法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 11 MARCH 2013

FCCC ACTIVITIES

Conference: Managing China in Transition – Can China's 5th generation leadership get China on a sustainable path? – Friday 15 March 2013, 09.00-11.30 h., The Conference Board, Brussels

The Flanders-China Chamber of Commerce (FCCC) and The Conference Board are organizing the conference "Managing China in Transition – Can China's 5th generation leadership get China on a sustainable path?". The briefing will take place on Friday 15 March at 09h00 at The Conference Board, Chaussée de la Hulpe 178, 1170 Brussels.

Regardless of how China lands – hard, soft or in-between – the next 24 months will be transitional, for better or for worse. Contingency planning will be the key to sustaining growth, and to finding new growth opportunities, new investments, and new alliances. It will also be the key to mitigating risks across a number of evolving scenarios. Whether by design or unavoidable circumstances, slowing growth coupled with confluence of political and social factors is creating acute pressure for policy adjustment and structural change. How will this dynamic shape the operating environment for multinational corporations?

The presenter, David Hoffman, Vice President and Managing Director of The Conference Board's Beijing-based China Center for Economics and Business, has over 25 years of experience in China, including 20 leading the Technology-InfoComms-Entertainment Advisory practice of PricewaterhouseCoopers in China ("TICE Advisory"), where he served the senior-most executives of technology companies, telecommunications operators, information service providers, and traditional and new media companies. David also provided extensive advice to regulators and service providers on sector development strategy, regulatory policy, regulatory risk management, and compliance.

All executives with substantial China responsibilities are welcome to attend.

The programme is as follows:

09h00-09h30	Registration
09h30-09h40	Introduction by Mr Bert De Graeve, Chairman, Flanders-China Chamber of Commerce Chief Executive Officer, Bekaert
09h40-11h30	Presentation and discussion by Mr David Hoffman Vice President and Managing Director of The Conference Board's Beijing-based China Center for Economics and Business

Moderated by Ethan Cramer-Flood, China Program Specialist, The Conference Board.

To attend, subscribe online before 12 March 2013. Participation fee for FCCC members: €75, non-members: €95.

The Conference Board has a robust and unique China program that began with project research in the early 90s. The China Center for Economics and Business in Beijing provides essential information and insights on China to help members continually deepen their understanding and improve their business planning and performance in China. The China Council Europe and China Council U.S. leverage China Center knowledge and resources to keep senior-most HQ executives who have corporate responsibility for China well informed on and in front of high priority China developments that are critical to their business.

Conference: "Opportunities for Flemish SMEs in China" – 27 March 2013 – Brugge

The Flanders-China Chamber of Commerce (FCCC), the Province and POM West-Flanders, VOKA and UNIZO are organizing a conference: "Opportunities for Flemish SME in China" on Wednesday 27 March 2013 at 18h00 at Provinciaal Hof, Markt 3 in Brugge.

Programme:

18h00	Registration
18h30	Welcome by Jean de Bethune, Vice Governor Economy, Province of West-Flanders
18h35	Introduction by Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
18h40	Opportunities for Flemish companies in the province of Zhejiang, by Mrs Yin Linggu, Senior Advisor, Province of West-Flanders in China
19h00	Testimonials on doing business with China: - Yves Struyve, CEO, Trislot - Eddy Coppieters, CEO, Primus Group - Didier Leclercq, Chief Operations Officer, Vitalo Industries
20h00	Q&A session
20h30	Networking reception

During the conference you will also receive the publication "FCCC Members' Portraits in China", describing the activities of 18 Flemish companies which have succeeded in China. The publication contains valuable information about how they tackled the very competitive Chinese market.

Registration before March 20 via this link. Fee: members of FCCC, VOKA and UNIZO: €75, non-members: €95.

The conference is organized with the support of Flanders Investment & Trade.

Networking Evening with Chinese Talent at Ghent University - Thursday, 25 April 2013, 17h – Provinciaal Administratief Centrum, Gent

The Flanders-China Chamber of Commerce, Ghent University and the Province of East Flanders, are organizing a networking evening with Chinese talent studying at Ghent University. This event will take place on Thursday 25 April at 17h at the Provinciaal Administratief Centrum (PAC), Woodrow Wilsonplein 2, 9000 Ghent.

