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FLANDERS-CHINA CHAMBER OF COMMERCE
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FCCC ACTIVITIES

Meeting with Chinese Business Delegation to Brussels – 12 June 2014 – Brussels

The EU Project Innovation Center (EUPIC) – the leading partner of Enterprise Europe Network (EEN) West China – will lead a 100-person delegation with over 60 Chinese tech-based companies including aviation, ICT, energy saving, environmental protection, life science, modern-agriculture and precision instrument sectors. A matchmaking meeting and seminar will be held on Thursday 12 June in Brussels. The goal of this important business delegation is to help establish partnerships and cooperation opportunities with European counterparts.

The mission is supported by the Chinese Ministry of Science and Technology, the Chengdu municipal government and Chengdu Hi-tech Industrial Zone Administration. This large delegation is also considered a follow-up activity to the Mission for Growth in China last year led by Mr. Tajani, Vice President of the European Commission.

The programme, registration form and the Chinese companies' profile can be downloaded via the following link: <https://www.b2match.eu/eu-china-cooperation-fair2014>

The Chief Representative of the EU Project Innovation Centre (Europe Office) EEN West China, located in Brussels is Mr André LI: andre_li@eupic.org.cn.

This event is organized in cooperation with the Flanders-China Chamber of Commerce (FCCC) and the EU-China Business Association.

ACTIVITIES

Cross Cultural Communication – 13 May 2014 – Brussels

The Brussels Diplomatic Academy is organizing a workshop which will immerse you in intercultural communication exercises via real life anecdotes and role plays (a.o. based on the work of Paul Verluyten, Hofstede and other cross cultural experts). The workshop content will be adapted according to the participants' learning objectives. This training is of particular relevance to top and middle management, diplomats, national and international civil servants and government officials.

Date: 13 May 2014, from 14.00 h. to 18.00 h. at Pleinlaan 5, Karel Van Miert Building, 1050 Brussels.

Save 50% reduction via KMO Portefeuille (more information on www.kmo-portefeuille.be).

[Download our training brochure.](#)

For more information: bda@vub.ac.be.

17th China Chongqing International Investment and Global Sourcing Fair – 15 to 18 May 2014 – Chongqing

The 17th China Chongqing International Investment and Global Sourcing Fair will be held from May 15 to May 18 in Chongqing. This fair is the most important event in terms of the promotion of trade and investment in Chongqing, and a lot of activities will be held on the occasion of this

event, such as three fairs related to outbound and inbound investment, global sourcing, and imported consumption goods, high level forums, and some matchmaking meetings. The Fair can help you to get to know the city of Chongqing better and to find business opportunities in Chongqing. For VIP guests, the local organizer will cover their fees for accommodation, meals, etc.

Seminar: Protection of business, economic and national interests – 5 June 2014 – Vilvoorde

Voka Halle-Vilvoorde, Voka Metropolitan and the Brussels Diplomatic Academy of the Free University of Brussels are organizing a seminar on the protection of business, economic and national interests, on company and state secrets and how they are protected.

Thursday 5 June 2014, 14h00 – 18h00 at Voka Chamber of Commerce Halle-Vilvoorde – Medialaan 26 – 1800 Vilvoorde – parking in the business park.

Price: Members Voka Halle-Vilvoorde and Voka Metropolitan: €125, Non-members: €190. An attendance certificate issued by the VUB will be available. Companies based in Flanders can use KMO-Portefeuille.

2014 China National Low-Carbon Day & 2nd Shenzhen International Low-Carbon City Forum – 10-11 June 2014 – Shenzhen

The 2014 China National Low-Carbon Day & 2nd Shenzhen International Low-Carbon City Forum will be held on 10-11 June, 2014 in Shenzhen. The National Low-Carbon Day was initiated by the National Development and Reform Commission (NDRC) in 2013 and is an annual event to promote low-carbon development in China. Together with the event, the 2nd Shenzhen International Low-Carbon City Forum will also be held. The Annual Report of China Emission Exchange will be released during the event.

Themed “Low-Carbon Development: Quality-Based Urbanization”, the National Low-Carbon Day and the Forum will provide opportunities to understand China’s low-carbon development agenda and the new urbanization roadmap from both responsible policy makers at the central level and mayors at local levels, particular demands from local government leaders on their respective low-carbon development plans, and the opportunity to meet and establish contacts with the multitude of stakeholders in China’s billion dollar low-carbon development future.

Xie Zhenhua, Vice Chairman of National Development and Reform Commission (NDRC), who is responsible for China’s national low-carbon development plan, has confirmed his participation in both events.

Over 500 leaders from government, industry, investors, academia, international organizations, business associations and media from over 40 countries will gather to discuss the new direction of the human-centered, environmentally-friendly and ecological urbanization path set by China’s State Council in March 2014 and its far-reaching economic and business implications.

Participants at the 2-day event are expected to have in-depth interactions in different formats over topics of effective approaches of low-carbon development and the new model of urbanization, the imperatives for economy, technology, policy and governance transformation, and the potential collaborative opportunities for cities and industries. Private bilateral meetings will also be arranged for concrete projects match-making purposes.

Both events are by invitation only. After receiving indication of willingness to participate, the registration form and hotel booking form will be sent. Registration is free. For questions or information regarding the events: lowcarbonforum@vip.163.com

China Europa – 16~18 September 2014 – Shenyang

China Europa, the essential business gathering between Europe and China, is a key event focusing on commercial relations between Europe and China in the field of sustainable urban development, and offers European and Chinese companies and territories a unique opportunity to meet and to develop efficient economic links, in optimal conditions. It guarantees fruitful and constructive encounters with a number of qualified and targeted

contractors and suppliers. It is also an opportunity to identify new development opportunities in Europe and in China and to benefit from exchanged expertise and good practice via a programme of conferences and themed workshops. The leading Chinese and European economic authorities consider China Europa to be the leading event in Sino-European business relations and exchange in the field of sustainable urban development. By providing extensive support towards the business convention's organization, these bodies assert their will to reinforce productive cooperation that will contribute towards shaping tomorrow's sustainable towns and cities.

