China market missing from iPhone launch

AFP, *Shanghai*

When the last version of Apple's biggest-selling gadget went on sale, China was among the first territories to offer it. That will not be the case with the iPhone 6, despite the country's importance to the US firm.

In a widely anticipated event, Apple this week unveiled the iPhone 6 with a larger screen than previous models, making the smartphone available in 10 countries and regions from September 19.

They do not include China, despite Apple launching the iPhone 5s and 5c in the country at the same time as other major markets last year.

The US tech giant's revenue in Greater China -- which includes Hong Kong and Taiwan -- is second only to its home country, and chief executive Tim Cook has said he expects it to become its biggest market in time.

No date or price has yet been given for its release on the mainland, where Apple's website was still advertising the 5s on Thursday.

Apple has not explained why China has been omitted from the first wave, prompting speculation among analysts and consumers who have pointed to Chinese regulators.

Beijing's Ministry of Industry and Information Technology does not list the iPhone 6 as having received government approval. The ministry could not be reached for comment on Thursday.

In recent months state-run Chinese media have raised the alarm over potential security risks from Apple products.

Chinese state broadcaster CCTV in July accused Apple of threatening national security through the iPhone's ability to track a user's location.

Apple denied it posed any such threat.

In August, reports said some Apple products -- including MacBook laptops and the iPad -- had been removed from an official procurement list over security concerns, but the government denied those allegations.

One analyst attributed the delay for the iPhone 6 to bureaucratic hurdles rather than a deliberate move by the government.

"I don't think it's reliable news that the government is holding back the licence, as Apple's entry into China has no effect on the government, but in fact it will drive the economy," Xu Hao of Analysys International told AFP.

The iPhone is assembled in China, while the country's three biggest telecommunications companies, all state-owned, offer the phone to attract customers in a country where Apple products are popular.

"So it's likely the company is still stuck in the approval process, due to uncontrollable factors," Xu said.

Apple's sales in China alone surged 28 percent year-on-year for the three-month period ended June 28, according to the company, helping boost its net profit to $7.7 billion.

Apple held a 6.9 percent share of China's smartphone market in the second quarter of this year, putting it in sixth place. Rival Samsung commanded the top position with a 15.4 percent share, in a fractured market with many cheaper offerings using the rival Android operating system.

Another analyst suggested the hold-up in bringing the iPhone 6 to one of its most important markets could be lack of supply.

"If China is among the first batch of countries where it is first unveiled, production capacity might not be able to support the demand from the Chinese market in the short term," Wang Ying, an analyst with iResearch, told AFP.

"Such a deliberate move to avoid (a shortage) might also be a marketing strategy," she said.

Regardless, iPhones are widely available through unofficial channels, smuggled into China or brought back from overseas where they are cheaper.

With the iPhone 6 going on sale in Hong Kong, which borders southern China, those unwilling to wait can still get their hands on one, albeit at a mark-up.

"Damn the government! Although I wouldn't be purchasing it in the mainland anyway," said frustrated customer Shuoshuode in a posting on Weibo, China's version of Twitter.

AFP

A woman walks past an Apple store in Hefei, east China's Anhui province.

Retailers seen unlikely to warm up to Apple Pay

REUTERS

Apple Inc's launch of its own tap-to-pay system using near-field communication in its new iPhones and smartwatches may not be a game changer after all.

The success of Apple Pay, unveiled at a gala launch on Tuesday, hinges on the willingness of retailers to use NFC-based payment systems, industry experts said.

So far the technology, which uses wireless technology to transfer data over short distances, has failed to catch on due to the high costs involved.

An NFC-enabled reader costs between $250 and $300. In addition to that, merchants also need to train staff and set up backend IT systems.

Apple is betting on the popularity of its iPhones and the convenience and security of its payment system to prompt customers and retailers to make the shift.

The technology will allow iPhone users to pay for anything from office supplies to burgers at the tap of a button, using their American Express Co, Visa Inc or Mastercard Inc bank cards.

But Apple first needs to swiftly add more retailers such as Wal-Mart Stores Inc and Best Buy Co Inc, which recently stopped accepting payments using NFC terminals.

"At this point we have no plans to accept Apple Pay," Best Buy spokesman Jeff Shelman said.

US retailers have been notoriously slow when it comes to adopting new payment technology.

They are already lagging in the adoption of payment systems that can read chip-enabled credit and debit cards, a move hastened by a massive data breach at Target Corp last Christmas.

Trying to convince them to move to mobile-based payment terminals can be a big challenge.

