FLANDERS-CHINA CHAMBER OF COMMERCE
VLAAMS-CHINESE KAMER VAN KOOPHANDEL

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FCCC ACTIVITIES

China Job Market – Gent – 1 April 2014

A job market for Chinese high potentials will be organized by Ghent University Doctoral Schools, the Flanders-China Chamber of Commerce (FCCC) and the Province of East Flanders. The fair will take place on 1 April at 12h00 at the International Convention Center (ICC) in Ghent, where at the same time the Graduate Fair and Job Market for Young Researchers will be 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) will receive a personal invitation to visit the Graduate Fair. The job market will also be advertised through the Chinese interuniversity student council.

The purpose of the Fair is 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. Additionally, jobseekers receive ample information about diverse career and further study options available to them. Interested companies are given the opportunity to network with the visitors, introduce them to their business and offer CV analysis.

You are invited to participate in the China Job Market. Reserving a booth, you will have direct access to Chinese students, doctoral students and postdoctoral fellows in all academic disciplines: veterinary sciences, bioscience engineering, sciences, engineering and architecture, economics and business administration, pharmaceutical sciences, medicine, arts and philosophy, psychology, pedagogical sciences and law.

If your company is interested in participating, please register before 28 March 2014 via this link: http://www.flanders-china.be/eventdetail.asp?id=333&id_cat=1&cat=up&lang1=

Participation fee for FCCC Members: €195. Non-Members: €245.

ACTIVITIES

Webinar: IP Strategies for EU 'Cleantech' SMEs in China – 13 March 2014

Reserve your Webinar seat now at: https://www3.gotomeeting.com/register/849493310
China is investing heavily in exploring alternative, renewable means of addressing its immense energy needs. With a large potential cleantech market and strong government support for the development and adoption of new clean technologies, China presents great opportunities for European cleantech SMEs. However, in this increasingly competitive market, it becomes essential to strategically manage, protect and leverage your intellectual property (IP). In this webinar, we will discuss some useful topics that will help you assess, protect and monetize your IP:

- Clean technology opportunities in China
- Bringing technology to China – IP Strategy
- Licensing and sale of IP
- Case studies and Lessons learnt
- Take-away messages

Join China IPR SME Helpdesk expert, Peter Corne on Thursday, 13 March 2014 for “IP Strategies for EU 'Cleantech' SMEs in China”. This free, 45-minute webinar presentation and 30 minute Q&A session on Thursday, 13 March 2014 at 10:00 am Brussels time (9:00 am London, 5:00 pm China) will take you through a range of simple, cost-effective measures to protect your intellectual property and your business in China. Get valuable insights and ask questions live throughout the webinar.

After registering you will receive a confirmation email containing information about joining the Webinar.

Invitation to participate in the Sino Belgian Business Survey 2014

A record 22 million in new auto sales, GDP growth declining to the lowest level in 24 years… In a country that recorded the worst performing stock market in Asia, while at the same time achieving record retail sales, it's difficult to see just how companies in China performed in 2013. How did your company perform in 2013? When we talk about the growth of our business in China, are we comparing apples to apples, or are we comparing apples to oranges? We keep our survey simple. Please take a few minutes to fill out this survey.

Click here to take the survey

The survey results will be shared in panel discussion events in Shanghai (March 27) and Brussels (April 24), where a panel of industry leaders will help us compare apples to apples. This survey is organized by Moore Stephens Verschelden in close cooperation with Flanders-China Chamber of Commerce (FCCC). This electronic survey is intended for those companies doing business in China. Please only fill out once per company.

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

Cleantech opportunities for Flemish companies in China – 26 February 2014 – Berchem (Antwerp)

The Flanders-China Chamber of Commerce (FCCC), the Flanders Cleantech Association (FCA) and the EU SME Center in Beijing organized an information session on "Cleantech opportunities for Flemish companies in China" on 26 February 2014 at FCA in Berchem.

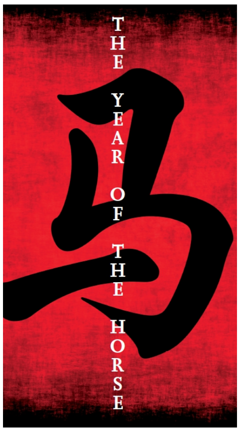
The event was introduced by Mrs. Gwenn Sonck, Executive Director of the Flanders-China Chamber of Commerce (FCCC) and Mrs. Carine Vanhove of the Flanders-Cleantech Association.

