法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 13 JANUARY 2014

FCCC ACTIVITIES

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 – is organizing a briefing on “The Future of Foreign Investors in China” on 22 January 2014, 16:30~18:30 h., in Brussels.

Introduction by Mr. Bert De Graeve, Chairman of the Flanders-China Chamber of Commerce and CEO of Bekaert; briefing by Mr. David Hoffman, Vice President and Managing Director The Conference Board China Center for Economics and Business.

As China’s economy “downshifts” – hard or soft – it makes good business sense for MNCs to test long-held assumptions regarding China’s status as both a sourcing/production base and as a target market for consumer products and capital goods for Multinational Companies (MNCs). On both fronts, the confluence of structural adjustment, financial system risk, geopolitical dynamics, and potential policy changes stand to fundamentally reshape the China opportunity set for MNCs. More factors seem biased toward negative outcomes than positive at this juncture; but there is much hope that the new leadership will do the right things to put China back on the marketization path, and curtail run-away profiteering and sector domination by State-Owned Enterprises and National Champions, as promised by Premier Li Keqiang in his first official briefing. If so, MNCs will necessarily gain heightened prominence, and associated regulatory hospitality, in this next reform cycle, if and when it comes.

This briefing will take 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 will illuminate a set of key considerations for setting realistic objectives for growth and profitability in China, near- to medium-term.

Proposed Agenda

1. Review of key structural issues shaping the economy, policy and business environment
2. Review of current top-issues: anti-corruption campaign, “Likenomics”, and anti-foreign investor incidents
3. Update on the current economic and policy fronts – 3rd Plenum outcomes and the prospects for marketizing reforms
4. Prognostications about the near- and medium-term opportunity set and risks

Registration details will follow on the FCCC website: www.flanders-china.be.

Meeting with the Ambassador of Belgium in China and Consuls General – 3 February 2014, 18h00 – Brussels

The Flanders-China Chamber of Commerce (FCCC) is organizing a meeting with the Ambassador and Consuls General of Belgium in China. This event will take place at 18h00 on Monday 3 February 2014 at 18h00 at BNP Paribas Fortis, Koningsstraat 20 in Brussels.

This event is an excellent opportunity to brief the Ambassador and Consuls General of Belgium in China on your companies' activities in China.

Programme:

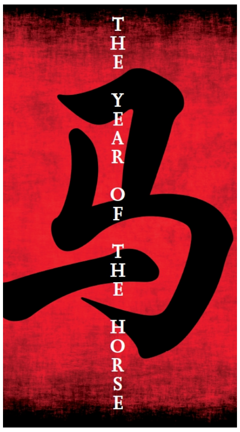
18h00	Registration
18h30	Speeches by Mr Bert De Graeve, Chairman, Flanders-China Chamber of Commerce Mr Michel Malherbe, Ambassador of Belgium in China Mrs Cathy Buggenhout, Consul-General of Belgium in Shanghai Mr Christian de Lannoy, Consul General of Belgium in Guangzhou Mr Evert Maréchal, Consul General of Belgium in Hong Kong
19h00	Exchange of views and networking with the Ambassador and Consuls-General
20h00	End of programme

The event is organized with the support the Federal Government of Belgium, Flanders Investment & Trade (FIT), AWEX and Brussels Invest & Export.

Register before 29 January 2014 via the following link:
http://flanders-china.be/eventdetail.asp?id=321&id_cat=1&cat=up&lang1=

The participation fee for members of the FCCC is €45. The fee for non-members is €75.

FCCC New Year Reception – 13 February 2014, 18:00 h. – Brussels



The Flanders-China Chamber of Commerce will hold its annual New Year Reception on Thursday 13 February 2014 at 18:00 h. at AG Insurance, Nieuwbrug 17, 1000 Brussels.

Addresses will be 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;
Mr Kris Peeters, Minister-President of the Government of Flanders, Flemish Minister for Economy, Foreign Policy, Agriculture and Rural Policy.

Please register online before February 9 via the following link:
http://www.flanders-china.be/eventdetail.asp?id=320&id_cat=1&cat=up&lang1=

ACTIVITIES

Group business trip to China for beginners – 22 to 29 March 2014 – Beijing, Shanghai, Guangzhou

Flanders Investment & Trade (FIT) and UNIZO are organizing a group business trip to China for beginners from March 22 till 29 to Beijing, Shanghai and Guangzhou. Discover your next export market together with FIT representatives:

- Beijing: Mr Peter Christiaen
- Shanghai: Mrs Sara Deckmyn
- Guangzhou: Mr Dirk Schamphelaere

Exporting to China is less obvious than exporting in Europe or to America. The “China for beginners” route is aimed at exporters who don't have any experience in exporting to China and would like to explore the Chinese market under expert guidance. The route consists of:

- a workshop on 11 February 2014
- a group business trip from March 22 to 29, 2014
- a follow-up session on 13 June 2014

Only 30 places are available. Registration is possible before February 3, 2014.

