

Frugality exercise

Super rich continue to cut back on presents > p17

Cracking down

China curtails smuggling of ivory on black market

> TOP NEWS, PAGE 3



Homeward bound

Many US-based companies find it rough going in China

> IN DEPTH, PAGE 19



WEEKEND CHINA DAILY

美国版 USA

FRIDAY-SUNDAY, January 30-February 1, 2015

中国日报

chinadailyusa.com \$1

COMMERCE

US wants fair trade with China: top official

By FU ZHENDONG
in Beijing
fuzhendong@chinadaily.com.cn

The United States is now focused on completing negotiations of a high-value Trans Pacific Partnership (TPP) that does not seek to exclude, but rather help China, a senior US diplomat said on Wednesday.

"It is not specially about China one way or the other," said Wendy Sherman, US undersecretary of state for political affairs. "It is about a group of countries coming together to create an important market that will benefit China as well, even if it is not a member of TPP at this moment."

Sherman, also head of the US team on the P5+1 nuclear negotiation with Iran, told reporters in Beijing when asked about the policy intentions of President Barack Obama when he said that the US, instead of China, should "write the rules" for trade in Asia in his State of the Union address last week.

"What we want to make sure of is whatever country will play by international norms in a fair playing field. We are happy to compete with anybody," said Sherman, who was in Beijing on her first stop of an Asia trip that will later lead her to Seoul and Tokyo.

On Tuesday, US Trade Representative Michael Froman declared that talks on the TPP pact involving 12 Pacific Rim nations are set to conclude within a "small number of months".

Last week, Chinese Foreign Ministry spokeswoman Hua Chunying said China and the US should work out economic and trade issues that come up amid cooperation in a "candid and practical" way and jointly contribute to "further improvement of global trade rules".

"We no doubt welcome a prosperous China, which is good for the US. And a strong American dollar and economy is good for China," Sherman said.

"In 2008, when we had economic crisis, there was this mythology among many investors that Chinese and US economies were decoupled. We all learned that was not the case at all," she added.

Analysts said otherwise regarding concerns that China may face a new round of economic and trade barriers once TPP is fully established.

Li Hiding, a professor of US studies at China Foreign Affairs University, said more clashes in the economic realm are expected to erupt as both countries seek to set new rules to lead global recovery and regional integration.

"The US has to embrace a new reality of bilateral relations with China, which feature securities and cooperation simultaneously," Li said.

"It should also be noted that the two largest powers will manage differences in a 'case by case' approach to maintain overall stability and high-light cooperative efforts, such as in tackling climate change," he added.

Dan Steinbock, research director of International Business at US-based India China and America Institute, said China's new reforms have shifted economic and trade "flash points" between the two countries.

"The role of bilateral trade deficits has been overshadowed by the rapid rise of China's foreign direct investment in the US. And as efforts to accelerate innovation-led competitiveness in the mainland, Intellectual Property Rights are increasingly a part of Chinese policies as well," he said.



Your honor meets your honors

Tao Kaiyuan (center), vice-president of Supreme People's Court of China, poses with Associate Justice of the Supreme Court of the United States Ruth Ginsburg (left) and retired Associate Justice Sandra Day O'Connor in the US Supreme Court in Washington on Wednesday. Tao, who led a six-member delegation to the US this week, also gave talks on rule of law in China in the Asia Society Texas Center in Houston and the Brookings Institution in Washington. PROVIDED TO CHINA DAILY



Wendy Sherman, US undersecretary of state for political affairs

E-COMMERCE

US law firms review Alibaba's fakes issue

By JACK FREIFELDER
in New York
jackfreifelder@chinadailyusa.com

Two New York-based law firms are investigating investor claims about the business practices of Alibaba Group Holding Ltd in light of a critical Chinese government report about counterfeit goods being sold on a company platform.

The Rosen Law Firm, which concentrates its practice in securities class action suits, said in a statement Thursday that it was "investigating potential securities claims" against Alibaba, China's largest e-commerce company. Rosen said it is preparing a lawsuit against Alibaba to recover shareholder losses stemming from misinformation.

Pomerantz LLP, which focuses on corporate, securities and antitrust class litigation, also said it also was looking into claims

against Alibaba on behalf of investors.

The investigation will center on whether or not Alibaba and some of its officers have violated portions of the Securities Exchange Act of 1934. At issue could be whether Alibaba should have disclosed in a Securities and Exchange Commission filing that it was being investigated by the Chinese government over counterfeit goods sold through its Taobao Marketplace website.

The probe had started before Alibaba's record-breaking US initial public offering in September. If any material information was not disclosed in the IPO prospectus, there could be lawsuits against Alibaba and its underwriters, according to Recena Aggarwal, a finance professor at Georgetown University.

Shares of Alibaba closed Thursday at \$59.81, down \$5.64, or 8.8 percent on the New York Stock

Exchange, shaving close to \$20 billion in market cap. The company released fourth-quarter earnings estimates Thursday that missed analyst expectations.