Mr. Dirk Fransaer, CEO of VITO, introduced the top 3 challenges and solutions from Flanders; Mr. Tom Huysmans, CEO of Liquisol, talked about the roadmap for your product in China; and Mr. Daniel Sahr, Expert, EU SME Center, gave his insights on cleantech opportunities and challenges for Flemish SMEs in China. Finally, Mr. Simon Cheetham, ASEAN IPR SME Helpdesk Team Leader, China IPR SME Helpdesk, talked about intellectual property and your business in China.

The workshop provided a unique opportunity to exchange experiences about entrepreneurship in China, more specifically in the cleantech sector.

The event was organized with the support of Flanders Investment and Trade (FIT).

FCCC New Year Reception – 13 February 2014 – Brussels



The Flanders-China Chamber of Commerce held its annual New Year Reception on 13 February 2014 at AG Insurance in Brussels.

Addresses were delivered by:
Mr Bert De Graeve, Chairman Flanders-China Chamber of Commerce;
His Excellency Mr Liao Liqiang, Ambassador of the People's Republic of China in Belgium;
Mrs Claire Tillekaerts, CEO of Flanders Investment & Trade (who replaced Mr Kris Peeters, Minister-President of the Government of Flanders, Flemish Minister for Economy, Foreign Policy, Agriculture and Rural Policy).

Meeting with the Ambassador of Belgium in China and Consuls General – 3 February 2014 – Brussels

The Flanders-China Chamber of Commerce (FCCC) organized a meeting with the Ambassador and Consuls General of Belgium in China on 3 February 2014 at BNP Paribas Fortis in Brussels. The event presented an excellent opportunity to brief the Ambassador and Consuls General of Belgium in China on member companies' activities in China.

Mr Bert De Graeve, Chairman, Flanders-China Chamber of Commerce; Mr Michel Malherbe, Ambassador of Belgium in China; Mrs Cathy Buggenhout, Consul-General of Belgium in Shanghai; Mr Christian de Lannoy, Consul General of Belgium in Guangzhou; and Mr Evert Maréchal, Consul General of Belgium in Hong Kong addressed the meeting.

Pictures of the event can be downloaded via this link:
http://www.blueclic.com/fccc_newyearreception

Briefing: "The Future of Foreign Investors in China" – 22 January 2014 – The Conference Board/FCCC, Brussels

The Conference Board – in partnership with the Flanders-China Chamber of Commerce – organized a briefing on "The Future of Foreign Investors in China" on 22 January 2014 in Brussels. Following the introduction by Mr Egbert Lox, Board Member Flanders-China Chamber of Commerce/Senior Vice President Government Affairs, Umicore; Mr. David Hoffman, Vice President and Managing Director of The Conference Board China Center for Economics and Business, gave an interesting briefing. The briefing took stock of economic trends and policy developments to provide a "reality check" on China's attractiveness as an end market and competitiveness as a production base. The session illuminated a set of key considerations for setting realistic objectives for growth and profitability in China, near- to medium-term.

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

The FCCC remains at your disposal for any further information you might require.

PUBLICATIONS

FCCC publishes “FCCC Members' Portraits in China Vol.2”

See FCCC Members' Portraits on the FCCC website.

FINANCE

China’s corporate debt hits record levels

China’s corporate debt has hit record levels. Non-financial companies held total outstanding bank borrowing and bond debt of about USD12 trillion at the end of last year – equal to over 120% of GDP – according to Standard & Poor’s estimates. Growth in Chinese company debt has been unprecedented. A Thomson Reuters analysis of 945 listed medium and large non-financial firms showed total debt soared by more than 260%, from CNY1.82 trillion to CNY4.74 trillion, between December 2008 and September 2013. Companies in China’s most leveraged sectors, such as machinery, shipping and construction, are selling assets and undertaking mergers to avoid defaulting on their loans. But China rarely allows corporate failures, particularly of state-backed companies, partly out of fear that widespread layoffs could lead to social unrest. China’s holding companies, power producers and construction materials firms are among the most highly levered, with each sector reporting twice as much debt as equity at the end of September.

Interest ceiling on smaller forex deposits removed in Shanghai FTZ

The People’s Bank of China (PBOC) removed interest rate ceilings on foreign-currency deposits under USD3 million in the Shanghai free trade zone (FTZ). The rule applies to bank accounts opened by companies and organizations registered in the free trade zone and individuals working there for longer than a year. The measure could be extended nationwide after a trial period. The zone has about USD1.2 billion in foreign currency deposits of less than USD3 million, about a quarter of the zone’s total foreign currency deposits. Currently the combined outstanding value of foreign currency deposits within the FTZ is about USD4.8 billion, among which USD1.2 billion are smaller accounts.