Contacts: Michèle Surinx (T 02 504 87 91), Tijl Vanpraet (T 02 504 87 62).
www.flandersinvestmentandtrade.be

PAST EVENTS

China Information Session: Getting access for funding – Friday, 13 December 2013 – Brussels

The Flanders-China Chamber of Commerce organized an information session focused on getting access to funding from the EU, Belgium and China. This session was organized in cooperation with Agoria, Flanders Investment & Trade and the EU SME Center in Beijing on 13 December in Brussels. The session focuses both on Flemish companies wishing to expand in China as on Chinese companies investing in Belgium. Following an introduction by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, speeches were given by Mr Stephen de Pretre, EU SME Center Expert, EU SME Center in Beijing; Mr Rik Daems, Senator, Chairman China-Belgium Investment Fund; Mr Yves Roekens, Expert Financial Support to Companies, Flanders Investment & Trade; Mr Luc Nouwen, Head Corporate Business Development Corporate Banking Network Services, KBC Bank; Mr Roals Borré, Business Manager, PMV; and Mr Bart Cauberghe, Partner, GIMV. The event was concluded by a question and answer session and a networking lunch in the presence of Chinese and Belgian banks.

PUBLICATIONS

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

See FCCC Members' Portraits on the FCCC website.

EXPAT CORNER

The Netherlands opens consulate in Chongqing

The Netherlands has opened its fourth consulate general in China in Chongqing. "It helps Dutch companies invest in China's west and seeking trade and investment partners," said Consul General Guido Tielman. The Netherlands established a consulate in Chongqing because the country sees the municipality as a fast-developing city with a strategic political role and double-digit economic growth, he added. The Chongqing-Xinjiang-Europe International Railway is an important incentive for the Netherlands to have a consulate in Chongqing, as the railway has great potential. Chongqing has consulates general from 10 countries.

FINANCE

Big banks ordered to disclose off-balance-sheet exposures

The China Banking Regulatory Commission (CBRC) will require the largest Chinese banks to disclose their off-balance-sheet exposures and other indicators in a move to implement global rules designed to strengthen regulation of "too-big-to-fail" banks. "In recent years, the scale, interconnectedness, and complexity of Chinese banks has continuously increased, and it is necessary to implement higher standards for banks whose degree of systemic importance is relatively large," the CBRC said on its website. The regulator is requiring that banks that the Financial Stability Board (FSB), the international body established by the Group of 20 countries to coordinate financial regulation among member countries, has designated as systemically important, as well as all other banks with on- and off-balance sheet assets worth at least CNY1.6 trillion, to disclose 12 key indicators that track size, interconnectedness, complexity and other factors. The indicators include the scale of on- and off-balance-sheet assets, claims on and liabilities to other financial institutions, nominal value of outstanding over-the-counter derivatives, assets held for both trading and available for sale, and cross-border assets and liabilities. The FSB's latest list include China's first- and fourth-largest banks, the Industrial and Commercial Bank of China (ICBC) and Bank of China (BOC).

Haitong Securities warns of default crisis as debt soars

China's record debt threatens to trigger a financial crisis as borrowing costs jump to unprecedented highs despite a cooling economy, Haitong Securities said. Liabilities at non-financial firms might rise to more than 150% of gross domestic product (GDP) this year, raising default risks, the brokerage said. The ratio of 139% at the end of 2012 was already the highest among the world's 10 biggest economies, according to the most recent data. That compares with 103% in Japan and 78% in the United States, figures from the Bank for International Settlements (BIS) and the World Bank show. "We are concerned that the debt snowball may get bigger and bigger and turn into a crisis," said Li Ning, Bond Analyst at Haitong Securities, adding that more and more Chinese companies depended on new borrowings to repay old debt. Companies must repay a record CNY2.6 trillion of borrowings this year even after bond yields surged and economic growth slowed to the weakest in more than a decade. Aggregate financing, the broadest measure of new credit, climbed 14% to CNY16.1 trillion in the first 11 months of last year from the same period in 2012, central bank data show.

- The China Banking Regulatory Commission (CBRC) plans to approve up to five private banks this year under a trial to allow private funds to invest in the sector. The regulator will also explore measures to gradually lower market entry and capital requirements for additional branches of foreign banks.

- Hong Kong will reach the CNY1 trillion milestone of renminbi deposits in 2014, Standard Chartered Bank predicted. "Thanks to strong growth in deposit and cross-border payments across major offshore renminbi markets including Hong Kong, Taiwan and Singapore, the yuan now ranks as the 10th most-used global payment currency. We expect it to replace the Japanese yen as the fourth-largest payment currency by 2020," said Kelvin Lau, Senior Economist of Standard Chartered Bank (Hong Kong).
- Bank of China's London branch made a landmark CNY2.5 billion bond issue, the first by a European branch of a Chinese bank. Europe has seen the second-biggest volume of yuan bond issues in the past three years, after North Asia. Nineteen European institutions issued a combined USD1.9 billion of yuan-denominated bonds last year, accounting for 13.3% of the global total, according to Dealogic. That compares with 77.1% issued in North Asia. Offshore yuan debt issuance could rise by up to 60% to CNY520 billion to CNY570 billion this year, HSBC has estimated.
- Fosun International is buying an 80% stake in the insurance arm of Portuguese state bank Caixa Geral de Depositos for €1 billion. The Portuguese government choose Fosun over a unit of U.S. investment fund Apollo Global Management. The insurer has a domestic market share of 26%. Fosun is also bidding to acquire French resort company Club Méditerranée and last year bought One Chase Manhattan Plaza in New York.
- China Merchants Securities plans to add about 100 jobs at its Hong Kong unit this year in a bid to become one of the top 10 investment banks in the city for equity and debt capital market business. Wilson Wan, Chief Executive of China Merchants Securities (Hong Kong), said he aimed to double revenue at the unit in the next three years in working towards that goal. Commodities futures trading will also be a focus.
- The yuan will rise 2% to 5.93 per U.S. dollar by the end of this year, according to the median estimate of nine economists polled by the South China Morning Post. The forecast gain will see the yuan pass through the psychologically important level of 6 to the dollar for the first time, even as the greenback strengthens against other major currencies. Last year, the yuan gained 2.9% against the dollar.