More information on the event is available at: <http://www.china-europa.org/rendez-vous-incontournable-business-europe-chine-china-europa-2014-en.asp>

PAST EVENTS

FCCC Conference: "Doing Business with Belgium" – 24 April 2014 – Qingdao

The Flanders-China Chamber of Commerce (FCCC) and the China Council for the Promotion of International Trade (CCPIT) Qingdao Sub-Council organized a conference: "Doing Business in Belgium: Flanders, the heart of Europe" on 24 April 2014 in Qingdao, Shandong province. This session was organized with the support of Flanders Investment & Trade, the Port of Antwerp, the Province of East Flanders, Ghent University and Dewolf & Partners.

Following a word of welcome by Mr Feng Wenqing, Chairman of the China Council for the Promotion of International Trade – Qingdao, Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce (FCCC), gave an introduction the seminar on Doing Business with Belgium : the heart of Flanders. Following viewing of the movie "Flanders, Small Size, Big Opportunities", Mrs Isabelle Wang, Investment Deputy, Flanders Investment & Trade, gave an address about 'Flanders-Gateway to Europe: Trumps of Flanders' and Mr Luc Arnouts, Chief Operating Officer, Port of Antwerp, talked about "Antwerp, heart of Europe's shipping & logistics industry and gateway to 250 million consumers". "Study at Ghent University: education and research" was introduced by Mr Domien Proost, Chief Representative Beijing Office, University of Ghent and Province of East-Flanders. Mr Jacky Sun, Associate, Dewolf & Partners, talked about "Investing and doing business in Belgium – Legal aspects". This interesting event was concluded by an exchange of views and a networking reception.

Panel Discussion with Captains of Industry – Results Sino Belgian Business Survey 2014 – 24 April 2014 – Ghent

Moore Stephens, together with the Flanders-China Chamber of Commerce (FCCC), organized a discussion on the results of this year's survey with a panel of captains of industry and independent pundits in Ghent on April 24. Catherine Vuylsteke, Author, Journalist, Film Maker and China Expert, gave the opening speech, followed by a Captains of Industry panel discussion moderated by Andries Verschelden (Partner, Moore Stephens). Panel members were William Gu, Vice President Global Commercial Management Volvo Construction Equipment; Patrick Van Overloop, KBC General Manager Asia Pacific; Paul Van den Bulcke, Director at Taminco; and Geert Roelens, CEO Beaulieu Group. The event was concluded by a Q&A session and networking drinks.

China Job Market – Gent – 1 April 2014

A job market for Chinese high potentials was organized by Ghent University Doctoral Schools, the Flanders-China Chamber of Commerce (FCCC) and the Province of East Flanders. The fair took place on 1 April at the International Convention Center (ICC) in Ghent, where at the same time the Graduate Fair and Job Market for Young Researchers was held.

Ghent University Association with its four member institutions – Ghent University, University College Ghent, Artevelde University College Ghent and University College West-Flanders – has approximately 250 Chinese students. Chinese final-year Master students and young researchers (doctoral students and postdoctoral fellows) received a personal invitation to visit the Graduate Fair. The job market was also advertised through the Chinese interuniversity student council. The purpose of the Fair was to help final-year Master students and young researchers find a (first) job and make it easier for employers to network with these young professionals.

NOTICE

Sponsorship opportunities

The Flanders-China Chamber of Commerce (FCCC) offers several sponsorship opportunities to give companies more exposure to potential new clients and collaboration. Opportunities are available in our weekly newsletters, quarterly Chinese newsletters, our new website, our conferences and meetings with Chinese delegations.

If you are interested in obtaining more information about the sponsorship opportunities, you can download the detailed information at the following link :

www.flanders-china.be/sponsorship_opportunities_2014.doc

PUBLICATIONS

FCCC publishes "FCCC Members' Portraits in China Vol.2"

See [FCCC Members' Portraits](#) on the FCCC website.

MEMBERS' NEWS

JuXing welcomes its first group of visitors from China which has the intention to settle down in the CTBC center in the near future

CBTC – the Chinese-Belgium Technology Centre, located in the Science Park of the Catholic University of Louvain (UCL) in Louvain-La-Neuve, is the first large-scale High-Tech incubation center created by Chinese investors outside China. It is a platform aiming at serving Chinese companies entering the Belgian or European market in order to establish partnership and to conduct R&D cooperation. It is also a gateway to help Belgian or European companies who have the intention to do business in China.

The main investors for this CBTC project are WHIBI (Wuhan International Business Incubator), DongFeng Design Institute Co Ltd, and HuaYong Investment Co Ltd. The company running this center is JuXing International Technology Investment Co Ltd. Since early 2014, two office centers have been established and they will soon be ready to be opened to all Chinese, Belgian or European companies.

Between May 28th and 30th, the office centers will welcome their first group of professional visitors from China.

This group consists of 12 companies, all headed by their CEOs or their General Managers. These companies are from the field of pharmaceuticals and bio-engineering, electric engineering, optoelectronics, telecommunication and clean-tech etc. Besides business and trading, the group members have also interests in establishing partnership cooperation and R&D centers in Belgium or other places in Europe. Interested companies can meet the Chinese group members. For detailed arrangements, contact Dr. Weidong He and Mrs. Julie Patterson (see below contact details).

Dr. Weidong He, Tel. 0486-488768, E-mail: weidong.he@jxiti.com

Mrs. Julie Patterson, Tel. 0494-143455, E-mail: julie.patterson@jxiti.com

JuXing I.T.I. Belgium, Avenue Albert Einstein 14, 1348 Louvain-La-Neuve

FINANCE

Bank of China plans to launch yuan bonds in Luxembourg

Bank of China (BOC) is marketing its first euro-zone-listed, yuan-denominated bond to be traded in Luxembourg. The notes have a yield of 3.7%. Proceeds from the sale are expected to be retained in the local branch to support corporate activities, one banker said. The bonds, the first to be listed in the euro zone by a Chinese firm, will be issued by BOC's Luxembourg branch and carry a maturity of three years. Chinese banks face pressure to raise funds to withstand an expected rise in bad loans. The transaction is a step forward in the internationalization of the currency and in Luxembourg's ambition to catch up with London as a

center for Chinese investment products in Europe. Luxembourg is the third city outside China where the state-backed bank has chosen to issue an offshore yuan bond. In January, BOC issued CNY2.5 billion worth of bonds in London, and in February it issued CNY3 billion of “Lion City” bonds in Singapore. The issuances are seen as part of Beijing's efforts to encourage financial centers around the world to develop offshore yuan business. Four European cities – London, Paris, Luxembourg and Frankfurt – are launching Chinese investment products to grab their share of the growing offshore yuan business, which is still dominated by Hong Kong. Paris and London have each been given CNY80 billion of investment quota to allow locally-registered firms to invest yuan in mainland China's stock and bond markets, but Luxembourg has yet to obtain a quota. London and Frankfurt signed agreements in March with the People's Bank of China (PBOC) to clear payments made in yuan locally, and both cities are in the process of appointing a clearing bank, the South China Morning Post reports.