China Banking Association wants to cap yields in online money market

The China Banking Association (CBA) is lobbying the People’s Bank of China (PBOC) to cap the yields on online money market funds. If adopted by the central bank, the proposal would subject yields on online money market products to the same administrative cap that governs traditional term deposits, effectively eliminating the key competitive advantage that online products enjoy. Since its launch in June, Alibaba's deposit-like money market fund, Yu E Bao, has attracted CNY400 billion in assets under management, more than the customer deposits held by the five smallest listed Chinese banks. Similar online products from Baidu and Tencent also contributed to a fall of CNY1 trillion in bank deposits in January. The rates on Chinese bank deposits are now subject to a cap of 10% above the benchmark set by the People's Bank of China (PBOC). The current benchmark is 3% for one-year deposits. By comparison, the annualized yield on Yu E Bao is 6.09%. Moreover, unlike bank savings deposits, investors in Yu E Bao and similar products can withdraw cash at any time with no penalty. Yu E Bao and other products currently invest most of their funds in interbank deposits, which are not subject to the cap governing retail deposits. This structure lets Alibaba pass on higher interbank yields, but it hurts bank profits by reducing their supply of low-cost deposits while increasing reliance on relatively expensive funding from the interbank market.

Private lending legalized in Wenzhou

Private lending was formally legalized in Wenzhou as the central government seeks to improve smaller companies' access to credit. Detailed rules for the pilot program, under the Wenzhou Private Financing Regulation, were completed and came into effect on March 1. The financial reform in Wenzhou underscores the central government's recognition of the plight of small businesses, which have been sidelined by the banks in the past few years despite accounting for 60% of economic output and 80% of jobs. In 2011, company failures in Wenzhou, a city of about 9 million people in Zhejiang province, sparked a series of suicides and some entrepreneurs were paying interest of as much as 7% a month to illegal lenders to try to keep their businesses afloat. The Wenzhou regulation allows lending through private capital management companies, financing information service firms and lending service institutions, three types of intermediaries that are not part of the legal financial system elsewhere in China. Such lending service institutions emerged in Wenzhou in 2012 when the central government approved a broad package of financial reforms allowing it to serve as a test bed for liberalizing private lending. Seven service centers in Wenzhou with registered capital of CNY7 billion had CNY2.5 billion in outstanding loans in December. According to Xinhua news agency, 89% of households and 60% of firms in Wenzhou were involved in private financing, with total capital estimated at CNY110 billion, the South China Morning Post reports.

- The Chinese Communist Party's Office of the Central Leading Group for Financial and Economic Affairs has ordered ministries to present trade and foreign investment data in yuan as well as U.S. dollars in a bid to boost the yuan's status, two sources said. Because trade data had been expressed in dollars, changes in the yuan's exchange rate could lead people to misinterpret economic activity, Xinhua reported.
- Last year, China gained CNY104.8 billion of additional tax revenue by using third-party information to combat tax evasion, the State Administration of Taxation (SAT) announced. Tax authorities are also expected to benefit from an international tax information exchange among G20 nations that will take effect by next year.
- Hong Kong has been replaced by Beijing as the venue for a meeting of APEC finance ministers and central bankers later this year, but the reasons for the unusual move are unknown. Originally scheduled for September, the meeting has also been postponed by a couple of weeks. About 800 people were expected to attend.
- Luxembourg Minister of Finance Pierre Gramegna hopes his country will soon have an official clearing and settlement bank for yuan transactions and a Renminbi Qualified Foreign Institutional Investors (QFII) quota. Gramegna was speaking at The Luxembourg Renminbi Forum, a one-day event attracting 300 financial experts from all over Europe, and the first of its kind in Luxembourg. The announcement shows Luxembourg's eagerness to become an offshore renminbi hub. Bank of China (BOC), Industrial and Commercial Bank of China (ICBC) and China Construction Bank (CCB) all have their European headquarters in Luxembourg.
- Chinese investors rushed to buy bitcoin, seeing it as potentially undervalued, after the value of the virtual currency fell following the shutdown of the Mt Gox bitcoin exchange last week.
- The State Administration of Foreign Exchange (SAFE) said recent volatility in the yuan's exchange rate is normal while playing down the possibility of large capital outflows. "People shouldn't read too much into recent fluctuations of the yuan's exchange rate, as the extent of changes remains normal in comparison with the volatilities in currencies of the developed nations and other emerging markets," SAFE said. Economists believe the central bank had intervened in the market by deliberately setting a weak fixing rate in a bid to deter speculative fund inflows and alter market expectations for a one-way appreciation.
- Online insurance sales last year surged about 810% to CNY29.1 billion from CNY3.2 billion in 2011, the Insurance Association of China said.
- The yuan might one day challenge the role of the U.S. dollar as the world's leading reserve currency, European Central Bank Executive Board Member Yves Mersch said at Luxembourg's Renminbi Forum. The yuan became one of the top 10 currencies used for payments last year as its use in settling trade has increased.
- The yuan closed at an eight-month low against the U.S. dollar on February 28. The yuan was down by 0.9% during the trading day, the biggest such movement since at least April 2007. The yuan closed at 6.1550 per dollar. Since February 17, the yuan has lost almost 2%. It had risen 34% against the dollar since its revaluation in 2005. Analysts said the fall was a response to speculation that the central bank would widen the yuan's trading band in the next few months.