FOREIGN INVESTMENT

Shanghai FTZ opens up to foreign telecom firms

Foreign firms will be allowed to own over 50% of some telecommunications joint ventures in the Shanghai free trade zone (FTZ) as part of China's latest move to open the industry. China will further open four sectors – call centers, internet access, voice and video conferencing and virtual private networks – in the FTZ to foreign capital. All FTZ-registered telecom business, except the internet access business, will be allowed to offer services nationwide.

- Three in four employees will look for a new job this year because they are dissatisfied with their current managers' capability as well as salaries and career paths. About 54% of the employees said they will change their job within six months, although 47.2% of the total employees have already changed jobs in the past two years, according to a report by Hudson Shanghai. Nearly 98% of the respondents in the report worked in foreign-invested companies with at least six years' experience. Over a third of employees chose "higher salary" as the most important factor when looking for their next job.
- The Chinese government approved the establishment of new zones in Shaanxi and Guizhou provinces: Shaanxi's Xian-Xianyang New Area and Guizhou's Guiyang-Anshun New Area. In terms of core industries, the Xian-Xianyang New Area focuses on information services, modern logistics and culture. The Guiyang-Anshun New Area emphasizes advanced manufacturing and services, as well as leisure and tourism.

FOREIGN TRADE

China becomes biggest trading nation

China's trade in goods passed the USD4 trillion mark for the first time in 2013, confirming its position as the world's biggest trading nation, the General Administration of Customs said.

Exports rose 7.9% from a year earlier and imports gained 7.3%, putting China's trade at USD4.16 trillion last year, up 7.6% on an annual basis. The trade surplus settled at USD259.7 billion, up 12.8% from 2012. In December, China's exports expanded 4.3% to USD207.7 billion, down from November's jump of 12.7%. Imports increased 8.3% to USD182.1 billion, picking up from the pace of 5.4% in the previous month. Zhu Haibin, Chief Economist for China at JPMorgan, said December exports highlighted rising demand from the European Union. Although 2013's trade growth missed the 8% target set by the government, volume was at a record high. The U.S. total trade in goods was lower than that of China in 2012, according to earlier reports, but the Customs said that due to differences in calculating methods the actual change occurred in 2013, although full U.S. figures for the year have yet to be released. The EU remained China's biggest trading partner in 2013, followed by the U.S. and the Association of Southeast Asian Nations (ASEAN), the Shanghai Daily reports.

China's exports prospects are likely to get a boost through a recovery in demand from developed nations this year, but analysts caution the country's expanding trade surplus, which touched a four-year peak in 2013, may stoke appreciation fears on the yuan. The high comparison base of last year is expected to drag down export growth over the next few months.

- China destroyed over 6.1 tons of confiscated ivory for the first time in Guangdong's Dongguan, marking a significant effort to combat illegal wild elephant tusk trading by the world's largest ivory consumer. Previously, confiscated ivory used to be kept in storage without further action. The destruction comes a month after China pledged during the African Elephant Summit in Botswana on December 2 last year to take action in combating ivory trading. China has confiscated at least 16 tons of ivory in the past three years.
- The U.S. Commerce Department has launched anti-dumping duty and countervailing duty investigations into imported calcium hypochlorite from China. Calcium hypochlorite is an ingredient in bleaching powder, widely used for the disinfection of drinking water or swimming pool water. The investigations are in response to a petition filed by Arch Chemicals based in Georgia. U.S. imports of calcium hypochlorite from China were estimated at USD7 million in 2012.
- The management committee of the Shanghai pilot free trade zone (FTZ) is moving its office to the Lingang area in March to make room for business expansion in the Waigaoqiao area while helping to boost Lingang's development. Also making the move will be the Customs, Inspection and Quarantine Bureau and the Tax Bureau. Lingang is outside the FTZ, but next to the Yangshan Deep-Water Port. The office moves triggered speculation that the zone would be expanded to include Lingang, which covers more than 315 square kilometers.