- Sino-U.S. United Metlife Insurance Co plans to set up a sub-branch in Shanghai's pilot free trade zone (FTZ), making it the first joint-venture life insurer to tap opportunities from reforms being carried out in the zone. Metlife will have six months to complete preparations for the sub-branch. Metlife joins two other insurance companies, China Pacific Property Insurance Co and Dazhong Insurance Co, which have set up branches in the FTZ.
- A plan to establish the country's first personal credit database has been submitted to the government for review. The database is to be completed by 2017, with credit information on finances, tax payments, social security payments and traffic violations pooled on a single platform. Individuals and companies will be given a code that contains all of their credit records, and their credit ratings will be reviewed based on information on the platform. The People's Bank of China (PBOC) already has a credit system with records for more than 800 million individuals.
- New tax breaks this year will help more than two million small and micro firms halve their business income tax. Any company with annual taxable income under CNY100,000 will have its business income tax halved from January 1 this year till the end of 2016. Industrial enterprises with no more than CNY30 million in assets and no more than 100 employees will have their business tax halved for their taxable income between CNY100,000 and CNY300,000. Companies with no more than CNY10 million in assets and no more than 80 staff in other sectors will also enjoy the same tax treatment.
- Macao is facing a major capital-flight crackdown as tens of billions of yuan in illicit funds are being funneled out of the mainland and into casinos in a breach of currency controls. Payments processor UnionPay announced a raft of measures in what it described as a “committed drive to combat overseas money laundering, capital flight and other illegal bank card use” in Macao. Mobile UnionPay payment devices from the mainland have been illegally used in Macao to make transactions appear as domestic, thereby circumventing currency controls. The mobile swipe devices are also used to evade tax on the mainland.
- China National Petroleum Corp (CNPC) is marketing U.S. dollar-denominated notes and China Cinda Asset Management plans its first bond sale in the currency, after borrowing costs dropped to the lowest in almost 11 months. CNPC is offering three-year floating-rate and five-year fixed-rate debt. China Cinda Asset Management, one of four state-owned managers of bad loans, plans to sell its five-year bonds at about 275 basis points more than U.S. government debt.
- Growth in China's fiscal revenue slowed to 5.2% year-on-year in March from 8.2% in February, Ministry of Finance data showed. The budget swung to a CNY326 billion deficit from a CNY257.5 billion surplus as the property market is cooling down.
- The Asia Securities Industry & Financial Markets Association, Standard Chartered and Thomson Reuters Corp released the RMB Roadmap report, advocating more open capital markets and increased global use of the yuan. China's currency needs to go through a five-step process, the report said. First, as a deposit currency internationally; second, through increased use for trade; third, as an investment currency; fourth, through more bilateral swap agreements involving China; and fifth, global acceptance as a reserve currency.
- The Chinese government announced it planned to develop a system for direct bond issuance by local governments, streamline the approval process for initial public

offerings (IPOs) and remove some restrictions on the use of financial derivatives. The Securities Association of China also published details of rules governing IPOs. They deal with standards for underwriters and with investor participation in IPO share auctions. Quotas will be increased for both inward and outbound foreign investment under the Qualified Foreign Institutional Investor (QFII) and Qualified Domestic Institutional Investor (QDII) programs.

- The Agricultural Bank of China (ABC) plans to issue up to 800 million preference shares to raise no more than CNY80 billion from fewer than 200 investors. The stock sale may boost the bank's core Tier-1 capital ratio to 10.7% this year, and 10% in the next two years, Beijing Gao Hua Securities Co said in a report.
- The Hong Kong government plans to sign a tax agreement with the United States that will help reduce the reporting burden of financial firms under the U.S. Foreign Account Tax Compliance Act (FATCA). The accord will be implemented in July. FATCA requires all financial firms to report to the Internal Revenue Service (IRS) the accounts of U.S. citizens and permanent residents who are their clients. It is aimed at preventing tax avoidance. Failure to report would incur a 30% withholding tax penalty on the firms' U.S. income.
- The wealth-management industry should be reorganized because it is unduly raising funding costs and encouraging savers to behave like gamblers by chasing after lucrative short-term returns, Deputy Governor of the People's Bank of China (PBOC) Liu Shiyu said.
- Several hundred people attended China's first bitcoin summit. Venture capitalist Li Xiaolai, who organized the conference, dismissed the suggestion that Beijing would ultimately outlaw the use of digital currencies. But the heads of the five largest bitcoin businesses in China skipped the event so as not to raise the meeting's profile, as the People's Bank of China (PBOC) has launched a series of crackdowns against the digital currency, discouraging banks and payment companies from dealing with money involved in bitcoin trading.

FOREIGN INVESTMENT

Chinese investments expected to head U.S. vetting list

Chinese investments in the U.S. are expected to again top the list of filings with the Committee on Foreign Investments in the U.S. (CFIUS), experts from the law firm Stroock & Stroock & Lavan told the South China Morning Post. The Committee assesses national security implications of mergers, acquisitions and takeovers that could result in foreign control of any U.S. business. The latest CFIUS report said 114 notices of transactions were filed in 2012, compared with 111 in 2011 and 155 in 2008. Chinese companies accounted for the largest number of deals reviewed with 23 in 2012. By comparison, they accounted for 10 filings in 2011 and six in 2010. Chris Griner, Managing Partner at Stroock's office in Washington, said a strong rise in CFIUS reviews this year would be evidence of "a significant increase in Chinese investments", based on the number of filings Stroock monitored in the first quarter. Stroock is one of the U.S. law firms that have advised various Chinese companies on CFIUS reviews. A report by Rhodium Group last week said Chinese companies announced more than USD8 billion worth of deals in the first quarter, compared with the USD14 billion Chinese firms spent on acquisitions and greenfield projects in the US for the whole of last year.

