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BMW might spin off Mini making

BEIJING — BMW AG is working on a deal to outsource the manufacturing of Mini cars in China to Great Wall Motor Co, the country's biggest SUV maker, according to people with knowledge of the plan.

The two companies are discussing the possible export of Mini brand cars from China to other markets, said the officials, who asked not to be identified because the deliberations are private.

A spokesman for Great Wall declined to comment, saying the company will issue a formal statement later. Representatives at BMW's China unit were not commenting at press time. The German carmaker now has a joint venture with Brilliance China Automotive Holding, with the contract to expire by 2028.

Patrick Yuan, an analyst at Jefferies Hong Kong, said it is understandable that BMW needs a new partner to defend its market share in a more competitive market. "Brilliance has been long criticized as a pure financial investor in BMW-Brilliance JV without significant contribution to BMW's success in China."

26 percent
sales surge of Great Wall in 2016

Great Wall is one of few Chinese carmakers without an international carmaking partner.

John Zeng, managing director of LMC Automotive Shanghai, said the possible partnership might be dedicated to electric Mini cars.

"China has made it clear that basically it will not approve of new gasoline-car partnerships. But producing electric cars will help BMW to meet its quota now that China demands every carmaker in the country ... produce a certain number of such cars starting from 2019."

Great Wall has become the nation's leading SUV maker by offering local consumers spacious models with a higher ride and at cheaper prices than sedans made by foreign makers such as Volkswagen AG and General Motors Co. That strategy helped propel the company to a 26 percent sales surge last year.

BLOOMBERG-CHINA DAILY

US urged to scrap 'non-market' status

Ministry calls on Washington to adopt level playing field in trade with China

By ZHONG NAN
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The Ministry of Commerce on Thursday urged the United States to scrap its "non-market economy status" treatment of trade with China, and treat the country's goods shipment fairly, as such a measure is outdated and does not exist in World Trade Organization rules, the Ministry of Commerce said on Thursday.

The ministry's comments came after the US Commerce Department announced last week that it would postpone issuing its preliminary determination in an anti-dumping duty probe into imports of aluminum foil from China, as it needs more time to analyze "China's non-market economy status".

Commerce Ministry Spokesman Gao Feng said the so called "non-market economy status" was used in domestic law by certain countries during the Cold War period, and today only a few economies of the 164 WTO members still practice this.

Under this status, trading partners can use a surrogate country whose economic situation is similar to China's as a reference when determining whether they think China is dumping in their countries.

30
number of US states that saw their exports to China double over the past decade

"It is clearly not included in the WTO's multilateral trading rules," Gao said at a regular media briefing in Beijing.

According to Article 15 of the WTO's rules, member economies should have ceased from using the surrogate country approach in anti-dumping investigations on China on Dec 11, 2016, the 15th anniversary of the nation's accession to the global trade body.

A total of 30 US states saw their exports to China double over the past decade, while four states witnessed fivefold growth in the shipping of goods such as agricultural products, automobiles and passenger aircraft to China, according to data published on Wednesday by the Ministry of Commerce.

Besides, 29 US states gained more than $1 billion trade volume by doing business with China in 2016, compared with 17 states in 2006.

Apart from simultaneously launching anti-dumping and anti-subsidy investigations against Chinese manufacturers on a regular basis since 2006, the US government has more than once used "market economy status" as a bargaining chip in exchange for China's concessions in trade negotiations.

Gao also remarked that the European Union's newly reached consensus against China's imports lacks the legal basis of WTO rules and will have a negative impact on the WTO's anti-dumping legal system as it doesn't have dumping-related articles on labor and the environment.

The European Union last week adopted a similar approach, known as "significant market distortion", as an excuse for anti-dumping and anti-subsidy measures, blurring the disparities between market and non-market economies.