FOREIGN INVESTMENT

Central bank eases forex controls in Shanghai FTZ

The People's Bank of China (PBOC) has eased foreign exchange controls in Shanghai's free trade zone (FTZ), including cutting red tape for foreign direct investment (FDI) as part of efforts to pilot capital account convertibility. Investors can now register FDI-related foreign exchange activities with banks instead of regulators, and can make settlement of foreign exchange capital without submitting proof of the use of funds in advance, the Shanghai branch of the People's Bank of China said. Foreign investment companies can open a corresponding yuan account for each of their foreign exchange capital accounts, and use funds in the yuan account to pay for legitimate deals. The move could give investors more freedom in managing their cash and avoiding exchange rate risks. The measures are contained in a 60-page document. "They are by far the most detailed and comprehensive rules in reforming the foreign exchange system. They are of milestone significance," said Zhang Xin, Deputy Director of the Shanghai branch of the central bank. The release of the new rules marks the start of capital account convertibility reforms in the zone.

FOREIGN TRADE

China is largest merchandise trader

China replaced the United States to become the world's largest merchandise trader in 2013, the Ministry of Commerce (MOFCOM) said. China's merchandise trade totaled USD4.16 trillion in 2013 with exports reaching USD2.21 trillion and imports USD1.95 trillion. China's foreign trade developed by strides in the past three decades, especially after its accession to the WTO in 2001. "There is still a long way to go. The value-added in Chinese exports is relatively low; Chinese exporters do not have enough own brands; sales networks are not well established; the quality of some exports is not very good; and businesses should further improve their capabilities of using resources in both domestic and international markets," Commerce Ministry Spokesman Yao Jian said.

- China is "cautiously optimistic" about expanding its trade this year after both exports and imports performed well in January, Ministry of Commerce Spokesman Shen Danyang said. In U.S. dollar terms, China's trade jumped 10.3% from a year earlier in January, with exports rising 10.6% and imports up 10%. Both grew faster than in December and ahead of market expectations. But Shen warned that low profit due to high business costs, a strong yuan and the difficulties in raising prices will continue to impact exporters.
- China is seeking compensation of USD3 billion from Ukraine for the breach of a loans-for-grain contract signed in 2012. Under the deal, the Export-Import Bank of China provided the loan to Kiev in exchange for supplies of grain. The State Food and Grain Corporation of Ukraine has used part of the Chinese loan to instead provide crops for other countries and parties, including Ethiopia, Iran, Kenya and Syrian opposition groups.
- China overtook South Korea as East and Southeast Asia's largest importer of defense equipment last year as imports in the region rose more than eight times faster than global trade of defense equipment. China's imports increased 52.6% to USD2.3 billion last year. They stood at USD1.5 billion in 2012. A study predicted Chinese imports would grow by 13.8% this year to USD2.6 billion. Chinese defense-related exports reached USD1.9 billion last year, up 4.4%.
- Beijing's approval process for GMO grains has become "overly political, unpredictable and non-transparent", according to the American Chamber of Commerce (AmCham). All of China's soya bean imports are genetically modified. However, it rejected around a fifth of corn imports last year after they were found to contain Syngenta's MIR612 gene, which has not been approved by Beijing. Delayed approvals are a "major disruption to trade flows", AmCham said in a report.

HEALTH

Bayer to buy TCM maker Dihon Pharmaceutical

Bayer agreed to buy privately-held Dihon Pharmaceutical Group Co, a maker of traditional Chinese medicines (TCM). Dihon has about 2,400 employees and generated sales of €123 million in 2013, Bayer said. Bayer acknowledged it was too early to say whether Dihon products would be exported to Germany or Europe. Dihon's products include dandruff treatments, anti-fungal creams and medicine against gynecological conditions.