HEALTH

More cases of H7N9 reported

Guangdong and Hong Kong last week each confirmed a new case of H7N9 bird flu as Hong Kong government called for stricter testing of poultry imports from the mainland. Hong Kong health chiefs announced that a 65-year-old man who travelled to Shenzhen's Luohu district on January 1 and returned home to Hong Kong the next day was in a critical condition at Queen Mary Hospital. He is the third case – one of them fatal – reported in the city, although all the patients are believed to have contracted the disease during visits to Shenzhen. Two more cases of people infected with the H7N9 strain of bird flu have meanwhile been reported in Guangdong, according to a statement from the provincial center for disease control and prevention. So far, Guangdong has confirmed 14 human cases of the H7N9 virus since August.

Executives of Sinopharm investigated for corruption

Shi Jinming, former Vice President of drug distributor Sinopharm, is being investigated for alleged corruption in a widening scandal that started in July last year, when the authorities looked into claims that international drug makers including GlaxoSmithKline (GSK) bribed doctors and government officials to lift sales. Xu Yizhong, a former General Manager of Sinopharm Holding Distribution, a subsidiary of the group, was also involved in the same investigation. Kenny Tang, General Manager at AMTD Financial Planning, said he did not expect the scandal to have much effect on Sinopharm's share price. “Unlike private enterprises, sudden resignations of state firms' bosses will not deal a major blow to their strategies and operations as their positions will be assumed by other officials, while private firms are more reliant on the personal business relations built by their top brass,” Tang said. “What's more, the whole industry will be affected by the anti-corruption drive, not just individual firms.”

- China’s National Health and Family Planning Commission plans to roll out a nationwide smoking ban in public places by year's end, setting for the first time a target date to meet its commitment to cut down on indoor tobacco use. China is the world's largest cigarette manufacturer and consumer, with more than 300 million smokers.
- A court in Shandong province has sentenced a man to death with a two-year reprieve and two others to life imprisonment for producing and selling dirty cooking oil. The black-market trade of recycled kitchen oil known as “gutter oil,” which can contain carcinogens, has been a chronic problem in China. Xinhua said three brothers began to produce the tainted oil in 2006 and sold it to 17 dealers in Shandong and Shanxi provinces for CNY52.4 million.

MACRO-ECONOMY

GDP calculations to be unified

China will unify the way it calculates provincial economic output to help close a gap with national figures, Ma Jiantang, Director of the National Bureau of Statistics (NBS) said. The difference between gross domestic product (GDP) reported in aggregate by the 31 province-level areas in 2011 and the national level showed a huge discrepancy roughly equivalent to the GDP of Turkey. The Bureau would draw up plans for introducing the unified statistical standards on local GDP this year, as it conducted the latest economic census, Ma said.

- There were more private-sector entrepreneurs reported to have committed crimes such as fraud or fund scams than their counterparts in state-owned enterprises last year, according to “The Chinese Entrepreneurs Crime Report 2013” by the Chinese Entrepreneur Crime Prevention Research Center and Beijing Normal University. There were 463 reported criminal cases last year, up by 80% from the previous year. The latest cases included 469 private entrepreneurs and 128 from state-owned firms, with the total marking a 120% increase from 2012.
- Anhui Conch Cement, Asia's largest cement producer, signed a strategic partnership agreement with Taiwan's Asia Cement to explore overseas markets and share expertise in eco-friendly technologies. Cement prices in China have been rising since September last year, when the central authorities stepped up efforts to close some of the most heavily polluting cement factories even as demand began to pick up with rapid investment in the infrastructure and property sectors.
- The central government announced that it will eliminate or transfer another 70 administrative approval items to lower levels this year, as part of a move to further simplify approval procedures. The items fall under river transport, telecommunications, online higher education and qualification of employees in the insurance and accounting industries. The government will enhance its role as a supervisor in addition to eliminating administrative approvals.
- The Chinese government has decided to increase enterprises' retirees' pensions by 10%. The move will benefit more than 74 million people who have retired from domestic enterprises.
- State-owned enterprises (SOEs) must improve the transparency of their asset sales and offer private enterprises equal status in acquisitions, the State-owned Assets Supervision and Administration Commission (SASAC) said. SOEs will also be required to establish a comprehensive management system for various kinds of assets, including equipment, real estate and intellectual property rights. The notice also banned the 113 SOEs under central government control from imposing any limits on the qualifications of buyers of their property, unless there were specific requirements in

relevant laws or regulations.

- China's inflation growth moderated to a seven-month low in December, taking it well below the government control target for 2013 and leaving more room for policy options this year. The Consumer Price Index (CPI) rose 2.5% from a year earlier last month. The pace slowed sharply from November's 3% increase and was the lowest since May. The Producer Price Index (PPI) fell 1.4% last month, the same as in November. On a full-year basis, the CPI was up 2.6%, below the central government's targeted 3.5%.