This networking event will give you the opportunity to introduce your company to Chinese students, which are mostly from the faculties of: Engineering Sciences & Architecture, Bioscience Engineering, Sciences, Veterinary Sciences, Law, Economics & Business Administration, Medicine & Health Sciences and Pharmaceutical Sciences.

The programme is as follows :

17u00:	Welcome by Mr Hedwig De Pauw, Director Economic Affairs and International Relations, Province of East Flanders
17u05:	Welcome by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
17u10:	"Strategies for finding an employer in Europe" by Mr Patrick Meirlaen, Managing Partner at The Future Alliance and Partner at the International Executive Search Federation (IESF)
17u30:	Presentation of the participating companies and networking between students and business leaders. Networking reception hosted by the Province of East Flanders
19u30:	End of programme

This event is an ideal way to meet about 100 Chinese students and to broaden your network. During this event, you will have the opportunity to present your company via a presentation and a promotional stand.

This evening is organized with the support of Flanders Investment & Trade.

If you are interested in attending, please sign up using the following link before 18 April 2013.

Members €75, Non-members: €115.

ACTIVITIES BY FCCC STRUCTURAL PARTNERS

Cleantech World Café China – 28 March 2013 – Antwerp

Flanders Cleantech Association (FCA) and Flanders Investment & Trade (FIT) are organizing the Cleantech World Café China.

- You already have had your first export experience in Europe?
- You are considering to offer your clean technologies on the Asian continent, but you still have a few question marks?
- You like smart partnerships with companies in the region?
- You want to listen to the stories of experienced China entrepreneurs in the cleantech sector?

For whom? Flemish firms offering clean technologies
By whom? Companies with ample experience in China such as Waterleau, Applitek, and Aquaplus tell their stories. FCA and FIT are assisting in cleantech and international entrepreneurship.
What and how? We work together in small groups under the leadership of experienced China entrepreneurs in the cleantech sector. We exchange experiences and best practices:

- Which path did they take?
- Which clean technologies do they offer and did they find a market in China?
- Which are the lessons they have learned? How did they form smart partnerships?

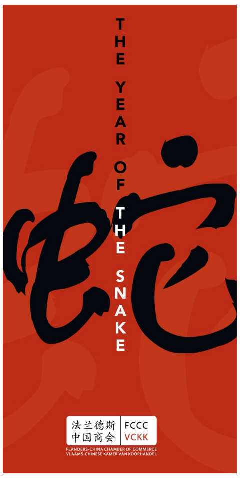
The session will result in first insights into partner search expectations in Asia, so you can consider participation in the FIT-missions to China (September) or other opportunities for business matching.

Date: March 28, 2013 from 17 h. till 20 h., small snacks during the session, followed by a short networking reception on the Royal Terrace with a view of one of the most beautiful railway stations halls in the world, and... a bright cleantech future!
Location: Antwerp Central Station (De la Censerie Room)
Registration: To stimulate interaction, we work in small groups, following registration we expect your attendance or if not possible a correct cancellation. Register here.

More information: Sonja Van den Bergh, e-mail: info@fca.be Tel: +32 295 22 72

PAST EVENTS

FCCC New Year Reception – 5 February 2013, – Brussels



The Flanders-China Chamber of Commerce (FCCC) organized a Chinese New Year reception on February 5, 2013 at at the Flemish Parliament in Brussels, with speeches 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 Flemish Government, Flemish Minister for Economy, Foreign Policy, Agriculture and Rural Policy

Pictures will soon be online at the FCCC website.

NPC & CPPCC SESSIONS

Premier Wen evaluates the past five years at NPC session

Outgoing Premier Wen Jiabao gave his administration mixed marks when reviewing his work over the past five years in his last annual government work report, which he presented at the opening session of the 12th National People's Congress (NPC). Wen frankly acknowledged 11 failures, including a growing wealth gap, the deteriorating environment, an unbalanced economic structure, unsustainable growth and increasingly rampant corruption among officials. Wen said China had achieved an average annual economic growth of 9.3% in the past five years, with the gross domestic product (GDP) rising from CNY26.6 trillion in 2008 to CNY51.9 trillion last year, taking China into second place globally, behind only the United States. The goals for 2013 are GDP growth of around 7.5%, CPI growth of around 3.5%, the creation of nine million more new jobs in cities and towns, and an unemployment rate for cities and towns lower than 4.6%.