IPR PROTECTION

Number of invention patents rises 26.3%

825,000 invention patent applications were processed in China last year, an increase of 26.3% over 2012, the most in the world for the third consecutive year, according to Gan Shaoning, Deputy Commissioner of the State Intellectual Property Office (SIPO). Growth in invention applications outpaced patents for utility models and designs. Some 35% of the filings with SIPO in 2013 were for invention patents, the first time the proportion surpassed one-third in the past five years. Domestic applicants made 705,000 of the filings last year. Chinese companies that made the list of the top 10 for invention patents last year are mainly in IT, energy and auto production. Huawei Technologies Co retained the top ranking with more than 2,200 inventions, while Sinopec climbed to second place with some 1,600 patents, followed by other leaders in the two industries – ZTE and CNPC. Gan said that China has an edge in invention patent numbers in 21 out of 35 technological categories designated by the World Intellectual Property Organization (WIPO). Yet China still lags behind in sectors such as optics, transportation and audio technology, he noted. Beijing replaced Guangdong province to become the largest source of invention patents granted in 2013, followed by Jiangsu and Zhejiang provinces. Shanghai retained its fifth place.

MACRO-ECONOMY

Beijing hit by labor shortage

Thousands of positions, especially in the tech and manufacturing sectors in Beijing, are not filled due to a labor shortage, according to a report by the Beijing Human Resources and Social Security Bureau. In the first six months of 2014, the report said, Beijing companies will have 556,000 new positions, but the labor supply in the capital is less than half that at 218,000. The report highlighted a CNY1,000 increase in the average monthly salary for workers over the year. The capital's IT sector has a predicted labor supply of about 45,000, representing a shortfall of 11,300 workers. The service industry had 93,000 vacant positions for a labor supply of 63,000. Restaurants are forced to increase salaries to attract more workers. “In a general sense, the output of our schools and universities doesn't match the requirements of today's employers,” Chen Yu, Vice President of the China Association of Employment Promotion said. Amid the economic restructuring, certain industries have grown or are set to grow rapidly, but obstacles such as the household registration system make people hesitant to move to Beijing, he said. In the long run, a better university education system that pays greater attention to trade and vocational studies would also help, he said.

China has second most dollar billionaires

China is second only to the United States in the number of dollar billionaires, with Hong Kong’s Li Ka-shing, 85, retaining the title of Asia’s richest man, according to the latest Hurun Global Rich List. On the back of a 33% resurgence in the U.S. stock market, the world’s billionaire club had risen by 28.5% as of January 17 to a record high of 1,867 individuals holding a combined wealth of USD6.9 trillion – more than the GDP of Japan. The U.S., with 481 billionaires, and China, with 358, dominate the list. Of the 414 new billionaires, 72 are from the U.S. and 41 from China. Self-made billionaires account for 68% of the total, while half the self-made female billionaires are from China. Microsoft founder Bill Gates regained the No 1 position in the world with a 26% increase in his fortune to USD68 billion. Investor Warren Buffett, 83, and Zara founder Amancio Ortega, 77, were in second and third position. Li Ka-shing ranked 12th globally with USD33 billion, up 3%. Li came first among billionaires of Chinese origin, whose number totaled 457, up 108 from last year, which means nearly one in four billionaires can trace their ancestry back to China regardless of their current nationality. Real estate remained the biggest source of wealth for China, taking a 26.7% share of its billionaire club. Of the top 10 property developers in the world, seven are from China, including Wang Jianlin, 59, of Dalian Wanda, the richest man on the Chinese mainland with a fortune of USD25 billion, the Shanghai Daily reports.

- China for the first time published its per capita disposable income, which combined urban residents and rural households. Per capita disposable income in China grew 10.9% in 2013 from a year earlier to CNY18,311. Excluding inflation factors, income rose 8.1% year-on-year. In comparison, the disposable income of China’s urban residents increased 9.7% annually to CNY26,955 in 2013, while that of rural households advanced 12.4% to CNY8,896.