PETROCHEMICALS

Survey finds hazards in oil pipelines

A nationwide survey of oil pipelines launched after a fatal explosion in Qingdao, Shandong province, has found hazards in many areas that could lead to similar incidents, according to the State Administration of Work Safety. The survey was launched after oil leaked into sewage pipes where it exploded, killing 62 people in Qingdao on November 22. Faults such as aging pipes and overlapping pipelines for oil and sewage were detected. Many oil pipelines are more than 40 years old and suffer from erosion and weakening. The country currently has more than 655 oil lines in service, measuring 102,000 kilometers in total. Wang Haoshui, Inspector with the watchdog who is in charge of petrochemical work safety, said the inspection covered nearly 3,000 petrochemical companies and oil storage facilities and has revealed nearly 20,000 potential hazards. Huang said an official inquiry into the oil pipeline explosion has found Sinopec and the local government both liable for the accident for failing to conduct proper safety checks. The explosion occurred after oil leaked from a corroded pipe into the urban sewage network. The crude oil became mixed with the air inside the sewage system and the resulting gas quickly spread to other sections of the sewage network. Emergency workers failed to identify the potential for an explosion and used a hydraulic hammer that wasn't explosion-proof, producing the sparks that triggered the blasts, the China Daily reports.

Sinopec Chairman Fu Chengyu received an administrative demerit for the Qingdao accident. Disciplinary action was also taken against 47 other people, including the Mayor of Qingdao. Fifteen people, who are suspected of crimes, have had their cases transferred to judicial authorities.

REAL ESTATE

Reserves of new homes reach high level

New home reserves in 20 cities reached 83.93 million square meters at the end of last year, the highest level since 2011. The figures for the cities, which included Beijing, Shanghai, Guangzhou and Shenzhen, were contained in a new report released by Shanghai E-house China R&D Institute. The bulging inventories, which have increased for six consecutive months, are sure to push developers to take proactive measures in 2014, said Yan Yuejin, Researcher with the E-house China R&D Institute. Seventeen of the 20 cities monitored by E-house China saw month-on-month growth of residential inventories, with Nanchang in Jiangxi province surging 50%, followed by 17.4% in Shenzhen and 11.4% in Jiujiang, in Jiangxi province. The rising housing supplies have outpaced demand over the past six months, the report said. In December, the 20 cities released onto the market a combined supply of new homes that totaled 11.76 million sq m, the largest amount in a single month last year, and one that was up 11.8% month-on-month and 7.1% year-on-year. At the end of 2013, new home inventories in Beijing, Shanghai, Guangzhou and Shenzhen totaled 29.15 million sq m. Second-tier cities registered 31.05 million sq m in new home supplies. Land sales remained red-hot in 2013, as Beijing, Shanghai, Guangzhou and Shenzhen sold a combined CNY515.5 billion worth of land. The top 10 developers had stockpiled CNY332.9 billion worth of new land plots at the end of 2013, more than double the 2012 total, according to Centaline data. New-home prices in the nation's 100 major cities averaged CNY10,833 per sq m in December and showed a rise in 19 consecutive months, a report from the China Index Academy, a research arm of Soufun, China's largest property website, showed.

Some of the world's most expensive offices are in China

China remains home to the world's most expensive office locations, with four appearing on a list of the five most expensive office venues in the world. Beijing's Financial Street and Central

Business District (CBD) are the world's third and fourth most expensive office venues, with occupancy costs averaging USD197.05 per square foot per year and USD189.67 per sq ft per year, respectively, while Hong Kong Central and Hong Kong's West Kowloon ranked second (USD234.30) and fifth in the top-tier office markets. London's West End is the most expensive office locality, charging USD259.36 per sq ft per year, according to CBRE Global Research and Consulting's semi-annual Global Prime Office Occupancy Costs survey. Shanghai Pudong (USD119.50) and Shanghai Puxi (USD111.69) entered the Top 15 list, and Guangzhou (USD74.84) ranked 34th, according to the report. CBRE tracks occupancy costs for prime office space in 126 markets. Of the top 50 most expensive markets, 20 are in the Asia-Pacific, 19 in Emerging Europe, the Middle East and Africa and 11 are in the Americas. Beijing is Asia's second most expensive location for expatriates, rising from fifth place the previous year, according to the latest cost of living survey by ECA International. Globally, Beijing is the 15th most expensive location for expatriates. Shanghai was in 18th position in the global results and fourth in Asia. China's third-most expensive city, Hong Kong, ranked in 28th place globally and eighth in Asia, the China Daily reports.