Alibaba was criticized in a report by China's State Administration for Industry and Commerce (SAIC) on Wednesday that said the company is not doing enough to prevent fake goods from being sold on its websites. The report accused Alibaba of allowing merchants to operate without required business licenses, which has given counterfeiters an avenue to peddle knock-off goods.

"Alibaba not only faces the biggest credibility crisis since its establishment, it also casts a bad influence for other Internet operators trying to operate legally," the report said.

Alibaba bristled at the accusations, and Taobao earlier this week announced that it will file a complaint against the SAIC's Internet regulation director, Liu Hongliang, claiming that he drew inappropriate and non-objective conclusions after the investigation.

SEE "ALIBABA" PAGE 3

DEFENSE

US, China say no change in military ties

By CHEN WEIHUA
in Washington
chenweihua@chinadailyusa.com

The US Defense Department and the Chinese Ministry of National Defense said on Thursday that US policy and military-to-military engagement strategy with China has not changed, contrary to a media report that said the Pentagon wouldn't agree to a major new military exchange until the two countries can agree on rules for airborne encounters between their warplanes.

"Our military-to-military ties with China have exchanged positive momentum, and are beginning to demonstrate positive outcomes. Our actions speak for themselves," Pentagon spokesman Jeffrey Pool told China Daily on Thursday.

He noted that Deputy Assistant Secretary of Defense for East Asia David Hevey will host Rear Admiral Li Ji, deputy director of the Chinese Ministry of National Defense Foreign Affairs Office, in the Defense Policy Coordination Talks (DPCT) at the Pentagon on Feb. 5.

Pool's comments were in response to a story in The Wall Street Journal on Wednesday under the headline "US Pauses New China Exchanges". The story did not cite sources for its report or contain comment from the Pentagon. The story said the delay does not affect existing military-to-military exchanges.

In Beijing, Ministry of National Defense spokesman Yang Yujun described the newspaper report as "unbelievable".

The Journal did not immediately respond to a request for comment from China Daily USA.

The newspaper story cited Randy Forbes, a Republican congressman from Virginia, who leads a House subcommittee on sea power, as having said that the Pentagon has pushed the military exchanges without clearly saying what they hope to achieve.

The newspaper quoted Undersecretary of Defense Christine Wormuth as saying in a letter to Forbes that "US policy toward China is based on the premise that it is profoundly in both countries' interest that we develop a cooperative relationship that brings a rising China into that system while constructively managing the differences between our two countries."

Yang, China's National Defense spokesman, told a briefing on Wednesday that the two countries achieved positive results in 2014 in building a new type of military-to-military relationship compatible with the new type of major-country relationship, citing new progress of increasing high-level exchange of visit, joint training and exercises and other exchange programs.

During US President Barack Obama's visit to Beijing last November, the two countries signed memorandums of understanding on establishing confidence-building mechanisms, including air and sea encounters and notification of major military activities. Yang described the two MOUs as a "new highlight in the China-US bilateral military ties".

SEE "MILITARY" PAGE 2



From left: Former US Secretaries of State Henry Kissinger, George Shultz and Madeleine Albright testify before the US Senate Armed Services Committee on Thursday about global challenges and US national security strategy. CHEN WEIHUA / CHINA DAILY

DISASTER

MH370 verdict reached

By PENG YINING
and XU WEI in Beijing

The disappearance of Malaysia Airlines Flight MH370 was officially declared an accident on Thursday under international aviation rules, according to Malaysia's Department of Civil Aviation.

All 239 passengers and crew members are presumed to have lost their lives, said aviation minister Abdul Rahman, director-general of the department.

Despite search efforts over the past 327 days, the plane has not been found. Thursday's announcement will allow families of the passengers to obtain assistance through compensation.

Shortly after the Malaysian announcement, Premier Li Keqiang said it is a difficult moment for all involved.

He urged Malaysia to locate the bodies and wreckage "by all possible means" and fulfill its commitment to

compensate the families and deliver an investigation report.

"The Chinese government shares the deepest sorrow, and our sympathies go to the next of kin," Li said. "The government, other governments involved in the tragedy and international organizations have done their best over the past year to find the plane and comfort the families," he said.

Li made the statement at a news conference with visiting French Prime Minister Manuel Valls in Beijing, after the two held talks.

The plane disappeared on March 8 last year on a flight from Kuala Lumpur to Beijing. It carried 12 crew members and 227 passengers, including 154 Chinese citizens. Air traffic controllers lost contact with the flight deck about an hour after the plane took off.

SEE "MH370" PAGE 3

In the news

CHINA Border talk

China and South Korea meet in a prelude to addressing maritime border disputes. > p4

HONG KONG Stock scandals

Transparency is the key for HK-listed mainland companies that are targets for short-sellers. > p7

LIFE Watch yourself

The impending rise of the Swiss franc has not sent Chinese luxury-buyers rushing to buy the country's famed watches. > p4

Wintour on China

The Vogue editor raves about fashion trends and the impact that Chinese models have had on the business. > p4

BUSINESS Slower growth

Almost all the provincial governments in China are lowering their economic growth forecasts for the year. > p7