Wen Jiabao also highlighted several remarkable achievements. In the past five years, China's GDP increased from CNY26.6 trillion to CNY51.9 trillion and now ranks second in the world. It grew at an average annual rate of 9.3%. Government revenue went up from CNY5.1 trillion to CNY11.7 trillion. A total of 58.7 million urban jobs were created. The per capita disposable income of urban residents rose by an annual average of 8.8% while the per capita net income of rural residents rose 9.9%, narrowing the relative income gap. China hosted the Olympic Games in Beijing in 2008 and the World Expo in Shanghai in 2010. More than 18 million government-subsidized housing units were built. A total of 19,700 kilometers of new rail lines were built, of which 8,951 km were high-speed railways. 42,000 km of expressways were built, increasing the total length to 95,600 km. 31 airports were constructed. China now ranks first in the world in installed capacity of hydropower and wind power. Car ownership reached 21.5 per 100 urban households, an increase of 15.5 over 2007. China also restructured its industry as steel mills with a total capacity of 78 million tons were closed as well as cement plants with a capacity of 775 million tons. A total of 84.63 million rural residents migrated to urban areas, lifting the urbanization level from 45.9% to 52.6%. Government spending on education increased at an average annual rate of 21.58% to reach 4% of GDP in 2012. China's R&D spending accounted for 1.97% of GDP in 2012, up from 1.4% in 2007. The country's foreign trade grew at an annual average of 12.2% and China became the largest exporter in the world. Over the past five years China used USD552 billion of foreign investment. China's outward direct investment (ODI) increased from USD24.8 billion in 2007 to USD77.2 billion in 2012, growing at an average annual rate of 25.5%. Direct transport and trade links between the mainland and Taiwan were established.

Premier Wen Jiabao said that leaders would no longer emphasize growth at all costs and would down-shift development to put priority on social programs. “We must make ensuring and improving people’s well-being the starting point and goal of all the government’s work, give entire priority to it, and strive to strengthen social development,” Wen said in his last address before stepping down. He put special emphasis on programs to boost the quality of life and called China’s current economic growth “unbalanced, uncoordinated and unsustainable”. “In response to people’s expectations of having a good living environment, we should greatly strengthen ecological improvement and environmental protection,” Wen said. “The state of the ecological environment affects the level of the people’s wellbeing and also posterity and the future of our nation.”

Legislation meant to lift farmers' share of profits from land sales, which outgoing Premier Wen Jiabao vowed to introduce before the end of his term, has been left in the hands of the next cabinet. The 2013 draft Plan for National Economic and Social Development, submitted to the National People's Congress (NPC), said the government would accelerate reform of rural land expropriation and formulate rules on compensation “as soon as possible”. Discontent over land compensation has become an increasingly important cause of conflict in rural areas.

The targets for 2013

Overall government spending will increase 10% to CNY13.8 trillion helped by a 50% increase in the coming year’s fiscal deficit. Defense spending will increase 10.7% to CNY720 billion – a slight slowdown from last year’s increase of 11.2%. The domestic security budget would rise 8.7% to CNY769.1 billion, the third year in a row it will outstrip defense spending. China also set its inflation target for this year at 3.5%. The target is lower than last year’s, which was set at 4.0%. China’s actual inflation rate for last year came in well below that, at 2.6%. China's incoming government will run a record budget deficit this year, underscoring its commitment to boost spending on social welfare and stabilize economic growth. The Ministry of Finance said it was planning a national deficit of CNY1.2 trillion this year, or about 2% of estimated gross domestic product (GDP). That represents a 50% jump on last year's CNY800 billion deficit, which was about 1.5% of GDP. Most major developed countries run much higher deficits. Ting Lu, Chief China Economist with Bank of America Merrill Lynch, said the fiscal deficit target confirmed a “pro-active” fiscal policy and should be welcomed. Wei Yao, China Economist with Societe Generale, said: “This is supportive to pro-consumption expenditures (social security, health care and education), but not necessarily conducive to credit-fueled public investment.” Qu Hongbin, co-head of Asian economic research at HSBC, said he expected GDP growth this year would actually exceed the government's target and come in at 8.6%. “Given external uncertainties, Beijing will make preservation of domestic demand growth a priority for this year,” Qu said.