- Beijing saw the value of land sales rising 181.2% year-on-year in 2013 to CNY182.2 billion, according to Century 21. Sales of land for residential buildings soared 240% year-on-year to CNY127.8 billion, with the average price of floor space rising 48.7% to CNY11,102 per square meter.
- The number of properties sold in Hong Kong fell 39% last year to a 17-year low as a surge in the sales tax, designed to burst a price bubble, turned off buyers. The number stood at 70,503 according to the Hong Kong Land Registry. The value of deals dropped 30% from a year earlier to HKD456 billion. The downturn is expected to continue this year. According to property services firm Centaline Property, overall home prices in Hong Kong edged up 3% for the year, and have jumped 120% since 2008.
- Rents for Grade A offices on the Pudong side of the Huangpu river in Shanghai continued to outperform those on the Puxi side in the last three months of 2013. Between October and December, Grade A office rents in Pudong rose 2.4% quarter-on-quarter to CNY9.40 per square meter per day, driven by robust demand from domestic financial institutions, Jones Lang LaSalle said in a quarterly report. Those in Puxi shed 0.2% to CNY9.10 per sq m per day as demand from cost-conscious foreign companies remained weak. For the whole of 2013, rents in Pudong added 5% while those in Puxi declined 2.7%, separate research by Colliers International showed.
- The average price of industrial land in China rose 0.98% in the third quarter of last year to CNY691 per sq m, far below the 2.32% increase in the price of residential land to CNY4,910 per sq m. Residential property takes up less than 30% of China's overall land supply but contributes two-thirds of total revenues from land sales.
- Chinese developer Shui On Land announced that Chief Executive Freddy Lee had quit after less than three years and Chairman Vincent Lo would resume a more active role. Shui On has been selling assets as it seeks to pay down debt and improve its cash position. The firm said last month that it would sell a project in Shanghai to China Life Insurance for CNY3.32 billion. In November, New York-based Brookfield Property Partners invested USD500 million in Shui On unit Shanghai Xintiandi, which operates the popular entertainment complex in the city.

SCIENCE & TECHNOLOGY

Two scientists win top award

Physical chemist Zhang Cunhao and nuclear weapons expert Cheng Kaijia won China's top science award for their outstanding contributions to scientific and technological innovation. They were presented with certificates by President Xi Jinping at the award ceremony. Winners are each entitled to CNY5 million. Of the prize, CNY4.5 million has to be spent on research programs while the rest is for personal use. Zhang was born in February 1928 in Tianjin. He earned a bachelor's degree in chemical engineering in 1947 and went to the United States to further his studies. In 1951 he returned to China and devoted himself to scientific research at the Dalian Institute of Chemical Physics. During his 60 years of research, Zhang focused on water gas technology, rocket propellants and lasers. Nuclear weapons expert Cheng, 95, has been involved in more than 30 of China's nuclear experiments, including the country's first atomic bomb. For 20 years from 1963, he lived in the Gobi desert in Xinjiang. No more than two scientists a year have been honored in the awards which were launched in 2000. To date, 24 scientists have received the award. There was only one winner in 2002 and 2006, and no winner in 2004.

Divers succeed in 300 meter dive

China succeeded in its first 300-meter saturation dive with two teams of three divers returning safe and sound from deep water to their living chamber on the support ship. The diving bell reached a depth of 313.5 meters under the South China Sea. Six divers descended to the target depth in a pressurized metal sphere that they then left to explore the sea floor for more than three hours, according to Xinhua. The water pressure at that depth is about 30 times that at the surface. Saturation diving technology enables human beings to withstand high water pressure by saturating human tissue with inert gas, Guo Jie, on-site Chief Director of the experiment said. The divers will stay in the chamber until January 24 to let the inert gas in their tissue fluid return to normal pressure, said Shen Hao, Director of the Shanghai Rescue and Salvage Center. China is currently developing saturation diving technology that would enable work at a depth of 500 meters. To date, eight countries – Britain, the United States, Switzerland, Norway, France, Germany, Japan and Russia – have succeeded in making saturation dives to depths of 400 meters. Saturation diving was developed to allow divers to stay under water longer and at greater depths. China previously conducted its experiments in laboratories, where divers had once reached a simulated depth of 493 meters. At present, the United States and France are the global leaders in saturation diving technology, Guo said. However, some industry insiders expect China to become the world's largest diving market in the coming years, the Shanghai Daily reports.

- China's Antarctic research ship the Xue Long broke free from the ice and entered a safe zone after being locked in ice during a rescue mission to assist the Russian icebreaker Akademik Shokalskiy, which now also has broken free.
- Four Academicians from the Chinese Academy of Sciences (CAS) have asked the Academy to expel Professor Wang Zhengmin from the elite body after he was accused by his former student Wang Yucheng of plagiarizing foreign technology and work to secure CNY40 million of government funds and exaggerating the number of theses he had written. Professor Wang, 79, is a hearing expert at Fudan University's Eye, Ear, Nose and Throat Hospital.

STOCK MARKETS

Initial public offerings (IPOs) resume in China

Initial public offerings (IPOs) resumed after a freeze of more than one year when subscriptions opened for two Chinese companies. Guangdong Xinbao Electrical Appliances Holdings Co is offering 76 million shares priced at CNY10.50 per share on the Shenzhen Stock Exchange and hopes to raise CNY798 million. Zhejiang Wolwo Bio-Pharmaceutical Co seeks to raise CNY221 million in an IPO of 25.3 million shares priced at CNY20.50 each on the ChiNext board, also in Shenzhen. Guangdong Xinbao commands a price-to-earnings ratio of 30, above an industry average of 22, while the PE ratio of Zhejiang Wolwo is 39. "The valuations of the first batch of IPOs are expected to be pushed higher after their debut as investors are passionate about the new listings after a more than one-year hiatus," Chen Li, A-share Strategist at UBS, said. Another six companies launched their IPOs last week.

Neway Valve (Suzhou), a major industrial valve maker, aims to raise up to CNY2.12 billion from an initial public offering (IPO) in Shanghai, becoming the first company to push ahead with a listing on the country's main bourse after regulators reopened the market for flotations. Nearly 30 companies have announced plans to float in Shanghai and Shenzhen since the securities regulator signaled last month that it would permit the resumption of listings after a freeze in November 2012.

