

# CHINA BIWEEKLY

RMB Internationalization Business Promotion Office  
BTMU Global Business Division

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## ■ BIWEEKLY DIGEST

### [Economy]

- **The manufacturing PMI for May remains flat at 51.2**
- **The average annual wage of urban employees in non-private sectors for 2016: highest in foreign companies with RMB 82,902**

### [Industry]

- **Policy of promoting "Trademark/brand strategy" is announced, and May 10 is to be "Chinese Brands Day"**
- **China's e-commerce turnover in 2016 rises by 25.5% YoY to RMB 22.97 trillion**

### [Trade/ Investment]

- **"Catalogue for the Guidance of Foreign Investment Industries" (2017 edition) is soon to be released**
- **Foreign direct investments for April: Inward foreign direct investment falls 9.8% YoY and outward foreign direct investment falls 70.8% YoY**
- **Shandong Province announces a hike in minimum wage from June**

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**[Economy]**

**◆The manufacturing PMI for May remains flat at 51.2**

According to the May 31 announcement by the National Bureau of Statistics (NBS) and the China Federation of Logistics & Purchasing (CFLP), the manufacturing PMI for May remained flat at 51.2, exceeding 50, the turning point for the economy, for ten consecutive months.

By major item, production fell 0.4 points month-on-month (MoM) to 53.4 and imports fell 0.2 points MoM to 50.0, but have exceeded 50. Internal and external demands have been growing steadily as new orders stayed flat MoM at 52.3 and new import orders rose 0.1 points to 50.7.

By company size, while the large companies PMI fell 0.8 points to 51.2, the medium-sized companies PMI rose 1.1 points to 51.3 and the small companies PMI rose 1.0 point to 51.0, which exceeded 50 for the first time in this year thanks to the increase for three consecutive months. The NBS pointed out the positive effects of tax cuts policies for SMEs by the government.

As for non-manufacturing, PMI for May rose 0.5 points MoM, turning upward at 54.5. The service industry PMI rose 0.9 points to 53.5, and the construction industry PMI fell 1.2 points to 60.4 but has exceeded 60 for nine consecutive months.

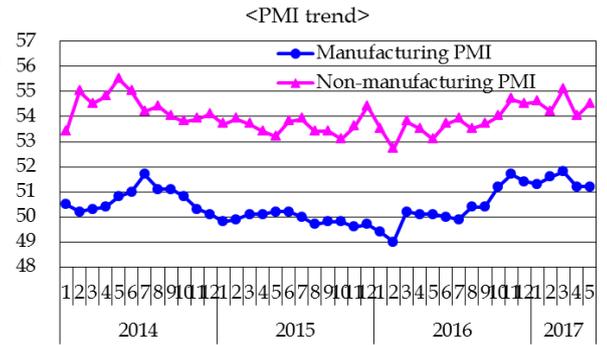
**◆The average annual wage of urban employees in non-private sectors for 2016: highest in foreign companies with RMB 82,902**

On May 27, the National Bureau of Statistics (NBS) released the average annual wage of urban employees in non-private sectors\* for 2016. For China as a whole, the average annual urban wage in non-private sectors for 2016 increased by RMB 5,540 YoY to RMB 67,569, while the growth rate fell by 1.2 points YoY to 8.9%.

By company registration category, foreign funded companies rose by 8.6% YoY to RMB 82,902, the highest income in all categories, followed by limited liability/share-holding corporations at RMB 78,285 (+7.8% YoY) and state-owned companies at RMB 72,538 (+11.1% YoY).

By region, East region rose by 9.1% YoY to RMB 77,013, West region rose by 9.0% YoY to RMB 62,453, Northeast region rose by 8.8% YoY to RMB 55,299, with East region achieving 1.4 times the annual income of Northeast region.