- The State Administration for Industry and Commerce (SAIC) and its local bureaus will launch more anti-trust investigations this year, following a record number of investigations in 2013, said Sun Hongzhi, Deputy Director, at a work conference. The SAIC investigated 12 anti-trust cases in 2013 – 40% of the 30 cases since the nation's anti-trust law was enacted in August 2008. As of December 31, the Ministry of Commerce (MOFCOM) had received 866 anti-monopoly filings, officially accepted 797 and settled 740 cases. Breaking down the settled cases, 717 were approved without conditions, 22 were conditionally approved, and one was rejected, the Ministry said. In 2013 alone, the Ministry received 224 filings, up 8%, and accepted 212 of them, up 12.8%.
- China has scrapped registered capital requirements for starting new companies. Entrepreneurs will no longer have to pay a minimum CNY30,000 in capital in advance to start a company. Shareholders of start-ups must subscribe for the amount of registered capital they intend to pay, but are allowed two years to fulfill the commitment.
- China's economic crime rate is lower than the world's average, but many Chinese companies are concerned about bribery, corruption and procurement fraud, according to a PricewaterhouseCoopers (PwC) survey of more than 5,000 executives from 95 countries and regions. The report said 27% of Chinese respondents and 16% from Hong Kong and Macao said they had been victims of economic crime, compared with 37% globally. Asset misappropriation in China was the largest type of fraud reported.
- The purchasing managers' index (PMI) for February tumbled to 50.2, the National Bureau of Statistics (NBS) reported. It was the third straight drop from 50.5 in January, 51.0 in December and 51.4 in November and also an eight-month low. This marked China's 17th consecutive month of manufacturing growth but at a slowing rate – the lowest since a June reading of 50.1. The recent Lunar New Year, China's most important holiday, may have dampened results, and the lower reading was not expected to have an impact on policy.

MERGERS & ACQUISITIONS

Cofco takes majority stake in grain trader Nidera

The China National Cereals, Oils and Foodstuffs Corp (Cofco) has acquired a majority stake in Dutch trader Nidera. Cofco paid between USD1 billion and USD2 billion for a 51% stake in Rotterdam-based grain trader. Negotiations started last year when Cofco intended to buy a minority stake at USD250 million in Nidera. The deal will give China's largest grain trader access to South American soybean, corn, wheat and biofuel seeds. Nidera was established in 1920 in Rotterdam, and has been operating in Argentina as a grain trader since 1929. The acquisition of Nidera is the first of its kind by a Chinese company in Argentina. The company trades more than 33 million tons in grains annually. Nidera has built a global presence in more than 20 countries, including Brazil, Argentina, Uruguay, the United Kingdom and Italy. It employs 3,800 people globally in agricultural, commercial and industrial operations. Ning Gaoning, Chairman of Cofco, said investing in Nidera is "in line with Cofco's strategy to become a global player in the agricultural industry with a fully integrated value chain. It represents a significant step toward Cofco's global expansion".

- Yuan-denominated private equity fundraising declined for a second straight year in 2013 to USD13 billion from USD20.3 billion in 2012 as consolidation continued in the domestic private equity industry, according to PricewaterhouseCoopers (PwC). With IPO approvals having resumed in late 2013, there will be more PE exits from investments and more new deals this year, as well as a larger amount of funds raised, PwC said in a report.

PETROCHEMICALS

Investors applaud Sinopec restructuring

China Petroleum & Chemical Corp (Sinopec) impressed the market with a plan to restructure its undervalued fuel marketing division and sell up to 30% of the assets to private investors. Analysts said the move would "unlock hidden value" in the division that is the company's biggest profit contributor with a nationwide network of more than 30,000 fuel stations – the world's largest – selling two-thirds of the nation's motor fuel. The division accounted for 37% of Sinopec's earnings before interest and taxes during the past decade, according to a Barclays research report. Sinopec's market valuation before the announcement, seven times its estimated profit this year, compared to the 12.5 times of sector leader ExxonMobil, did not adequately reflect the “hidden value” of the division, analysts said. The poor profitability of its oil refining operation was the result of state fuel price controls designed to protect consumers, and weak oil production profits due to high costs. Investors sent its share price up 9.4% the day after the announcement, the biggest gain in almost five years. It shot up a further 9.6% over two days after Chairman Fu Chengyu was quoted as saying that further disclosures about Sinopec's restructuring would be made during the NPC and CPPCC meetings in Beijing. Beveridge estimated the marketing division could be worth CNY487 billion, based on the present value of future cash flows, which could raise CNY146 billion if a 30% stake is sold. A source close to Sinopec said the firm was considering “all sorts of possibilities” regarding how the stake would be sold, with no timetable yet.

- China discovered 1.08 billion tons of proven crude oil reserves in 2013, exceeding the 1 billion ton mark for seven consecutive years, the Ministry of Land and Resources said. Of the 2013 crude discoveries, 202 million tons were technically recoverable. Natural gas deposits also rose sharply, with new proven reserves totaling 616.4 billion cubic meters in 2013. Of the new gas reserves, 381.9 billion cu m were technically recoverable. China’s crude oil output rose 1.4% to 210 million tons last year while natural gas production jumped 9.1% to 117.6 billion cu m.