FOREIGN TRADE

Less buyers and deals at Canton Fair

The Canton Fair, China's largest trade fair, had fewer overseas buyers and trade deals compared with last year, organizers said. The 115th session drew 188,119 overseas buyers, down 0.81% from the previous session last autumn, and a fall of 7.23% from last year's spring session, Spokesman Liu Jianjun said. Exports dropped 12.64% year-on-year to CNY191.18 billion, down 2.01% from the autumn session. The drop in attendance and turnover indicated that overseas demand remained weak, and that the recovery of the domestic market had a long way to go, Liu said. First held in 1957, the bi-annual Canton Fair is the largest trade fair in China and is considered a barometer of the country's foreign trade. However, China's trade may regain its growth momentum, the Ministry of Commerce (MOFCOM) said, although exports and imports this year would continue to face difficulties and hurdles. In the first quarter, China's exports were down 3.4% and imports up 1.6%. In March, exports fell 6.6% and

imports shrank 11.3%, worse than expected. Premier Li Keqiang said that China will boost support for trade, including faster tax rebate payments for exporters. Trade deals signed at the fair with traditional markets including the European Union and Japan declined 9.44% and 4.69%, respectively. Deals with buyers from the United States increased, but only by 2.45% from the spring session last year. Demand from emerging economies dropped, with deals from other BRICS buyers down 12.96%. Deals with buyers from the Middle East and the Association of Southeast Asian Nations (ASEAN) slid 21.9% and 18.3%, respectively.

Support for services trade to be stepped up

China's Ministry of Commerce (MOFCOM) pledged to step up support measures for trade in services to help shift its economic growth model toward consumption. China was the world's biggest goods trader and third-largest trader in services in 2013, with goods trade accounting for 11% and that of services 6% of the world's total. Trade in services have outstripped goods trade in recent years. In the first quarter of 2014, China's services exports rose 14% year-on-year to USD53 billion, while the country's services imports increased 16.6% to USD85.8 billion, leaving a deficit of USD32.8 billion. The Ministry plans to introduce a new round of support measures for services outsourcing, including an industrial plan from 2016 to 2020. In addition, it will step up the building of overseas sales networks, export credit will be strengthened, and new income tax policies will soon be launched. The third China (Beijing) International Fair for Trade in Services will be held from May 28 to June 1 in Beijing. First held in 2012, the fair serves as an international platform of trade in services. "In the near future, China will continue to expand importing of services, which is driven by economic restructuring," said MOFCOM Spokesman Yao Jian. The scope of China's trade in services has been changing. The share of traditional services, travel, transport and construction has been declining, accounting for 59.4% of the total in the first quarter, down 3.3 percentage points from a year earlier. Trade in services accounted for only 12.8% of China's total trade in goods and services, much lower than the world's average of 20%, the China Daily reports.

Foreign trade increases slightly in April

China's foreign trade rose marginally in April, rebounding from sharp declines in March and helping China's economy to stabilize, data from the General Administration of Customs showed. Exports increased 0.9% from a year earlier to USD188.5 billion last month, reversing the fall of 6.6% in March. Imports expanded 0.8% to USD170.1 billion, up from the 11.3% slump a month earlier. That created a trade surplus of USD18.4 billion in April, up 1.8% on an annual basis and more than March's surplus of USD7.7 billion. "China's export growth came in higher than expected, suggesting the effect of a high base early last year has gradually faded," said Zhou Hao, Economist at Australia & New Zealand Banking Group. "The imports also beat market expectations, reflecting that the concerns over China's commodity demand are overdone." Zhu Haibin, Chief Economist for China at JPMorgan, said the improvement in the April trade data highlighted a rise in exports to Europe and the United States. China's trade with the European Union rose 8.5% in the first four months, while that with the U.S. gained 2.4%. China's trade value edged down 0.5% in the first four months with exports contracting 2.3% and imports rising 1.4%. The trade surplus decreased 41.1% year-on-year to USD35.2 billion, the Shanghai Daily reports.

- The Ministry of Commerce (MOFCOM) started levying anti-dumping duties on some alloy-steel seamless pipes imported from the European Union and the United States. The import of the pipes, designed for high temperatures and pressure, have damaged Chinese producers, the Ministry said. Companies which import such products will have to pay customs anti-dumping duties ranging from 13% to 14.1%.

HEALTH

Foreigners receive stem cells for bone marrow transplants

One hundred forty-four people from overseas have so far received matching stem cells for lifesaving bone marrow transplants from the China Marrow Donor Program under the Red Cross Society of China, according Program Director Gao Dongying. About 1.83 million people, mostly Chinese, were enlisted as stem cell donor volunteers and placed in a data bank by the end of last year, making it the largest program in Asia. Last year, 133 donations were made to overseas patients, and 11 this year. "Requests from foreign countries to detect a match have

continued to rise, particularly after the China program joined the world's marrow donor program in 2012. Now we receive nearly 200 requests from overseas each year," said Gao. Foreigners are also welcome to join the China program as donor volunteers, she added. According to Gao, the program has so far uploaded 680,000 donor volunteer data files to the world program in a bid to facilitate easier and quicker access by foreign patients to potential donors in China. Most of the overseas recipients – 38 of them – were from South Korea, the report said. Nationwide, roughly 1 million Chinese patients need bone marrow transplants each year, but so far, fewer than 800 have secured one through the program. Transplant surgery usually costs CNY400,000.