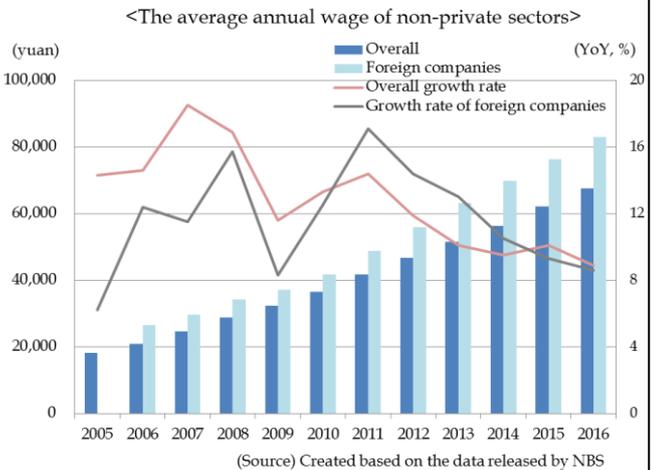
By industry, the information transmission, software and information technology was RMB 122,478, followed by the financial intermediation at RMB 117,418 and scientific research and technical services at RMB 96,638. The information transmission, software and information technology reached the top for the first time, overtaking the financial intermediation. Meanwhile, the average annual wage in the agriculture, forestry, animal husbandry and fishery was the lowest at RMB 33,612. The gap between the bottom and the top industry grew to 3.64 times from 3.59 times in 2015, with the gap between industries widening.



Source: Created based on the data published by NSB and CFLP  
**<Changes in major manufacturing PMI items>**

	Manu- facturing PMI	Product ion	New orders	New export orders	Import index	Employ- ment index	Expected production and business activities	
16'	Jan.	49.4	51.4	49.5	46.9	46.4	47.8	51.3
	Feb.	49.0	50.2	48.6	47.4	45.8	47.6	53.3
	Mar.	50.2	52.3	51.4	50.2	50.1	48.1	54.8
	Apr.	50.1	52.2	51.0	50.1	49.5	47.8	55.0
	May.	50.1	52.3	50.7	50.0	49.6	48.2	55.1
	Jun.	50.0	52.5	50.5	49.6	49.1	47.9	55.2
	Jul.	49.9	52.1	50.4	49.0	49.3	48.2	55.8
	Aug.	50.4	52.6	51.3	49.7	49.5	48.4	56.4
	Sep.	50.4	52.8	50.9	50.1	50.4	48.6	57.3
	Oct.	51.2	53.3	52.8	49.2	49.9	48.8	58.2
	Nov.	51.7	53.9	53.2	50.3	50.6	49.2	59.0
	Dec.	51.4	53.3	53.2	50.1	50.3	48.9	58.2
17'	Jan.	51.3	53.1	52.8	50.3	50.7	49.2	58.5
	Feb.	51.6	53.7	53.0	50.8	51.2	49.7	60.0
	Mar.	51.8	54.2	53.3	51.0	50.5	50.0	58.3
	Apr.	51.2	53.8	52.3	50.6	50.2	49.2	56.6
	May	51.2	53.4	52.3	50.7	50.0	49.4	56.8

Source: Created based on the data published by NSB and CFLP



(Source) Created based on the data released by NBS

## CHINA BIWEEKLY (June 15th 2017)

The average annual urban wage in urban private sectors for 2016 was RMB 42,833, which is about 60% compared with non-private sectors, highlighting the gap between private and non-private.

(\*) Non-private sectors include state-owned companies, limited liability/share-holding corporations, foreign funded companies, and companies funded by Hong Kong, Macau and Taiwan.