Urbanization will be a major driver of economic growth. China plans to spend CNY40 trillion to bring 400 million people to cities over the next decade. “Urbanization is the biggest potential force driving China’s domestic demand in the years ahead,” Zhang Ping, Chairman of the National Development and Reform Commission (NDRC) said. Guidelines for urbanization would be launched during the first half of this year, Zhang added. The government hopes 60% of the population will be urban residents by 2020, up from 53.37% this year. The government wants to create a true consumer class that will help rebalance growth drivers away from the investment-heavy, export-oriented model.

China restructures the government, cutting the number of ministries

The Chinese government has announced a restructuring plan, reducing the number of ministries and commissions from 27 to 25, and reorganizing several departments and agencies. The Ministry of Railways (MOR) is to be dissolved, as the country’s new leaders look to boost efficiency and combat corruption. The National Population and Family Planning Commission and the Ministry of Health will be combined, and the powers of food and drug regulators strengthened. The reforms mark the biggest reduction in ministries since1998. The number of permits for projects will also be reduced. The responsibilities of the Ministry of Railways will be split, its regulatory responsibilities going to the Ministry of Transport, with a newly created China Railway Corp responsible for building railways and managing freight and passenger services. The Ministry has faced numerous problems over the past few years, including heavy debts from funding new high-speed lines, waste and fraud. The government has pledged to open the rail industry to private investment on an unprecedented scale. Family planning will be transferred to the Ministry of Health, while population research is being transferred to the National Development and Reform Commission (NDRC). The Food and Drug Administration (FDA) is being elevated in status to Ministry level to give it added powers to end the lax enforcement of regulations that has led to repeated scandals over toxic medicines and tainted foods from milk to meat. The National Energy Administration (NEA) will absorb the State Electricity Regulatory Commission (SERC). China will also merge its two media watchdogs under the restructuring plan – the General Administration of Press and Publication (GAPP) and the State Administration of Radio, Film and Television (SARFT). The National Oceanic Administration (NOA), which already oversees marine surveillance, will also take over the Public Security Ministry's coastguard patrols, the Agriculture Ministry's fisheries patrols and the General Administration of Customs' anti-smuggling efforts. A consultative body, the National Oceanic Commission, would be established to help formulate strategies for developing maritime resources. The restructuring plan still has to be approved by the National People's Congress (NPC).

- The Chinese government should implement a major tax-reduction plan to expand its middle-class population to 600 million by 2020, as it is the driving force of consumption, said Chi Fulin, a Member of the Chinese People’s Political Consultative Conference (CPPCC) National Committee. China’s middle class currently is 23% of its total population, or about 300 million people. Chi said that by 2020, it should be 40% of the population, or 600 million. He urged the central government to make middle-class growth one of the prospective indicators of its economic and social development plan.
- A curb on imports of baby milk formula from Hong Kong has prompted fiery debate among deputies and delegates in Beijing. Some deputies accused the government of failing to improve food safety, while others said they were offended by the tough penalties put in place by Hong Kong. Offenders face a maximum fine of HKD500,000

and up to two years' jail. CPPCC Delegate Wang Xudong complained that Hong Kong "just takes care of local children without considering our mainland babies".

