Q&A with CEO
China market is music to ears of Sennheiser chief
> PAGE 15

Grave prospects
Protectionism 'severe' next year, says trade body > PAGE 14

Global vision
Chinese TV maker TCL targets US audience
> PAGE 17

TELECOM

Eutelsat to boost internet services

By OUYANG SHIJIA and MA SI

French satellite operator Eutelsat Communications SA plans to launch a satellite next year to serve the Asia-Pacific region, as demand for in-flight internet connectivity grows rapidly.

The satellite, Eutelsat 172B, will be put into service in September, Rodolphe Belmer, CEO of Eutelsat, said on Wednesday.

He said the satellite will be built by Airbus Group SE, and is part of the $500 million investment it has made in the Asia-Pacific in recent years.

"Satellites are a vital tool for building inclusive digital economies. They provide coverage and connectivity that leaves no one out. They can also deliver television and internet services more efficiently," Belmer said.

$500 million

amount of investment planned by Eutelsat Communications SA in the Asia-Pacific region

Eutelsat sees China as a big potential market for in-flight connectivity service, as the nation is the second-largest aviation market in the world and is expected to become the largest in the 2030s.

"I hope in the future our Beijing office will catch up with the Washington DC office in terms of revenue," Belmer added.

The Paris-based company has deployed two satellites to serve the Asia-Pacific, which offer satellite broadcasting, data and other services.

Ninety percent of Chinese passengers surveyed said the in-flight Wi-Fi availability would influence their choice of airlines, according to a report by Inmarsat, a London-based provider of global satellite communication services.

Xiang Ligang, a telecommunications expert and CEO of the telecom industry website cctime.com, said that despite the growing demand for in-flight Wi-Fi services, there is no feasible profit model in China at the moment.

"Chinese consumers are accustomed to free Wi-Fi services. It will not be easy to ask them to pay for onboard connectivity," Xiang said.

Zhu Wenqian contributed to this story.

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RETAIL

A woman tries an Alibaba VR device during a shopping spree in Shenzhen, Guangdong province. XU KANGPING / FOR CHINA DAILY

Alibaba 'very disappointed' by return to US fake list

Foreign Ministry calls for fair and impartial trade environment

By HE WEI in Shanghai
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E-commerce giant Alibaba Group Holding Ltd has hit out at a US decision to label it a haven for counterfeits, indicating that the move may have been politically motivated.

The world's top online retailer said on Thursday it was "very disappointed" by the decision to be restored to the list of "Notorious Markets", after the US Office of the Trade Representative cited a high level of alleged piracy and counterfeiting.

"We are very disappointed by the USTR's decision to include Taobao on its 'Notorious Markets' list, which ignores the real work Alibaba has done against counterfeits," Alibaba President Michael Evans said.

In 2016 alone, Taobao, the customer-to-customer platform, has removed more than double the number of infringing product listings than it did in 2015, Evans said.

"Our results speak for themselves. Unfortunately, the USTR's decision leads us to question whether it acted based on the actual facts or was influenced by the current political climate," Evans said.

Alibaba said in a statement that the list will not dampen its fight against the fake.

Chinese Foreign Ministry spokeswoman Hua Chunying said: "The two countries should provide a fair and impartial trade environment for the activities of each other's companies."

The "Notorious Markets" list is under the auspices of the annual Special 301 process where Washington identifies trade barriers due to infringements of intellectual property rights, according to Catter Hu, a partner at Shanghai Jiehua Law Firm.

> "... it's likely to dampen Alibaba's reputation in the US ..."
>
> **Catter Hu,** partner of Shanghai Jiehua Law Firm

"While the report mainly targets companies and does not necessarily reflect Washington's view on respective countries, it's likely to dampen Alibaba's reputation in the US, where it has been trying to build up ties with retailers," Hu said.

However, this year's review also included a call for the Chinese government to take stronger measures on IPR reforms, a clear sign that political considerations are getting in the way of business, said Zhao Ping, deputy director of the Chinese Academy of International Trade and Economic Cooperation under the Ministry of Commerce.

Despite all of its efforts, the company finds itself listed along with 10 other Chinese websites and bricks-and-mortar markets in the list, dealing a further blow to its overseas expansion, according to Yang Yaqiong, a senior analyst at Beijing-based Analysys.

"It's more politics than anything else. If you read through the report, you see a rather negative tone toward the Chinese market at large," said Yang.

Wang Qingyun in Beijing contributed to this story.

LOGISTICS

Truck Alliance raises $115m in funding

By JING SHUIYU
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China's Uber-type service for trucks Guiyang Huochebang Technology Co Ltd, also known as Truck Alliance, said on Thursday that it had raised $115 million in series B-1 funding, and expects to complete additional financing soon.

International Finance Corp and All-Stars Investment Ltd led the financing, and several new heavyweight institutions and existing investors also jumped on the bandwagon this time, according to the company, which is based in Guizhou province.

This was the largest ever round of funding so far among online long-haul logistics platform investments.

CEO Dai Wenjian said: "The funding will be used to enhance the platform of Truck Alliance and expand our truck service business."

"We will improve our algorithm to build up a more accurate matching system between truckers and shippers. We will expand the use of truck electronic toll collection cards to more clients."