### <Average wage by company registration category>

Registration category	Wate (RMB)	YoY
<b>Overall China</b>	<b>67,569</b>	<b>8.9%</b>
Foreign funded companies	82,902	8.6%
Limited liability/share-holding corporations	78,285	7.8%
State-owned companies	72,538	11.1%
Companies funded from HK, Macau and Taiwan	67,506	8.9%
Collective-owned companies	50,527	8.4%

### <Average wage by region>

Region	Wate (RMB)	YoY
East	77,013	9.1%
West	62,453	9.0%
Central	55,299	8.8%
Northeast	54,872	7.5%

### <Average wage by sectors/Top 10>

Industry	Wage (RMB)	YoY
Information transmission, software and IT	122,478	9.3%
Financial intermediation	117,418	2.3%
Scientific research and technical services	96,638	8.1%
Production and supply of electricity, heat, gas and water	83,863	6.3%
Health and social service	80,026	11.7%
Culture, sports and entertainment	79,875	9.8%
Leasing and business services	76,782	5.9%
Education	74,498	11.9%
Transport, storage and post	73,650	7.0%
Public management, social security and social organization	70,959	13.9%

(Source) Created based on the data released by NBS

## 【Industry】

### **◆ Policy of promoting “Trademark/brand strategy” is announced, and May 10 is to be “Chinese Brands Day”**

On May 17, The State Administration for Industry and Commerce released “Opinions on promoting Chinese brand establishment by rigidly implementing the trademark/brand strategy” (The State Administration for Industry and Commerce’s issue 81 of 2017). It focuses on the use of trademarks /brands and their protection based on the law and aims to enhance competitiveness of Chinese brands through a reform of making trademark registration more convenient. A policy of working on 21 strategic measures including making trademark registration more convenient, making rules for trademark administration, and promoting globalization of Chinese trademarks/brands was stated.

Regarding the management of trademark registration, efforts will be focused on increasing rural outlets to accept trademark application, promoting online trademark application, and increasing usage of electronic registration, and also be made for reinforcing protection of prominent trademarks or trademarks of long-established businesses and expanding protection of lawful interests of famous brands.

Regarding the brand building, support for designing trademark and designs and evaluating their value as well as guidance for trademark/brand strategies of companies will be reinforced. Furthermore, a policy of enhancing brand establishment for different industries and regions, such as promoting brand establishment in agriculture, manufacturing, service, and other industries, and building brands with characteristics of each region, was included in the Opinions. Additionally, the Opinions list growth strategies for Chinese brands in foreign countries, including proactive participation in establishing international rules regarding trademarks, and development of routes for overseas expansion through international registration of trademarks based on the Madrid System(\*)

The State Administration for Industry and Commerce pointed out that in 2016, the number of applications in China for international trademark registration based on the Madrid System finally surpassed 3,000 and reached 3,200, and came in the 4th place for the first time in the ranking of the number of applications among the member countries of the Madrid System (excluding the EU). They emphasized the fact that overseas expansion of Chinese brands through the Madrid System is increasing.

China’s State Council approved a Chinese Brands Day to be held annually on May 10 starting this year, and says it will be used for developing Chinese brands, raising their recognition, and enhancing their influence.

(\*)The Madrid System is a system for trademark application to help establish trademark protection in foreign countries, and it also supports international trademark management through renewal of registration with a single process. By making application for international registration based on the Madrid System, it is possible to have a trademark protected all together in 98 member countries with a single procedure, a single language and a single currency.

## ◆China's e-commerce turnover in 2016 rises by 25.5% YoY to RMB 22.97 trillion

According to report released on May 24 by the China E-Commerce Research Center (CECRC), which is a private research institution in China, China's e-commerce turnover in 2016 rose by 25.5% year-over-year (YoY) to RMB 22.97 trillion, maintaining a high growth while the growth rate fell from 35.6% in the previous year.

### <Breakdown by business type>

Business to Business (B2B) e-commerce turnover rose by 20.1% YoY to RMB 16.7 trillion, with the growth rate falling from 39.0% in the previous year. The five companies with top shares are Alibaba (43.0%), HC International (7.5%), Global Sources (4.1%), Focus Technology (2.6%), and Shanghai Ganglian (1.4%).

Retail e-commerce turnover (B2C, C2C) rose by 39.1% YoY (up from 35.7% in 2015) to RMB 5.33 trillion. The five companies with top shares are Tmall operated by Alibaba group (57.7%), JD.com (25.4%), Vipshop (3.7%), Suning (3.3%) and GOME (1.8%). By product, sales of fresh produce rose significantly by 80.0% YoY to RMB 91.3 billion.