- Shares of China Oilfield Services (COSL) gained slightly after it raised HKD5.8 billion via a share sale in Hong Kong. Still, analysts are divided over the outlook for the industry. "We remain cautious on the outlook of COSL as we believe the supply and demand outlook has become unfavorable to global drillers, and international drilling rates are likely to see a moderate decline in 2014 and potentially a steep decline in

2015," Sanford C. Bernstein Senior Analyst Neil Beveridge wrote in a note. "Adding capacity at the peak of the cycle is a risky move and incremental returns could be sub-optimal."

- The China Insurance Regulatory Commission (CIRC) has announced that insurers could now invest in ChiNext stocks. They will be required to report if their shareholdings in a single company reach 5%. But analysts don't expect insurers to be eager to invest in growth enterprises. Insurers' holdings in stocks and equity funds amounted to CNY755.6 billion at the end of November, accounting for 10.1% of their total assets, according to CIRC data. Currently, insurers' equity investment is capped at 20% of their assets.
- The China Securities Regulatory Commission (CSRC) has shared the audit details of four Chinese companies listed abroad with overseas regulators, in a further move to crack down on illegal activities and protect the interests of investors.
- The China Securities Regulatory Commission (CSRC) unveiled new measures to tighten the supervision of the initial public offering (IPO) process. The CSRC will launch spot checks on the enquiry and IPO road shows of new shares. The issuers and major underwriters that apply undisclosed information during the road shows will be subject to the suspension of their share issuance.

TRAVEL

Most outbound tourists come from China

China had the highest number of outbound tourists and amount of overseas spending in the world last year, according to the China National Tourism Administration (CNTA). 97 million Chinese traveled abroad in 2013, beating the 2012 mark by roughly 14 million. The number is expected to surpass 100 million this year. China's tourists have had the world's strongest purchasing power since 2012. They overtook German and U.S. tourists as the world's biggest-spending travelers in 2012, spending USD102 billion overseas, a 40% increase from 2011. Chinese tourists spent on average USD7,107 per person during their trips in the U.S. in 2011. The average amount of spending by a tourist in the U.S. that year, according to the U.S. Commerce Department, was USD2,440. Tourism within China has also grown over the past year. The country hosted 3.2 billion tourists in 2013, according to the Tourist Research Center, beating 2012's mark by 300 million. Sanya in Hainan province was the most popular travel destination in China last year.

Pollution and anti-graft campaign hit hospitality industry

Air pollution and President Xi Jinping's campaign to curb official corruption and extravagance took a bite out of China's hospitality industry last year, according to the "Green Book of China's Tourism" by the Chinese Academy of Social Sciences (CASS). Revenue at hotels with a three-star rating or above dropped by nearly 12% in the first half of last year, compared with the same period in 2012. Revenue at restaurants with an annual turnover of more than CNY2 million fell by 2%, the first decline in three decades, due largely to the anti-graft campaign, the report said. Efforts to curb extravagance has "affected official banquets, high-end tourism, high-end catering and meetings and exhibitions involving industries such as hotels, restaurants and exhibition venues", the report said. The study did not include statistics for the second half of last year, but figures from the China National Tourism Administration (CNTA) showed that hotels with three stars or more saw year-on-year drops in revenue of about 4% in the third quarter. The tourism report also said the numbers of foreign visitors to the country fell 2% in 2012, dropping to 132 million, and the trend likely continued last year. Foreigners' reluctance to come to China was attributed by researchers to poor travel services and damage to tourist cities' reputations because of air pollution, food safety scandals and traffic congestion. However, the past year witnessed unprecedented investment in tourism-related projects of CNY514 billion, up 27% on the previous year. Private capital was the driving force behind the increase, accounting for 57% of investment. Wu Jinmei, a co-author of the report, said despite the short-term decline in hotel-and-catering industries' revenues, the anti-corruption drive was unlikely to have a long-term impact on the sector, the South China Morning Post reports.

Beijing suffers tourism decline

Beijing witnessed an unexpected sharp drop in inbound tourism in 2013. From January to November, the city recorded 4.2 million visitors, down 10.3% year-on-year, the Beijing Tourism Development Commission reported. The Commission blamed the weak global economy and a strong yuan, as well as the city's ongoing pollution problems. The effect of a 72-hour visa waiver for transit passengers also failed to meet expectations, industry insiders said. The policy was expected to attract 20,000 visitors in the first year, but the number was just 14,000. The China National Tourism Administration (CNTA) reported 118.2 million tourist visits nationwide from January to November, a 2.47% year-on-year decrease. China's inbound tourism market has been stagnant in recent years, as tourists to the nation, many of whom are from Japan, South Korea, Russia and the United States, increasingly preferred other Asian destinations, including Thailand, Indonesia and Malaysia. These strong competitors have experienced fast growth in recent years, said Dai Bin, Director of the China Tourism Academy.