- Guangzhou suspended sales of live poultry at nearly a third of its wet markets as it began a four-month pilot scheme. The move was instigated after stalls in 60% of the city's wet markets tested positive for the deadly H7N9 bird flu virus at the end of last month. Upon conclusion of the trial on September 30, the city government proposes gradually extending the ban, covering chickens, ducks, geese and pigeons, to other parts of the city. Currently, it affects 298 live poultry stalls at 82 wet markets.
- Shanghai is set to become a center for aeromedical services under a deal between Deer Jet Medical and two local health care institutions, Shanghai East Hospital and Shanghai East International Medical Center. China lags far behind the rest of the world in aeromedical services, despite growing demand. Just 100 people are employed in the sector, which also lacks professional facilities, insurance products, flight courses and regulations. Under the new deal, foreign specialists will provide training to medical staff at Shanghai East.
- Southeast Asian children at risk of getting infectious Japanese encephalitis are expected to be immunized by 2015 with the first Chinese vaccine to obtain WHO pre-qualification. It could also be integrated into the global vaccine supply, said Zhang Li, Manager of the Global Alliance for Vaccines and Immunization, a public-private global health partnership. It took seven years to get the WHO pre-qualification.
- A 49-year-old man in Sichuan has died of H5N6 bird flu in the first known human infection of the strain in the world. The man from Nanchong had been in contact with dead poultry that had the disease. He died after being diagnosed with acute pneumonia. Experts consider it an isolated case and the risk of human-to-human transmission very low.
- The China Food and Drug Administration (FDA) has issued another warning about overseas generic cancer drugs sold online, saying that 75% of such drugs are counterfeit. Cancer treatments like Gleevec, which typically cost more than CNY10,000 a month, are not covered by the medical insurance system, while the cost for the generic treatments is only about CNY1,000 a month.
- China rose seven spots to rank 61st in the latest "Mothers Index", which aims to measure the health and development of women and children in 178 countries. The central government has been pursuing a reduction in maternal mortality rates since 2000, as part of the United Nations Millennium Development Goals targets for 2015.

MACRO-ECONOMY

CPI increase slowest in 18 months

China's consumer price index (CPI) rose by 1.8% in April year-on-year, its slowest rate for 18 months, due to lower food prices. Pork prices fell 7.2% year-on-year in April, pulling the CPI down by 0.21 points, while the cost of fresh vegetables dropped 7.9%, trimming 0.28 points off the index, according to the National Bureau of Statistics (NBS). Zhou Hao, Economist at Australia & New Zealand Banking Group, said the dip in inflation, coupled with only lukewarm activity in the real economy, had increased the risk of deflation. The producer price index (PPI) fell 2% in April, following a 2.3% dip a month earlier. The PPI has been in decline for more than two years, so the risk of deflation is very real, Zhou said. Zhang Zhiwei, Economist at Nomura, said second-quarter GDP growth could slow further to 7.1%, dragged down by the property sector. "We continue to expect cuts to the banks' reserve requirement ratio (RRR) in the second and third quarters," Zhang said. In the first four months, consumer prices rose 2.2% year-on-year, below the government's full-year target of 3.5%.

- The HSBC Purchasing Managers' Index (PMI) stood at 48.1 last month, better than 48 in March but lower than its flash reading of 48.3, according to HSBC Holdings and research company Markit. Qu Hongbin, Chief Economist for China at HSBC, said domestic demand fell at a slower pace, but it remained sluggish while both new export orders and employment contracted. The official PMI rose to 50.4 in April from March's 50.3, according to the China Federation of Logistics and Purchasing (CFLP).
- Efficient land use and sustainable development will be two of the key themes of Shanghai's urban planning for 2020-40, Shanghai Party Secretary Han Zheng said at the 6th Shanghai Urban Planning Affairs Meeting. Another priority will be population control, especially with regard to reducing the density in the city's downtown areas. Authorities will continue to encourage people to relocate to new residential communities being developed in suburban districts. In terms of land use, the Shanghai government has set aside a maximum of 322,000 hectares for construction through 2020.
- A new monthly report tracking the rapidly growing influence of Chinese consumers on the country's economic development will be launched later this month by Australia's Westpac and Deutsche Bourse unit MNI Indicators. The Westpac MNI China Consumer Sentiment Survey will deliver a headline indicator focused on a range of activities in Chinese households including personal finance, spending, housing, cars, equity investments and employment.
- Expansion in China's services industry slowed slightly last month, with employment growth slipping to a seven-month low. The Markit/HSBC services purchasing managers' index slipped to 51.4 from March's 51.9 but held above the 50 level that separates expansion from contraction.
- China has the world's three biggest public companies and has five in the Top 10, according to the latest Forbes Global 2000 List. The Industrial and Commercial Bank of China (ICBC) kept its No 1 spot for a second year, followed by China Construction Bank (CCB) and the Agricultural Bank of China (ABC). The other two in the Top 10 were the Bank of China (BOC) and PetroChina, ranked ninth and tenth, respectively. The Chinese mainland and Hong Kong have 207 companies in the list of 2,000, compared to the United States' 564 companies. Forbes Global 2000 is a comprehensive list of the world's largest and most powerful public companies in revenues, profits, assets and market value.
- Despite its traffic challenges and air quality issues, Beijing still managed to come in just behind Hong Kong, Shanghai and Shenzhen in terms of "sustainable development", according to an annual ranking of Chinese cities by the Chinese Academy of Social Sciences (CASS) and the Social Sciences Academic Press. But the survey found that smog was undermining the competitiveness of several Chinese cities, including Beijing, Tianjin and Shijiazhuang, capital of Hebei province.

MERGERS & ACQUISITIONS

M&A activity rises due to two big deals

Two big transactions boosted China's merger and acquisition activity last month as deal value increased more than six-fold from a year earlier. China completed 141 M&A transactions in April, the Zero2IPO Research Center said. The value of 130 deals for which transaction figures were published totaled USD16 billion, a monthly increase of 72.7%. The total value represented a 534% surge from a year earlier. "China's M&A market remained sluggish last month with a decreasing number of deals. The surge in transaction value was boosted by two mega deals involving BOE Technology Group Co and PetroChina Co," Shen Lingkun, Analyst with Zero2IPO, said in the report. BOE Technology, a Beijing-based provider of display technologies, products and solutions, raised CNY45.7 billion through a private placement. PetroChina last month acquired a 40% stake in Canada's Dover oil sands project for CAD1.3 billion from its partner Athabasca Oil Corp. The value of the two deals accounted for 54% of the total M&A transaction value last month.