Lifestyle service e-commerce turnover jumped significantly to RMB 970 billion, as delivery service of restaurants rose by 232% YoY to RMB 152.4 billion and transportation-related service such as vehicle dispatch rose by 104% YoY to RMB 203.8 billion.

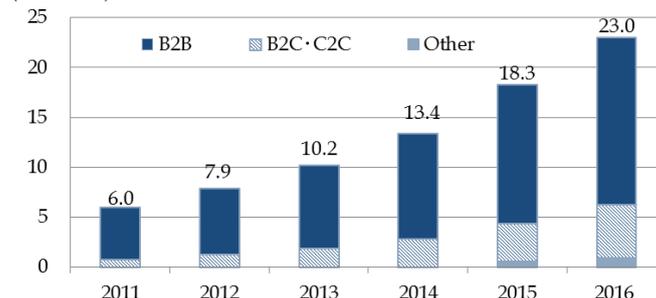
### <Cross-border e-commerce>

Cross-border e-commerce turnover rose by 24.0% YoY to RMB 6.7 trillion, which accounts for some 30% in the entire e-commerce in China, while the growth rate slowed down from 28.6% in the previous year.

Looking into the ratio of imports and exports, exports account for an overwhelming share of 82.1% in cross-border e-commerce, while imports are only 17.9%. Meanwhile, the growth rate of imports was 33.3% YoY, exceeding that of exports, 22.2% YoY.

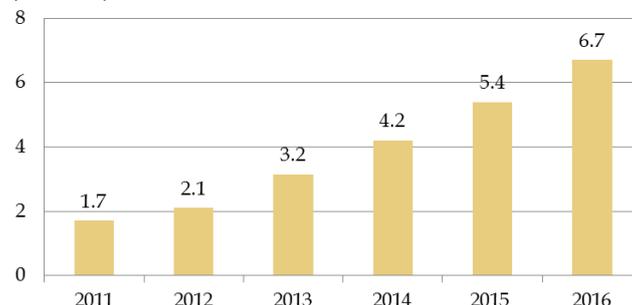
By business type, with B2B accounting for 88.7% and B2C accounting for 11.3%, about 90% was inter-business transactions. Meanwhile, the ratio of B2C transactions is growing every year. The CECRC forecasted that B2C transactions with overseas consumers would further increase through the enhancement of the Chinese manufacturing industry and promotion of the brand strategy.

<Volume of e-commerce transactions in China>  
(RMB 1 Tn)



(Source) Created based on "2016 Annual China E-Commerce Market Data Monitoring Report" by CECRC

<Volume of cross-border e-commerce transactions in China>  
(RMB 1 Tn)



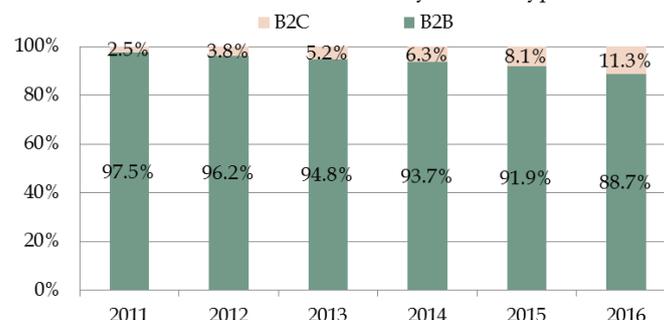
(Source) Created based on "2016 Annual China E-Commerce Market Data Monitoring Report" by CECRC

<Breakdown of cross-border e-commerce transactions in China>



(Source) Created based on "2016 Annual China E-Commerce Market Data Monitoring Report" by CECRC

<Cross-border e-commerce transactions by business type in China>



(Source) Created based on "2016 Annual China E-Commerce Market Data Monitoring Report" by CECRC

## 【Trade/Investment】

### ◆"Catalogue for the Guidance of Foreign Investment Industries" (2017 edition) is soon to be released

In the meeting of the Central Leading Group for Deepening Overall Reform held on May 23 led by Xi Jinping, General Secretary of the Communist Party of China, the 2017 revised edition of the Catalogue for the Guidance of Foreign Investment Industries ("Catalogue") listing regulated sectors for foreign investment was approved.