REAL ESTATE

Fewer cities report house price rises

Fewer cities saw house prices rise in January compared to December as austerity measures coupled with tightened credit continued to ease buyer sentiment. Prices of new residential properties climbed in 62 of the 70 cities tracked by the National Bureau of Statistics (NBS), compared to 65 cities in December. In the existing home market, 48 cities registered price increases from a month earlier, a decrease of 16 from December. In January, 25 cities registered smaller monthly gains in new home prices, according to the Bureau. Of the four first-tier cities, Beijing, Shanghai and Shenzhen all saw their monthly new home price growth narrow by 0.1 percentage points compared with December. New home prices in Beijing rose by 18.8% compared with the same period last year, the slowest year-on-year growth since August. In Shanghai, prices increased by 20.9% year-on-year, the slowest since September. On an annual basis, 69 cities, led by Shanghai’s 20.9% gain, recorded new home price rises, unchanged from December. Among them, 37 cities, including the first-tier cities, saw smaller yearly gains, an increase of eight from December. A report by the China Index Academy also suggested a cooling off in the country’s housing market after a robust 2013. The average price of new homes in 100 cities monitored by the Academy rose 0.63% month-on-month to CNY10,901 per square meter in January, moderating from a 0.7% gain in December. A report by property brokerage Centaline China said that “although the Spring Festival period is traditionally the off-season for the property market, this year was particularly quiet.” In first-tier cities, turnover fell by nearly 40%.

House prices in China extended their upward trend in February, although the pace continued to slow. The average price of new homes in 100 Chinese cities climbed 0.54% last month from January to CNY10,960 per sq m, the 21st straight month-on-month gain. Prices in 64 cities rose from a month ago – an increase of two from January. In the 10 largest cities, the average price of a new home rose 1.08% to CNY19,433 per sq m in February.

Banks pledge to continue lending to property sector

Fujian-based Industrial Bank was reported to have suspended some types of financing to property developers, but this was unlikely to become an industry-wide phenomena, analysts said. The lender has halted mezzanine financing, which is often used by developers to secure supplementary funds for development projects. The bank has also suspended property-related supply chain financing which involves lending to steel and cement producers. 34% of the bank’s total assets were loans to the property sector and local governments – the most among all the listed banks in China. The bank later denied it had stopped lending to developers. Nine Chinese banks have posted statements saying they didn’t halt loans to the sector. Bank of

China (BOC) will continue to make property loans this year and actively support first-home buyers, it said in a statement.

- Some Chinese banks have raised mortgage rates for first-home buyers amid a liquidity squeeze. About 30% of 69 bank branches in 22 cities have raised the rates by 5% to 10% above the benchmark lending rate while around 60% now do not offer discounted mortgage rates to first-home buyers.

RETAIL

Zonfa to build luxury mall in Shanghai

Despite a crackdown on lavish spending, privately-owned Shanghai Zonfa Commercial Management is planning the Outletmart in Shanghai devoted to luxury brands. A joint venture with Italian fashion supplier and wholesaler Firmati & Griffati, the Outletmart, expected to cover more than 15,000 square meters of shopping space, is being touted as an attempt to redefine China’s luxury market. Luxury items are not necessarily bought by the super-rich and corrupt officials, but by members of the increasingly affluent middle class, according to Zonfa’s CEO. Describing them as “new mainstream consumers” whose annual income exceeds CNY106,000, McKinsey predicts that their numbers will jump to 400 million by 2020 as they become the “standard setters for the nation's consumption”. An annual income of more than CNY106,000 is the level above which family cars and luxury items become affordable, according to McKinsey. Zonfa also plans to establish an institute to promote Chinese fashion designers. Chinese shoppers, including those from Hong Kong and Macao, were the world's largest buyers of luxury products last year, spending a total of CNY350 billion, or 29% of the global total, according to consultancy Bain & Co.

- New World Department Store China, the retail operator behind Bali Chuntian and Hongxin Trendy Plaza, is moving away from the traditional department store model and towards a hybrid mall business with hopes to double its rental income to compensate for flagging sales growth. Same store sales growth was 0.4% in the second half of last year due to intensifying competition in the retail market.
- Shanghai Disney Resort announced that PepsiCo and Tingyi Holding (Master Kong) will become its primary beverage suppliers. They will also have an integrated brand presence at key locations in the resort. PepsiCo and Tingyi Holding formed their strategic alliance in March 2012.

SCIENCE & TECHNOLOGY

Scientists develop deep-sea camera

Scientists in Zhejiang province are developing a camera to capture images of rarely seen or undiscovered creatures living in the deepest oceans. The camera will be able to operate at a depth of about seven kilometers. The deepest known point on the seabed – the Challenger Deep in the Mariana Trench – is almost 11 km deep. But even well before that depth, cameras struggle to operate in the complete darkness of the deep ocean, with the strongest lights barely able to illuminate beyond 10 m. A team at the Second Institute of Oceanography in Hangzhou is working on a camera that can take a series of three-dimensional images to build up a complete picture of sea creatures. Professor Yang Junyi, a marine biologist heading the project, said the camera may provide answers to some of the biggest mysteries of the deep. The camera will ultimately be mounted on deep-sea probes, including the Jiaolong, China's deepest-operating manned submersible which can dive to about seven kilometers.