Sino Life and Anbang fighting for control of Gemdale

Sino Life Insurance and Anbang Insurance are fighting for control of real estate developer Gemdale. Both insurers have increased their voting stakes in the Shanghai-listed developer through a series of secondary-market purchases. As of April 26, Sino Life owned 20% of

Gemdale while Anbang had 15%. Both stakes far exceed the stake held by Shenzhen Futian Investment, initially the top stakeholder. The two bidders have the option of raising their stakes to the regulatory ceiling of 30%. The competition has pushed up the price of Gemdale's shares by 35% from this year's trough on January 13. Sino Life and Anbang have each nominated a director to sit on Gemdale's board, which was re-elected on April 28. The top management team, led by Chairman Ling Ke, has so far remained largely unchanged. "Insurance companies are chasing undervalued property stocks in both mainland and Hong Kong markets," said Edison Bian, the research head of China property at UOB Kay Hian. China Life Insurance, the country's biggest insurer, is now the largest shareholder of Sino-Ocean Land, a major developer based in Beijing, the South China Morning Post reports. Chinese insurers can potentially pour up to CNY2.7 trillion into the real estate sector, including property stocks and non-residential physical assets.

- Shanghai Electric plans to buy a 40% stake in Italian power engineering firm Ansaldo Energia. The 400-million-euro deal, when completed, will give Shanghai Electric access to key technology in gas turbines while helping its Italian partner boost sales in Asia. The deal will include setting up two joint ventures in China to produce gas turbines for Asian markets. Shanghai Electric will buy the Ansaldo stake from state-backed investment fund Fondo Strategico Italiano, which had received other offers from Siemens and South Korea's Doosan Heavy Industries.

PETROCHEMICALS

Vietnam protests China's drilling for oil in South China Sea

Vietnam protested a Chinese decision to begin drilling for oil in disputed waters of the South China Sea, calling the move illegal and demanding Beijing pull back from the area. The China National Offshore Oil Corporation (CNOOC) 981 rig would be drilling in the South China Sea from May 4 to August 15, in an area close to the Paracel Islands, 800 kilometers southwest of Hong Kong. The islands are controlled by China but Vietnam claims them as its own. Vietnam said its vessels collided with Chinese ships in the area, creating a diplomatic incident. The Vietnamese authorities have allowed several hundred demonstrators to stage a noisy rally outside the Chinese embassy in Hanoi.

Oil and gas firms focussing more on quality and returns

Chinese oil and gas firms have spent more than USD100 billion in the past five years buying overseas assets, but after some disappointing deals, are now shifting focus from quantity to quality. "Overseas acquisitions are definitely slowing down," BNP Paribas head of Asia energy research Por Yong Liang said. "It is a function of two things – foreign assets, on the whole, have not produced attractive returns – and company specific reasons, such as CNOOC digesting Nexen and stretched balance sheets at PetroChina and Sinopec." In the first four months of this year, just USD2 billion worth of deals were recorded. According to Thomson Reuters, total annual spending by Chinese oil majors on overseas assets ranged from USD15.6 billion to USD23.4 billion in the past five years. The exception was in 2012, when the USD15 billion purchase of Canada's Nexen boosted the total to USD33 billion. Standard Chartered said in a research report that CNOOC's South American operation – primarily Bidas – posted a net loss of CNY1.97 billion last year. Its Canadian operations – primarily Nexen – had a net loss of CNY722 million. The oil companies now plan to focus more on generating returns.

- While Ukraine's territorial dispute with Russia will facilitate a gas supply deal between Moscow and Beijing, Central Asia has better long-term potential as an energy supplier to China, the chief of Tethys Petroleum said. David Robson, Executive Chairman of the Toronto and London-listed oil and gas firm with Central Asian projects targeting China, believes the politics will be overridden by economic considerations and Europe will remain Russia's main gas market. China has been in talks for more than 15 years with Russia on importing natural gas from Siberia, but due to price differences no deal has been signed so far.
- To reduce the risk of terrorist attacks, Beijing authorities are requiring bulk purchasers of gasoline to provide identification, acquire permits from a local police station and use only approved containers. Moreover, gasoline stations must place gasoline in bulk

only into standard iron drums approved by the government.

REAL ESTATE

Property sales drop during May Day holiday

Property sales fell by 32.5% in major cities during the May Day holiday compared with the same period last year, according to property agency Centaline Group. Dragged down by the first-tier cities of Beijing, Shanghai, Guangzhou and Shenzhen, 9,887 apartments were sold in transactions in the country's 54 major cities. The nation's real estate business is cooling quicker than many people expected, according to industry specialists. Second-tier cities – mostly provincial capitals – saw housing sales drop by about 35%. The Beijing Commission of Housing and Urban-Rural Development said only 169 apartments were sold from May 1 to 3, down by nearly 80% from the same period last year and a record low since 2008. In Shenzhen, Guangdong province, only 49 apartments were sold during the holiday, compared with 133 last year. A total of 423 apartments were sold in Shanghai and 405 in Guangzhou, roughly the same as last year. Vanke, the country's largest developer by market value, posted net profit in the first quarter of CNY1.53 billion, a fall of 5.2%. The company's revenue fell by 32.2% year-on-year to CNY9.5 billion during the same period. It was the first time the firm had reported a profit fall in the first quarter for 13 years. William Kwok, Director of Cheung Kong Real Estate, said his company would offer more flexible payments to lure potential buyers. "We will lower the down payment for our villa projects in Beijing from 60% to 50% and allow our clients to make their down payments in four installments over two years," Kwok said.