Ministry of Commerce of the People's Republic of China (MOFCOM) announced in the regular press conference on May 25 that the 2017 revised edition of the Catalogue will be promulgated shortly, and that it includes easing of regulations on foreign investment ratio concerning manufacturing of automotive electronic equipment, new energy vehicle batteries, and motorbikes.

A draft amendment of the Catalogue was published in December 2016 and had been put to public opinion consultation.

### ◆Foreign Direct investments for April: Inward foreign direct investment falls 9.8% YoY and outward foreign direct investment falls 70.8% YoY

On May 25 and 27, MOFCOM announced the statistics for inward and outward foreign direct investments for April.

#### <Inward foreign direct investment>

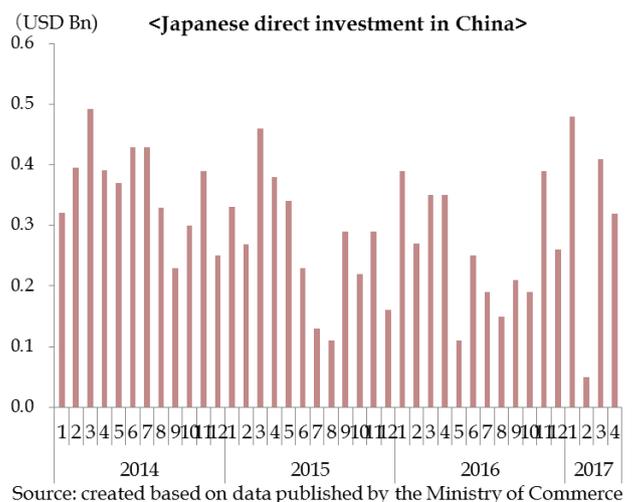
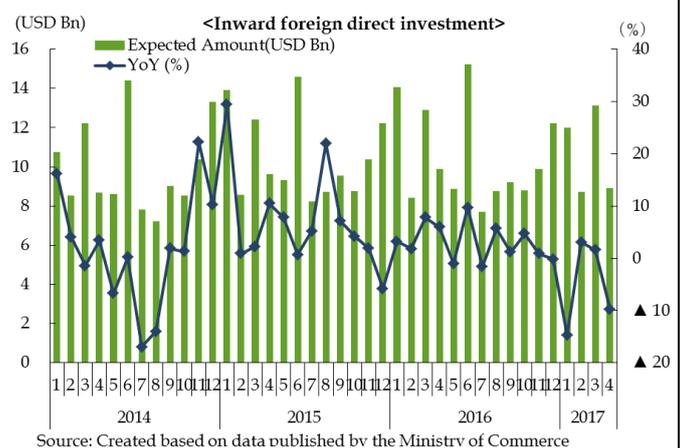
For inward foreign direct investment (excluding financial services) for April, the number of newly established foreign companies increased 42.7% year-on-year (YoY) to 3,343, and the actual inward foreign direct investment dropped 9.8% YoY to USD 8.92 bn, growth turning negative for the first time in 2 months. In this regard, however, despite the drop in investment amount YoY, the number of newly established foreign companies increased greatly from the previous year, implying that the investment amount per case has gotten smaller.

In the accumulated total of January-April, the number of newly established foreign companies increased 17.2% YoY to 9,726, and inward foreign direct investment fell 5.7% YoY to USD 42.73 bn. The fall was greater than that in January-March (minus 4.5% YoY).