"Apple's tremendous failure yesterday was in demonstrating anything that was merchant-friendly," said Tom Noyes, chief executive of Commercesignal Inc, a data and payments company.

"There is nothing they showed that wasn't possible 7 years ago. There's nothing for the merchants," Noyes, a former Citigroup Inc executive, added.

Apple declined to comment.

Apple Pay also faces competition from Merchant Customer Exchange (MCX) - a consortium of retailers including Wal-Mart and Best Buy - which is developing its own mobile payment platform.

MCX merchants account for over $1 trillion of consumer spending, or roughly a quarter of the total retail spending in the United States, Morgan Stanley analyst Smittipon Srethapramote wrote in a note to clients.

Its members are currently prohibited from accepting all other mobile wallets. Some members have even flipped the switch on their NFC terminals.

Mobile handset makers included NFC chips in about 300 million smartphones last year, a third of all smartphones shipped.

The number of NFC-enabled phones is expected to touch 550 million this year, helped by Apple's devices and an expanding number of Android gadgets, Gartner analyst Mark Hung estimated.

Gartner Research had projected last year that the value of mobile payments by 2017 would be $721 million globally, with only 5 percent coming from NFC payments.

"The economics of NFC implementation for the issuing and acquiring communities have been a challenge, resulting in slow adoption of the technology," industry association Smart Card Alliance said in a report published in November 2013.

China fines Volkswagen affiliate $40.5m for price-fixing

AFP, *Beijing*

An affiliate of German carmaker Volkswagen has been fined more than $40.5 million for price-fixing in China, authorities said Thursday, the latest company to be punished under a sweeping anti-monopoly crackdown.

FAW-Volkswagen Sales Company, Ltd., a partnership between the Frankfurt-based firm and Chinese auto maker FAW, has been ordered to pay 248.58 million yuan in penalties for the offence, the Hubei Province Price Bureau said in a statement.

Beijing has over the past year launched a wide-ranging crackdown on alleged malpractice by domestic and foreign firms across diverse sectors, including pharmaceuticals, baby formula and technology.

Investigations found that the Volkswagen company had since 2012 organised 10 Audi dealers in the central province to fix prices for the cars and repair services, the statement said.

The move "deprived ... downstream operators of pricing rights, inflated sales prices for the cars and auto parts, eliminated and restricted the normal competitive order of the car and the spare parts (market) and damaged the rights and interests of consumers", it said.

"FAW-Volkswagen Sales Company, Ltd. presided over the process of organising, reaching and implementing the price monopoly agreement of the car and repair services and obviously played a leading and facilitating role," it added.

The fine was equivalent to six percent of the company's relevant sales revenue in the previous year, according to the statement.

Eight of the 10 dealers were fined between 110,000 yuan and 16.06 million yuan while the other two were exempted for reporting about the violation or minor offences, it said.

The sales company and the dealers lowered the price of imported Audi parts on August 1 and promised to "strictly comply with" Chinese anti-monopoly laws, according to the statement.

Separately, state media reported that Chrysler (China) Automobile Sales Co. will pay up to 31.7 million yuan in an antitrust fine imposed by Shanghai authorities for requiring dealers between 2012 and 2014 to maintain prices recommended by the manufacturer.

The official Xinhua news agency also reported that Shanghai pricing authorities said three of the company's dealerships in Shanghai would be slapped with antitrust fines totalling 2.14 million yuan for agreeing to set unified prices for car repair, spare parts and paint jobs for Chrysler, Jeep and Dodge vehicles.

The National Development and Reform Commission, one of three Chinese government bodies that investigates monopoly actions, said last month it was probing auto firms including Audi and Chrysler as well as 12 Japanese companies for possible violations.

It is the latest in a series of inquiries in various fields which have raised investor concerns about the business climate in China.

The government last month fined 10 of the Japanese auto parts firms more than $200 million in total for price-fixing, reportedly the biggest-ever such penalties, with one of the companies ordered to pay the highest amount of 290.4 million yuan.

Mastercard fees anti-competitive, court upholds

BBC NEWS

The European Court of Justice has upheld a ruling that fees charged by Mastercard were anti-competitive.

The court said regulators were right to condemn the cost of its interchange fees - the fees retailers pay banks to process card payments - and has rejected an appeal.

Mastercard was investigated last year for the amount it charged for card transactions in Europe.

The company's president said the ruling was "disappointing".

Javier Perez, president of MasterCard Europe said despite that, the ruling would have "little or no impact on how MasterCard operates".

He said: "We will continue to comply with the decision as we have been doing for a number of years. This means we would maintain our European... cross-border consumer interchange fees at a weighted average of 0.2 percent for debit and 0.3 percent for credit."