- Chinese outbound investment in residential development surged 80% year-on-year to USD1.1 billion in the first quarter of 2014 amid increasing interest from domestic real estate developers, led by Greenland Group, according to a report by Jones Lang LaSalle (JLL). The United Kingdom, Australia and the United States received most of the investment.
- More cities in China are relaxing their property tightening measures to boost home sales. Tongling city in Anhui province announced that it will provide tax subsidies for first-home buyers who make their purchases between May 1 and December 31, 2014. Only buyers of ordinary homes, which must be no larger than 144 square meters, will be able to receive the subsidy that is equivalent to 1% of the total home price. Similar measures have been unveiled in many smaller cities, including Nanning and Wuxi.
- The volume and value of land sales in Shanghai rose notably in the first four months of this year, as 3.6 million square meters of land parcels were sold in the city, up 24.6% year-on-year. They were sold for CNY57.32 billion, up 75% in value terms. Sales of land for commodity housing development more than doubled in the first four months to 1.89 million square meters, while 958,000 sq m were bought for affordable housing and 758,000 sq m for commercial purposes.
- The Ministry of Land and Resources has set up a unified real estate registration bureau to include the registration of housing, forests and grasslands. A national system to track property ownership and sales transactions is a key step in combating corruption and would allow for levying property taxes across the country. Regulations on unified real estate registration will be released before the end of June.
- Farmers in China should be allowed to sell land allocated to them for housing, according to Zhao Hui, Director of the Village and Township Construction Department under the Ministry of Housing and Urban-Rural Development. He said the move would allow more private capital to help fund the development of rural areas. Farmers are given plots for housing that are controlled collectively by villages, but are not allowed to sell it.
- Shanghai has earmarked an initial investment of CNY10 billion for the facelift of Lingang New City, which is connected to the Yangshan deep-water port. State-owned developer Shanghai Lujiazui Group plans to build a commercial complex of office buildings, entertainment facilities, exhibition halls and shopping centers covering up to 500,000 sq meters in Lingang. City officials envision Lingang as an upgraded version of Lujiazui, which is at the heart of Pudong and is known as China's Wall Street.

SCIENCE & TECHNOLOGY

U.S. graduate schools receive less Chinese applicants

The number of Chinese applicants for graduate schools in the United States for the 2014 fall enrollment has dropped for the second year in a row. The number dropped by 1% from a year earlier. Applications for the same period last year fell by 3% from those of 2012. Overall foreign applications for U.S. graduate schools rose by 7%, with the highest growth – 32% – coming from India. Last year, the U.S. embassy issued 246,000 student and exchange visitor visas to Chinese applicants. During the 2012-13 academic year, overall Chinese student enrollment at U.S. colleges and universities rose by 21.4% to more than 235,000.

- Peking University announced plans to launch China's second international program – the Yenching Academy – to seek to recruit top scholars from China and around the world for its one-year master's degree program. The announcement came just 12 months after Steve Schwarzman, Founder of United States-based private equity firm Blackstone, established a similar program at Tsinghua University, also in Beijing, and led a USD350 million endowment campaign. Both programs are modeled on the Rhodes Scholarship.
- The Bai Xian Education Foundation in Hong Kong has set up scholarships for Chinese and Japanese students to help increase their understanding of each other's countries. It plans to offer students about USD25,000 a year to help them study at universities in China, Japan and other Asian countries. The Asian future leaders scholarship program is initially working with six universities in China and Japan, but is also hoping to form partnerships with universities in South Korea and Singapore.

STOCK MARKETS

E-commerce firm Alibaba launches U.S. IPO

China's largest e-commerce company Alibaba Group has filed what could become the biggest initial public offering (IPO) in the United States. The Hangzhou-based company, founded by Jack Ma in 1999, plans to raise USD1 billion for general corporate purposes, it said in a filing to the U.S. Securities and Exchange Commission (SEC). The actual proceeds from the new listing could surpass USD15 billion. Alibaba makes more money than Amazon.com and eBay combined. Alibaba's total transaction size, or gross merchandise volume, hit CNY1.5 trillion last year and it served about 231 million active buyers across its three main Chinese online marketplaces – consumer-to-consumer site Taobao, business-to-consumer site Tmall and group buying site Juhuasuan. For the full year ended on March 31, 2013, its profit jumped 85% to USD1.4 billion. Alibaba's profit in the three months through December more than doubled to USD1.35 billion, as revenue surged 66% to USD3.06 billion. Alibaba said in March that it decided to list in the U.S. as it hopes to retain control of its board of directors in the hands of its founders and executives after Hong Kong's stock exchange refuse to change its "one-share-one-vote" principle. Alibaba didn't say if it would list on Nasdaq or the New York Stock Exchange (NYSE).

- China National Nuclear Power Co plans to raise at least CNY16.25 billion in an initial public offering (IPO) as China builds more nuclear reactors. The Beijing-based company plans to use the funds for the construction of four nuclear plants in Fujian in Zhejiang, and in Hainan and Jiangsu provinces and also to replenish working capital. China is building 29 nuclear reactors, the most in the world, the World Nuclear Association said.

TRAVEL

Tianjin airport counter opens at Beijing South Railway Station

Tianjin Binhai International Airport began operating a ticket counter at the Beijing South Railway Station. Passengers are now able to buy flight tickets and check in for their flights at the Beijing railway station. They can take a free, 33-minute ride on a bullet train to Tianjin Railway Station and a free, 30-minute bus ride to Tianjin airport. By 2016, a high-speed rail line from Beijing to Tianjin Binhai International Airport will be completed, cutting down the transit time from Beijing South Railway Station to the Tianjin airport to 45 minutes. "It is the first

ticketing facility we have set up at a railway station,” said Yan Xin, General Manager of Tianjin airport. “It is a new model to link the railway and the airline, building a faster and more convenient travel route.”