So far, the company works with 2.3 million truckers and 350,000 shippers, and has about 1,000 service centers in more than 360 cities nationwide. It handles as much as 100,000 orders daily and processes up to $120 million in shipping fees every day.

Mou Xiaomin, senior investment officer at International Finance Corp, said:

1,000

number of service centers startup Truck Alliance has across the country

Inside

See more > p16

"Logistics is a highly complex industry. We believe that the online platform of Truck Alliance can help make the industry more efficient and environmentally friendly by substantially reducing a truck's empty miles and the waiting time between loads."

Li Zhaohui, investment manager at Tencent Holdings Ltd, the largest shareholder in Truck Alliance, said: "As one of the early-stage investors, Tencent attaches great importance to the integration of the logistics industry and the mobile internet."

In the trucking business, mutual trust between drivers and shippers is regarded as one of the key factors in driving its healthy development.

To cope with the challenge, Truck Alliance signed an agreement with the National Development and Reform Commission on building up a credit system in road freight transport in late November.

Under the agreement, Truck Alliance is expected to keep track of users' online transaction information.

Bloomberg contributed to this story.

POLICY

Mixed ownership reform expanded

By ZHENG XIN
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The central government has selected State-owned enterprises in seven sectors to pilot mixed ownership reform, including petroleum, railway, aviation, telecoms and defense, according to an Economic Information Daily report.

It is the latest move from the authorities to invigorate the country's SOEs.

Tentative schemes for the first batch of mixed ownership reform pilots are now under deliberation and awaiting final approval, with four of the pilot projects already approved.

The country's aviation and power giants — China Eastern, China Unicom, China Southern Power Grid, Harbin Electric Corp, China Nuclear E&C Group and China State Shipbuilding Corp — make up the lion's share of the first batch of pilot projects, according to the National Development and Reform Commission and the State-owned Assets Supervision and Administration Commission.

All of these SOEs are monopolies, said Li Jin, head of the China Equipment Management Institute.

"Mixed ownership could help prioritize the companies' management and encourage property rights diversification while encouraging more private capital to invest in SOEs."

Mixed ownership will help link these companies more closely with their shareholders, and the companies will thus act in their own best interests, he added.

The central authorities stressed the significance of mixed ownership for SOEs at the recent Central Economic Work Conference, where senior officials gathered to map out priorities for the coming year.

According to Liu He, deputy head of the NDRC, mixed ownership pilots play the role of an icebreaker in SOE reform, while urging SOEs to improve their management through market-oriented reform.

Sectors including electricity, crude oil, natural gas, railway, civil aviation, telecoms and defense should be key areas for reform, he said.

Sinopec Group is already planning to cooperate with private companies in sales of refined oil.

China National Petroleum Corporation also said earlier it would allow private companies to hold a stake in its oil exploration businesses.

It said on Wednesday that it had implemented guidelines on reforms for a market-oriented economy and mixed ownership, to help "prioritize capital and the business structure while ensuring the maintenance and appreciation of State-owned assets".

CNPC Chairman Wang Yilin said mixed ownership is a significant breakthrough and will be a basic principle for the company.

Stocks of some SOEs jumped on Thursday, with China State Shipbuilding Corp rising 2.45 percent to 29.66 yuan ($4.27) and China Nuclear E&C Group climbing 5.81 percent.

A worker maintains electricity transmission lines in Liuzhou, the Guangxi Zhuang autonomous region.
TAN KAIXING / FOR CHINA DAILY

DEALS

Chinese consortium buys 49% stake in UK data firm

By CECILY LIU in London
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A Chinese consortium has bought a 49 percent stake in British data center company Global Switch for 2.5 billion pounds ($3.09 billion), in a strategic move aimed at sharing data center technology and locations.

The consortium was set up by data center company Daily-Tech Beijing, although the majority of the funding comes from Jiangsu Shagang Group, China's largest private steelmaker.

Wednesday's deal came as Chinese and Western companies expand into each other's markets, creating a big demand to store data in international locations.

The partnership allows both data center companies to follow their clients' expansion footsteps overseas and help them store data in convenient locations.

Global Switch has begun building data centers in the Hong Kong Special Administrative Region and Singapore, using high quality technology to help Daily-Tech Beijing's clients store data.

John Corcoran, CEO of Global Switch, said the investment will help Global Switch's global expansion and, in particular, help it serve Chinese companies expanding overseas and Western companies growing in China.

Founded in 1998, Global Switch now has 10 data centers in Europe and Asia. The company is owned by the billionaire Ruben Brothers, who purchased it in 2004 for reportedly 585 million pounds, but have invested more than 1 billion pounds in expanding the business.

Daily-Tech Beijing was founded in 2009 and now owns five data centers in China, providing data storage for Chinese and multinational companies, including Schneider Electric, Johnson Controls, China Telecom, China Unicom and China Mobile.

"We believe that bringing together the high quality data centers and operational excellence of Global Switch with the rapidly growing demand from Chinese customers creates a perfect match that will deliver future growth opportunities," said Li Qiang, president of Daily-Tech Beijing.

Alan Barrell, entrepreneur in residence at the University of Cambridge's Judge Business School, said the partnership will help Daily-Tech Beijing achieve a bigger international reach in data handling and storage and help Global Switch to grow its business with the new investment.

"There will also be synergy for technology development, to enable data centers to become ever more efficient and secure and enhance the quality of their offering," Barrell said.