese pair then missed seven set points and the Russians took the set 29-27 with an out-of-court spike from China and a successful block.

The team is expected to be part ways after the London Games. Each will continue to play in the China National Games for each of their respective provinces next year, but with different partners. Wu said he plans to retire soon.

“He has a family to take care of. His little boy is only 15 months old. We both owe our families too much because we have to play games abroad for six months every year, far away from them,” Xu said.

After the loss, Wu discussed the future of beach volleyball in China.

“Back in China, we have a few beach volleyball players and they are not good enough for international competitions. It's shame we have played a few games with them because we have a lot of world tours to play every year,” Wu said. “So, after the London Games, I will go back to my hometown in Jiangsu province and help the youngsters train and play the National Games.”



ERIC FEFERBERG / ASSOCIATED PRESS

Great Britain's Heather Stanning (left) and Helen Glover celebrate after winning the gold medal for the women's rowing pair in Eton Dorney, near Windsor, England, at the London Olympics on Wednesday.

Cycling: Wiggins wipes memory of slow start

FROM PAGE 1

and helped cure Britain's pain after favorite Cavendish failed to medal in Saturday's road race.

A slow start to the London Games in terms of medals will be almost totally forgotten across the host nation now that Wiggins has lived up to all the hype in devastating fashion as he blew away the field just like he had on the Tour.

Wiggins was given the honor of ringing the Olympic bell to start Friday's opening ceremony while erstwhile track teammate Chris Hoy carried the British flag into the stadium.

British athletes from sports thought of as more popular than cycling looked on with envy but more tributes to Wiggins' immense work ethic will follow with the BBC award and possibly a knighthood.

“Bradley now deserves some recognition,” Dave Brailsford, Wiggins' team boss on the Tour and in the Games, told reporters.

“The competition was way

more fierce this time than it was in Beijing.”

A strong Beijing Games on the track following increased investment in British cycling has now transferred to the road with Lizzie Armitstead also taking silver in the women's race on Sunday.

Wiggins and Armitstead, who also raced in the women's time trial on Wednesday, can now finally let their hair down, or in his case his sideburns.

“I'm still overwhelmed,” she told reporters.

“I don't know if I have got the energy to party, suddenly it's like a wave of tiredness has hit me but I'm sure my chums will be pulling my ear and getting me out.”

Getting the British public out on their bikes to help combat growing obesity among the young was one of the aims of the state lottery investment program in cycling.

Satellite broadcaster Sky, normally obsessed with soccer like the rest of Britain, has seen the potential of the sport and sponsors Wiggins' professional team.