"Under normal circumstances, dumping indicates the selling of products below domestic prices, but the EU will make exceptions in cases of 'significant market distortion', allowing investigators to compare export prices with international benchmarks, this certainly will affect imports of Chinese products," said Li Guanghui, vice-president of the Chinese Academy of International Trade and Economic Cooperation in Beijing.

A technician of China Eastern Air Holding Co checks an aircraft at Shanghai Hongqiao International Airport. XINHUA

China's FedEx? EAL plans ambitious future

By WANG YING in Shanghai
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As the first company in the aviation sector to launch mixed-ownership reform, Eastern Air Logistics Co, the freight unit under parent company China Eastern Air Holding Co, is now en route to going public, and to reach such a goal, management is exploring a new business mode instead of remaining a traditional aviation or logistics company.

In June, Shanghai-based China Eastern Air Holding Co sold a 55 percent stake in its wholly owned Eastern Air Logistics to external investors and its core employees, in a bid to lower EAL's debt ratio and enhance its market competitiveness with the help of the newly introduced partners.

After the shareholding restructuring, Legend Holdings Corp holds 25 percent, Global Logistic Properties Ltd holds 10 percent, courier company China Deppon Logistics Co Ltd gains 5 percent and Greenland Financial Holdings Group has 5 percent. The remaining 10 percent was sold to EAL's core employees.

Li Jiupeng, general manger of Eastern Air Logistics, said the company will try its best to lay the groundwork for the listed plan, including exploiting markets, ending its reliance on the parent company, making up the operating loss rapidly, raising its continuous profit-making capability, and satisfying all the requirements for being a listed company.

According to Li, EAL made a 428 million yuan ($64.998 million) profit in 2016, and its total asset value after the ownership reform was about 4.1 billion yuan, which means the company has to double its price-to-earnings ratio to reach the goal of 20 before being listed.

Eastern Air Logistics saw its revenue increase from 5.88 billion yuan in 2014 to 7.14 billion yuan last year, and its net profit surged from 49 million yuan to 428 million yuan in three years.

5 FIVE YEARS ON
SOE REFORM

In addition to the four finalists, companies including e-commerce giants and China's major courier firms all expressed interest in taking part in the mixed ownership reform of China Eastern.

"We talked to nearly 100 enterprises in total, and the finalists were chosen because of their specialities," Li said.

For example, he said, Legend Holdings Corp's successful transformation from a Chinese Academy of Sciences-invested enterprise into a privately owned listed Fortune 500 company, Global Logistic Properties' affluent logistics resources and China Deppon Logistics' expertise in transportation all can be of great help in the transformation of Eastern Air Logistics.

"Our goal is to become the Chinese FedEx, DHL and UPS. It will be a high-end service provider in accordance with the logistics industrial ecosystem," Li said.

After the restructuring, Eastern Air Logistics will expand its air cargo-based business into more profitable sectors including cross-border e-commerce, logistics and warehouses, logistics solutions, high-end delivery and related fields, said Liu Shaoyong, president of China Eastern Air Holding Co.

According to Liu, the rapidly expanding global e-commerce sector presents historical opportunities for the logistics industry, and the business mode with the combination of big data, modern warehouse and collect on delivery is the future trend of logistics worldwide.

Tencent expands insurance footprint

By WU YIYAO and HE WEI in Shanghai

Chinese internet giant Tencent Holdings has expanded its range of insurance offerings after an insurance agency backed by it got the necessary approval.

The internet giant of over 900 million users already has a presence in the life and property insurance sectors and an insurance agency.

According to analysts, the insurance sector is poised for more activity as there would be more services that would integrate internet-based technologies and insurance in the future. The rapid advent of financial technology and growing demand for protection in China would fuel more interest in the insurance segment, they said.

Weimin Insurance Agency, the Tencent-backed insurance agent firm, got the green light from the China Insurance Regulatory Commission on Wednesday. Tencent Holdings holds 57.8 percent stake in Weimin Insurance Agency, which has a registered capital of 200 million yuan ($30 million).