Abacus and Amadeus get direct access to China's travel market

After 14 months of vetting, the Civil Aviation Administration of China (CAAC) granted GDS licenses to Singapore-based Abacus and Amadeus of Spain last week, allowing them to directly handle sales of outbound air tickets of foreign airlines operating in China, along with hotel booking and outbound travel services of a select number of Chinese tour agencies. The move means Abacus and Amadeus, which are dominant players in the Asia-Pacific and Europe, respectively, no longer have to go through state-owned monopoly TravelSky Technology. China's outbound travel market saw 40% annual growth in transactions to CNY94 billion in 2012. Abacus President and Chief Executive Robert Bailey told the South China Morning Post that the services might begin over the next 12 to 18 months. Foreign airlines offering outbound services in China and Chinese tour agencies will have to apply for permits to deal with Abacus directly. Abacus counts regional airlines such as All Nippon Airways, Cathay Pacific Airways, Dragonair, China Airlines, EVA Airways and Singapore Airlines as shareholders. Amadeus China Managing Director Bart Tompkins said Air France, KLM and Lufthansa were among the first batch of international airlines to use Amadeus' reservation system, and “several more were committed to working with” the company. This meant a selected group of Chinese tour agencies would be able to book air tickets of these airlines through Amadeus. But Kelvin Lau, head of transport research at the Daiwa Institute of Research said that the dominant position of TravelSky remained. Despite the granting of licenses to Abacus and Amadeus, there were many technical and liability issues to iron out before they could be connected to travel agents, he added, as reported by the South China Morning Post.

- The Forbidden City, also known as the Palace Museum, will be closed every Monday to allow enough time each week to maintain its relics. The museum had been operating all year round since the 1980s but began to close its doors every Monday afternoon last year to allow for maintenance and housecleaning. All of the exhibition cabinets, interior lighting, signage and posters will be examined and refurbished.
- More than 15,000 foreign visitors have taken advantage last year of 72-hour visa-free stays in Shanghai for international transit passengers from 45 countries. The largest number of travelers taking up the offer came from the United States. About 2,300 U.S. visitors used the service, followed by Australians and Germans. Officials said the figure is expected to grow further with the development of the Shanghai pilot free trade zone (FTZ) and the opening of the Shanghai Disney Resort.
- China has earmarked CNY630 billion for fixed-asset investment (FAI) to develop the railway industry, especially in the less-populated central and western regions, this year. The amount is a drop from the FAI of CNY663.8 billion last year. The national railway operator plans to put more than 6,600 kilometers of rail line into use this year, compared to 5,586 km in 2013. By the end of last year, the total length of China's rail lines in operation had passed 100,000 km, including 10,000 km of high-speed rail.

ANNOUNCEMENTS

Vacancy Business Development Manager, China

Job Title: Business Development Manager, China
Department: Sales

Report to: General Manager
External relationships: Line of Business, HR head in Global MNC clients and prospects, Business Partners across global
Internal relationships: Managing Consultants, Consultants, Head Quarter, Finance and Administration
Location: Shanghai, China

Job Purpose:
The purpose of this role is to generate business by proactively selling Competence@ solutions and services to a wide range of clients and prospects, predominantly within Great China market. This includes developing new client relationships, identification and qualifying business needs, working with internal stakeholders to draw proposals of effective solutions, closing agreements with clients, and following up projects.

Responsibilities:
1. Define business development strategy and planning. Execute and follow up accordingly.
2. Proactively identify and develop new business relationships in the target region.
3. 60% of time out the office for client meetings. The key objective being meeting face to face to gain a full understanding of their business and HR challenges and strategies. This is a part of KPI.
4. Fully responsible for the information update of CRM system by managing and maintaining sales pipeline.
5. Responsible for lead generation, appointment setting, proposal delivery and closing contract.
6. Liaise within Competence@ to ensure the highest quality delivery of client projects.
7. Networking on the behalf of Competence@ at relevant events, exhibitions.
8. Attend weekly team meetings and report prospects and project status.
9. Understand and collect competitor information.

Skills, Knowledge and Experience required:

- Strong strategic business development skill
- Strong analytical skills and able to deliver solution for complex situation
- Proven track record in your sales ability and demonstrable comprehensive knowledge of the sales process
- Strong client orientation and sense of responsibility
- A positive and determined approach to analysing new business opportunities
- Close attention to details
- Ability to cope with competing demands, to prioritise tasks and to resist stress
- Strong communication skills in all forms including written, oral, email, telephone, and presentation
- Excellent planning, organisation and time management skills
- Good people skills with positive approach
- Capable of working independently, and a self starter.

Reply to: guy.vandenberge@competencechina.com

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<u>Contact:</u>
Flanders-China Chamber of Commerce
Lammerstraat 18, B-9000 Gent
Tel.: +32 9 266 14 60/61 – Fax: +32 9 266 14 41
E-mail: info@flanders-china.be
Website: www.flanders-china.be

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The FCCC Newsletters are edited by Michel Lens, who is based in Beijing and can be contacted by e-mail michel.jc.lens@gmail.com . Disclaimer: the views expressed in this newsletter are not necessarily those of the FCCC or its Board of Directors.