Mastercard is the second-largest credit and debit card company after Visa.

Oil feels the squeeze of weak growth, strong supplies: IEA

AFP, *Paris*

Demand for oil is feeling the squeeze of weak growth in Europe, slowdown in China and abundant supplies, the International Energy Agency said on Thursday.

Shale oil from North America continues to change the global energy landscape, and shipments from OPEC countries are shifting increasingly eastward, from routes to the United States towards Asia.

And output from the Organization of Petroleum Exporting Countries remains plentiful despite conflict in Iraq and unrest in Libya.

All these factors help to explain why the price of oil has fallen below $100 a barrel, the IEA said in its monthly review of the oil market.

The growth in demand for oil this year and next will be markedly lower than expected, the agency said.

The IEA's report helped to push the price down further by 46 cents to $91.21 dollars for benchmark West Texas Intermediate oil for October delivery, in mid-day trading.

"The recent slowdown of demand growth is nothing short of remarkable," the International Energy Agency said.

Also, "OPEC demand has been remarkably robust in view of the troubles in Libya and Iraq."

The agency attributed the "clear slowdown" in demand growth to "ongoing weakness in both European and Chinese economies, coupled with lower-than-expected oil deliveries in Japan and Brazil."

Recent economic "malaise" across much of Europe "has been the dominant downside influence" on the oil market, it said, with the eurozone "struggling with stagflation" and "getting perilously close to deflation".

Meanwhile growth of demand for oil in China was "anaemic".

Compensating in part for this, was an increase in overall deliveries to the United States.

The IEA cut its estimate for oil demand this year to growth of 1.0 percent or to 900,000 barrels per day, from a previous estimate of 1.1 percent or 1.0 million barrels per day.

That takes total demand for the year to 92.6 mbd.

In the second quarter of this year, growth of demand showed a fall to the lowest rate for two and a half years to about 480,000 barrels per day from the level in 2013.

"Euro zone economic growth is petering out, while US petrochemical usage fell alongside pronounced declines in Japanese power-sector demand," the IEA said.

The agency "tempered" its outlook for 2015 to growth of 1.2 mbd from 1.3 mbd forecast previously.

This update put global deliveries at 93.8 mbd, or about 165,000 bd less than previously forecast.

But this would still amount to a "notable" acceleration of demand from the level in 2014, the IEA said.

"While demand growth is still expected to gain momentum, the expected pace of recovery is now looking somewhat more subdued."

REUTERS/FILE

A General Motors logo is seen on a vehicle for sale at the GM dealership in Carlsbad, California in 2012. General Motors plans to launch 40 new cars in India and in other international markets excluding China, north America and Europe, Chief Executive Mary Barra said yesterday.

Gazprom's profits down 41pc in first quarter over Ukraine

AFP, *Moscow*

Russian gas giant Gazprom on Thursday posted a 41-percent year-on-year plunge in net profit in the first quarter of 2014 partly due to Ukraine's gas debt, the company said.

The company's net profit amounted to 223 billion rubles ($5.963 billion) between January and March this year.

The energy giant's sales in the same period rose by 7.0 percent compared to the same period last year to 1,558 billion rubles ($41.6 billion).

Analysts had expected the group's profits to fall due to the falling ruble.

Ukraine receives half its gas supply from Russia but Moscow finally cut the flow of gas to its pro-Western neighbour in June after last-ditch talks failed to resolve a price dispute.

Russia is still sending gas intended for other parts of Europe through Ukraine, however.

Gazprom said its expenses went up because it had to make a provision of 71.3 billion rubles ($1.9 billion) for "doubtful trade accounts", saying this was mainly Ukraine's state-owned Navftogaz.

Gazprom saw its operating expenses go up 15 percent in the first quarter compared to the figure for the same period last year, while its operating profit fell 8 percent to 472 billion rubles ($12.6 billion).

Gazprom's sales to Europe, its main market outside Russia, rose 13 percent year-on-year to 484 billion rubles ($12.9 billion), due to increased volume of sales and a higher price.

Twitter to raise $1.3b through debt offerings

REUTERS

Twitter Inc said it plans to raise $1.3 billion by issuing convertible senior notes, its first debt offering since its market debut in November.

Twitter shares fell about 1.5 percent in extended trading on Wednesday.

The company plans two offerings worth 650 million each in convertible senior notes due to mature in 2019 and 2021, the microblogging website said in a filing.

Twitter will also grant initial purchasers an option to buy up to $100 million in each of the offerings.

The San Francisco-based company said it would use part of the net proceeds for general corporate purposes.