- Chinese scientists are planning to build a better electron-positron collider. “Only by learning the nature of the Higgs particle can we possibly understand the future focus of particle physics,” said Wang Yifang, Dean of the Institute of High Energy Physics of the Chinese Academy of Sciences (CAS). The planned collider would be capable of producing 60 times more energy than the current one in operation in Beijing.
- China has the tracking control and communications technology required to send a probe to circle and land on Mars, said Ye Peijian, Chief Scientist with the Chang’e-3 lunar program. The time to go to Mars will depend on the country’s budget and

decisions, he added.

STOCK MARKETS

HKEx reports lower-than-expected net profit

Higher operating expenses and depreciation costs resulting from the takeover of the London Metal Exchange (LME) saw Hong Kong Exchanges and Clearing (HKEx) report lower-than-expected net profit of HKD4.55 billion for last year, up 11% year-on-year and short of market estimates of about 16% profit growth. Earnings growth was driven by a 16% year-on-year increase in average daily stock market turnover to HKD62.6 billion.

TRAVEL

Number of Chinese tourists to Japan on the rise

The number of Chinese tourists traveling to Japan may return to the level before September 2012, when territorial disputes erupted over the Diaoyu islands. Japan's Ministry of Foreign Affairs said 145,799 Japanese visas were issued to Chinese residents in January, a record high since Japanese Prime Minister Shinzo Abe took office in late 2012. In 2012, 1.43 million Chinese visited Japan, but the number dropped to 980,000 last year.

- Infrastructure and services conglomerate NWS Holdings has prepared HKD4 billion for acquisitions and investments in the first half of this year, including further investment in Beijing Capital International Airport to a substantial minority stake of less than 50%. Up to now, NWS had invested a total of HKD2.7 billion for 23% of the H shares of Beijing airport, or 9.98% of its entire share capital, making it the second-largest shareholder in the capital's airport operator.
- Shanghai has ordered taxi drivers to stop using taxi booking apps during rush hours to ease the difficulty of hailing taxis on the street. Drivers will not be allowed to take orders via the apps from 7:30 am to 9:30 am and 4:30 pm to 6:30 pm. Drivers will also not be allowed to use cellphones or other mobile devices when passengers are in their vehicles.
- Hong Kong's Civil Aviation Department has urged airlines to use larger aircraft and consolidate routes as Hong Kong International Airport risks running out of landing slots as early as next year. The city's airport is now seeing 65 take-offs and landings an hour at peak times, the maximum number of movements allowed for its two runways at present. A third runway would not be ready until 2023 at the earliest.
- China Eastern Airlines signed an agreement subject to approval to purchase 70 Airbus A320neo aircraft, worth USD6.37 billion based on the aircraft's list price. The new airplanes will be delivered to the airline between 2018 and 2020.

ONE-LINE NEWS

- Natural disasters including droughts, floods and earthquakes cost China CNY421 billion last year, nearly double the total in the previous year. China has always been prone to natural disasters but a changing climate is causing more extreme weather, which hits food production, threatens scarce water resources and damages energy security, according to the government.
- Last year, the government recouped CNY400 billion during its investigations into corruption, more than 40,000 officials received disciplinary warnings and 10,000 people had been fired, Premier Li Keqiang said. He added that the government will have a "zero tolerance" approach to "corrupt elements" within the government.
- The National People's Congress Standing Committee voted to designate two days to celebrate the nation's victory over Japan in World World II and commemorate the victims of the 1937 Nanjing Massacre on September 3 and December 13 respectively.
- President Xi Jinping announced the creation of a new steering group tasked with overseeing internet security and IT development, which he will head, and called the tasks a national priority.

- Taiwan and the mainland signed two cooperation agreements on meteorology and earthquake monitoring. The two sides also agreed to hold talks on six other issues in their next round of negotiations with the possibility of signing an anti-smog and air pollution pact.
- Chinese State Councilor Yang Jiechi met with French President François Hollande in Paris in preparation for President Xi Jinping's visit to France in late March. Chinese Commerce Minister Gao Hucheng also met with his French counterpart, Nicole Bricq, in Paris. Both Ministers said that China and France have reached consensus on boosting trade and investment and that major deals are expected to be signed during Xi's visit.

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