Users of Tencent's social networks tools, such as WeChat and instant messenger QQ, would soon find Weimin embedded in their frequently used applications.

Besides Weimin, Tencent has invested in Zhong An Insurance, which offers both life and non-life policies. Tencent Holdings holds some 12.1 percent of Zhong An, which got listed in Hong Kong on Sept 28. Tencent also holds a 20 percent stake in global life insurer Aviva and a 15 percent share in Hetai Life Insurance.

"Big internet companies will not miss the opportunities brought by fast expanding demand for fintech services, particularly internet-based insurance," said Chen Maochuan, an analyst with Analysis International, a consultancy and market information research provider.

"Internet companies aim to hold core assets, which are customer resources. They are not going to just stay as distributors. More moves will be made to fulfill demand in the entire supply chain of the insurance market," he said.

Other internet giants, such as e-commerce giant Alibaba Group Holding Ltd have been actively tapping the insurance market in recent years.

Alibaba-backed Ant Financial upgraded its insurance business group in 2016, creating an open platform that hosts some 80 insurance companies with more than 2,000 products. The company claimed that its insurance platform could reach 400 million people.

$30 million
Weimin Insurance Agency's registered capital

It also shares data with 18 insurers so that they can leverage these data for precise demand forecast and better risk control, said Xu Yan, operating general-manager of Ant Financial's insurance group.

For instance, the firm has launched a car insurance score ranging from 300 to 700, a range that is based on a car owner's user portrait and risk analysis.

"Demand for life insurance and non-life insurance will continue to expand fast in the next few years amid demographic changes, with more mobility and rising number of wealthy households that would need protection," said a research note from Zhongtai Securities.

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Topseat is flushed with success

By ZOU SHUO in Beijing and YANG JUN in Guiyang

Imagine a toilet seat so artistic that it shows different colorful pictures when the lid closes in slow motion.

From the ones that glow at night to the ones that have 3D effects, made-in-China toilet seat covers have won the hearts of Western customers.

Chinese toilet seat maker Topseat is now selling around 2 million toilet seat covers every year globally, with its annual sales volume reaching $26 million, said its company executive.

"In Germany, we have taken a 60 percent share of the market for customized toilet seats, with that for mid to high-end ones reaching 80 percent," said Ni Shengming, deputy general manager of the company.

"At present, our main focus is the Western market, as customers there prefer fashionable toilet seats with a comfortable user experience, while Chinese ones favor clean white seats," said Ni.

In 2015, reports of Chinese tourists swarming into stores in Japan during the Chinese New Year holidays and buying all of the electronic toilet seats in stock sparked heated discussion and even furor among Chinese netizens, when it was later discovered that they were made in China.

Smart toilets, along with air purifiers and rice cookers, were included by a guideline released by the State Council in April 2016 to improve quality-oriented industries and the quality of made-in-China products.

From its factory in Anshun, Southwest China's Guizhou province, Topseat creates bright decorative toilet seats from locally sourced materials such as bamboo, straw stalks and bio-glues. Being eco-friendly is one of the major reasons for the company's popularity among Western customers, as they are more environmentally concerned, Ni said.

Topseat has signed a contract with Xiayun township in Anshun, which purchases straw stalks from local farmers on behalf of the company to turn the potential environmental hazards into business opportunity. Sales of straw-made toilet seats are expected to top 200,000 this year, according to the company.

Innovation is another key to the company's success. It has more than 5,000 pattern designs, everything from green bamboo leaves, flying birds, whales, turtles and the Eiffel Tower, and some even with relief sculptures and 3D effects.

One well-received cover can be used for both adult and babies, making it a good choice for potty training. Topseat uses a magnet to connect the toddler seat to the lid, so it is basically hidden when it is not used. In addition, the children's fingers will not get trapped as the lid and adult seat have the slow close feature.

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A man examines a toilet seat in a factory in Anshun, Guizhou province, which makes colorful seats with artistic designs.
YANG JUN / CHINA DAILY