By country/region, direct investment from Japan dropped 7.3% YoY(\*) to USD 1.26 bn, a greater fall compared to January-March (minus 6.9% YoY). Investment from ASEAN decreased significantly by 30.2% to USD 1.71 bn, the second largest drop behind that in January-March (minus 34.6% YoY). On the other hand, investment from the EU rose slightly by 2.1% YoY to USD 3.57 bn.

(\*)Calculated by BTMU based on the amount of IDI announced by the Ministry of Commerce.

By industry, investment in the manufacturing industry and the service industry dropped 18.7% YoY to USD 10.64 bn and 0.4% YoY to USD 31.77 bn, respectively. Investment in the manufacturing industry decreased more than that in the service industry.

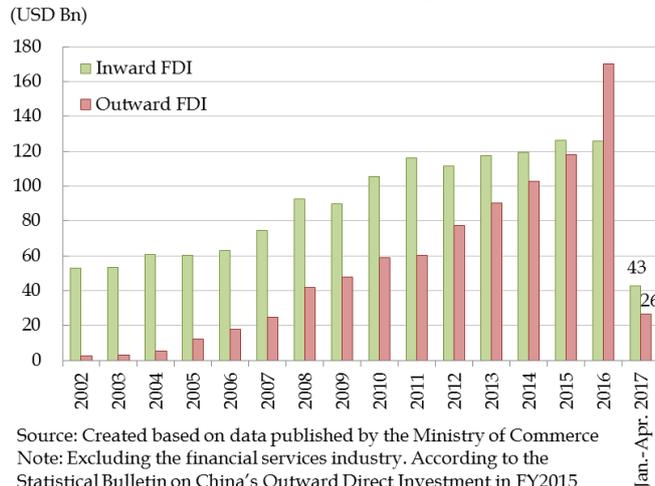


## <Outward foreign direct investment>

Outward foreign direct investments (excluding financial services) for April dropped 70.8% YoY to USD 5.83 bn. For January-April it decreased by 56.1% YoY to 26.37 bn, marking the greater fall compared to January-March (minus 48.8% YoY).

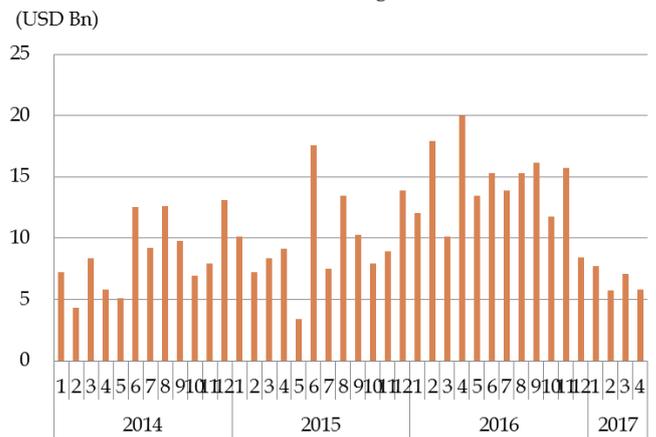
Regarding the contract construction jobs gained from other countries, new contracts in value for April soared 48.1% YoY to USD 18.85 bn, and for January-April it rose 4.9% YoY to USD 61.81 bn, presently gaining momentum.

<Chinese inward and outward foreign direct investment>



Source: Created based on data published by the Ministry of Commerce  
 Note: Excluding the financial services industry. According to the Statistical Bulletin on China's Outward Direct Investment in FY2015 (including finance business) released by the MOFCOM, NBS and SAFE, outward foreign direct investment exceeded inward foreign direct investment in 2015.

<Chinese outward foreign direct investment>



Source: Created based on data published by the Ministry of Commerce

## 【Trade/Investment】

### ◆ Shandong Province announces a hike in minimum wage from June

On May 27, the government of Shandong Province announced raising the minimum wage from RMB 1,710 (revised in June 2016) to RMB 1,810, and the new wage went into effect on June 1.

Since January 2017, the minimum wage was raised in 5 regions, which are Shanghai City, Shenzhen City, Shaanxi Province and Fujian Province, in addition to Shandong Province.