- Juneyao Airlines aims to raise CNY1.9 billion in an initial public offering (IPO) in Shanghai to fund its fleet expansion. It plans to purchase seven Airbus A320 jets and backup engines. The Civil Aviation Administration of China (CAAC) also approved the establishment of Jiuyuan Airlines, a new budget carrier under Juneyao with a registered capital of CNY600 million. Jiuyuan, or “9 yuan” in Chinese, has said it will offer flight tickets priced at CNY9, 19, 29, 39 and 49. Spring Airlines, China’s first budget carrier, has also applied for a USD400 million IPO to fund its fleet expansion.
- Air China launched a new Beijing-Vienna-Barcelona route. An Airbus A330-300 will fly the route, Air China’s 23rd to Europe where it now has 19 city destinations, four times a week. It will be the first direct flight from Beijing to Barcelona. Air China will also open a new Shanghai-to-Munich route on June 6. Deutsche Lufthansa also added an additional daily flight between Shanghai and Frankfurt.
- Construction will begin next month on the China-Myanmar section of the pan-Asian high-speed railway. A 30-kilometer-long tunnel will be dug in mountains in Yunnan province and extend to the border of Myanmar, Rail Expert Wang Mengshu from the China Academy of Engineering (CAE) said. A branch line is planned from Myanmar to Thailand while the main line will traverse through Laos, Vietnam, Malaysia and end in Singapore.
- China is considering plans to build a high-speed railway line to the U.S. The ‘China-Russia-Canada-America line’ would run for 13,000 km from the U.S. across Siberia and pass under the Bering Strait through a 200 km tunnel to end in Beijing. The trip would take two days, with the train traveling at an average of 350 km/h. The Bering Strait tunnel would be the world’s longest undersea tunnel – four times the length of the Channel Tunnel.
- Last year, some 316,200 tourists from Shanghai visited Europe with organized tour groups. The number was down 5.63% from a year earlier, the Shanghai Tourism Administration said. But the number of individual travelers is rising. While organized trips to western Europe went down, those to eastern, northern, central and southern Europe posted a double-digit increase. Russia, Denmark, Finland, Sweden, and Portugal were among the countries now preferred by Shanghai travelers.
- 680,000 foreigners visited Beijing in the first quarter, an 11.1% year-on-year decrease. The number of European visitors dropped to 201,000, a 13.3% reduction compared to the same period last year, according to the Beijing Tourism Development Commission. Beijing is considering a tax refund program, which would allow foreign visitors to claim tax refunds at shopping malls in the city, to attract more European tourists. Experts said pollution is the major cause preventing many overseas visitors from coming to Beijing.
- The worst flooding to hit Shenzhen in six years forced the Guangzhou-Hong Kong train service to be suspended. More than 100 passengers were stranded at Hong Kong’s Hung Hom MTR station after at least 12 scheduled inter-city trains between Hong Kong and Guangzhou were cancelled. At least 197 flights at Shenzhen’s airport were also cancelled.

VIP VISITS

Premier Li Keqiang visits Africa

Chinese Premier Li Keqiang unveiled extra aid for Africa totaling at least USD12 billion, and offered to share advance technology to help with the development of high-speed rail on the continent. Li pledged the additional funding in a speech at the African Union headquarters in Ethiopia’s capital Addis Ababa. China is to increase credit lines to Africa by USD10 billion to USD30 billion and will boost the China-Africa Development Fund by USD2 billion, taking it to a total of USD5 billion. Li depicted a dream of all African capitals connected by high-speed rail so as to boost pan-African communication and development. China is ready to expand cooperation with Africa in building roads, railways, telecommunications, power grids and other infrastructure so as to help the continent realize regional interconnection, Li said. Chinese ministers and company executives accompanying Li signed 16 agreements with their

Ethiopian counterparts, including loans and cooperation agreements for the construction of roads and industrial zones. The China Civil Engineering Construction Corporation, a subsidiary of China Railway Construction Corporation (CRCC), signed a framework contract with a provisional value of USD13.12 billion with the Nigerian Transport Ministry for a 1,385-kilometer coastal railway.

China signed a number of deals with Nigeria, including cooperation on landmark infrastructure projects. Li Keqiang and Nigerian President Goodluck Jonathan officiated at the signing ceremony. The deals cover an upgrade of Nigeria's communications network, solar power plant construction, as well as agriculture and investment. The two leaders also agreed to start direct flights between their nations, to set up a bilateral commission and facilitate financing services for small and medium-sized Nigerian enterprises. Nigeria has become China's third-largest trade partner and second-largest export market in Africa, while China is Nigeria's third-largest trade partner. Two-way trade reached USD13.6 billion in 2013, almost five times the figure in 2005. Premier Li also attended the 2014 World Economic Forum on Africa, dubbed "Africa's Davos". Premier Li said China would channel more than half of its international aid to African countries. China would help connect African capital cities by railway. Li said the continent covers 23% of the world's land area but its length of railways is only 7% of the world total. Thirteen African countries still have no railways.

China signed a series of cooperation deals with Angola covering infrastructure, finance and investment. Angola is China's second-largest oil supplier. Premier Li Keqiang and Angolan President Jose Eduardo dos Santos officiated at the signing ceremony. Under the deals, China will help Angola build a commercial logistics system and also offer medical equipment. Two-way trade between China and Angola reached USD35.1 billion in 2013, a 50-fold increase from 2000, and accounted for 40% of Angola's total foreign trade last year. In Kenya, Premier Li said China would take measures to balance trade with the country. "An overall trade imbalance will present quite a big problem for China's sustainable development," Li said. He added that it will endanger China's efforts to curb inflation if excessive reserves are exchanged into yuan. Several agreements were signed, including a memorandum on aviation cooperation in Kenya and eastern Africa at large, as well as on an upgrade of Mombasa port. China's trade with Kenya rose to USD3.27 billion last year, from USD137 million in 2000, the Chinese embassy in Kenya said. China plans to build a USD3.8 billion rail link between Kenya's Indian Ocean port of Mombasa and Nairobi, the first stage of a line that will eventually link Uganda, Rwanda, Burundi and South Sudan. Exim Bank of China will provide 90% of the USD3.8 billion cost. Construction is due to start in October and take three-and-a-half years to complete. The new railway would cut freight costs by more than half, and will be Kenya's largest post-colonial project.

- A group of senior Japanese lawmakers, led by Masahiko Komura, a former Foreign Minister and Vice President of Japan's ruling Liberal Democratic Party (LDP), held talks with Zhang Dejiang, the third-ranking member of the Communist Party's Politburo Standing Committee (PSC) and Chairman of the National People's Congress (NPC), possibly paving the way for a meeting between the countries' top leaders later this year. The talks marked the first time a senior representative of Japan's ruling party had met a member of China's PSC since Japanese Prime Minister Shinzo Abe took office in December 2012.

ONE-LINE NEWS

- Zhu Changlin, Director of the North China Grid Co, has been taken away for questioning. The company runs the power utilities of Beijing, Tianjin, Hebei, Shanxi and Shandong. State Grid Corp is in the process of being audited by the central government.
- Utility models and collective management of rights will be among the issues of the upcoming Sino-EU efforts in intellectual property, said Kerstin Jorna, Director of Intellectual Property Directorate at the European Commission.
- In 2013, overseas milk powder brands had a 54% market share in terms of sales revenue. Beingmate, China's largest milk powder maker, only had 8.5% of the market, dwarfed by the 13.3% of Wyeth and 14.5% of Mead Johnson.

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