- Vice Foreign Minister Fu Ying, 60, has become the first female Spokesperson for a session of the National People's Congress (NPC). She stressed the need for a powerful military but refused to reveal the 2013 defense budget at news briefing prior to the opening of the NPC, breaking a custom started by her predecessors in 2006.
- Pan Yue, a high-profile official with a history of taking on big state-owned interests, has emerged as the front-runner to become Environment Minister, amid growing discontent over worsening pollution. But this is not final and could change at the last minute, a source with ties to the leadership said.
- NPC Deputy and Hangzhou Mayor Shao Zhanwei, 57, died of a heart attack in Beijing. He had been Mayor of Hangzhou, the capital of Zhejiang province, since February 2011. Staff broke into his hotel room after he did not show up at a morning group meeting of NPC Delegates, only to find him already close to death.
- At a panel discussion with National People's Congress Deputies from Jiangsu province, Vice President Xi Jinping said that officials must draw a line over how far they could go in their association with businessmen. "There are many temptations in society today and too many traps awaiting officials with special powers," he said. Hu Xingdou, Professor of Political Economy at the Beijing Institute of Technology, said a new set of laws or regulations was required to better guide officials on the boundaries of their involvement with business people.
- National Development and Reform Commission (NDRC) Chairman Zhang Ping said that investment still played a crucial role in driving economic growth, as China was still a developing nation. He said industrialization, urbanization, informatization and agricultural modernization all needed to be deepened. The NDRC is targeting investment growth of 18% this year, down from last year's 20.3%, but local authorities are still expected to invest more funds in infrastructure projects. Guizhou has targeted fixed-asset investment growth of 30% to 40%, while Gansu and Xinjiang want to expand investment by 30%.
- 83 of the Delegates of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) are U.S. dollar billionaires, according to the new Hurun Global Rich List 2013, making the annual NPC and CPPCC sessions the biggest gathering of billionaires anywhere in the world. According to last year's Hurun List, the wealthiest United States Congressman, California Republican Darrell Issa, with a net worth of USD700 million, would be only the 40th richest Member of the NPC.
- "We recently concluded negotiations on free trade zones with 15 countries, and we are discussing new free trade zones with 13 others," Commerce Minister Chen Deming told a press conference on the sidelines of the ongoing annual session of the National People's Congress. China is also negotiating with the United States on a bilateral investment protection agreement. Chen warned that the depreciation of the yen, euro and U.S. dollar could hurt China's trade and fuel inflation. He urged developed countries to curb spillover effects resulting from their quantitative easing policies.
- The Ministry of Railways (MOR) is expected to be restructured to split its dual role as both industry supervisor and railways operator. The streamlining of the Ministry is part of a push by the Communist Party to create super-ministries to cut red tape. Its regulatory functions will be absorbed by the Ministry of Transport, which oversees roads, airports and ports, while the operation of its rail business would be transferred to a separate company. Some operations related to financing and construction would possibly be merged into the State-owned Assets Supervision and Administration Commission (SASAC). Details are expected to be announced on March 14.
- Foreign Minister Yang Jiechi has rejected accusations that the Chinese government and military are behind cyber attacks on Western websites, calling for "rules and cooperation", instead of a cyberspace "war" or politics-driven smear campaigns. He firmly rejected the use of the internet to interfere in another country's internal affairs.

FINANCE

Managing Directors face falling remuneration

Compensation for Managing Directors at global financial firms in China, including Morgan Stanley, JP Morgan Chase and Deutsche Bank, has fallen as much as 60% since 2010 to the lowest level in a decade. They now earn less than their counterparts in the United States, and their pay is on par with those in continental Europe and Britain. The decline in fees resulting from a dearth of deals erased the so-called China premium enjoyed by bankers focusing on the country. The Managing Directors working on China deals, most of them based in Hong Kong and Beijing, earned between USD900,000 and USD1.3 million in salary, bonus and stock options last year.

- Swiss private bank Julius Baer is looking to double its headcount in Asia by 2015 – and it also wants to tap the growing pool of newly rich to more than double the proportion of its Asian assets to 25%. The bank hired more than 10 relationship managers (RMs) last year in the Hong Kong market. Rich Chinese are becoming an increasingly attractive target market, particularly for global private banks.
- Hong Kong's Securities and Futures Commission (SFC) has reprimanded Manulife Asset Management (Hong Kong) and fined it HKD24 million for inadequate internal controls over the distribution of the Manulife Global Fund from 2007 to 2012. The SFC found "serious deficiencies" in the way the fund was distributed. By February last year, the firm had not secured a risk profile for 70% of the fund's customers.
- The China Banking Regulatory Commission (CBRC) is doing an in-depth analysis of the rules on the loan-to-deposit ratio and may unveil alternative measures to better supervise the sector. The loan-to-deposit ratio regulates the maximum amount of loans a lender can extend based on the deposits it holds for a certain period of time. The ratio is now capped at 75%. Banks regularly appeal to the CBRC to ease the controls, arguing that more lending will generate higher profits and underpin the nation's economic growth.
- The People's Bank of China (PBOC) and financial institutions bought a record net CNY683.7 billion of foreign currency in January. In percentage terms, the 2.6% gain from the previous month was the biggest since April 2008. Premier Wen Jiabao set a target for the M2 money-supply growth of 13% this year, which would be the lowest increase since 2000.
- BOCHK Asset Management launched the first high-yield yuan bond fund authorized by the Hong Kong Securities and Futures Commission. At least 70% of its net asset value will be in yuan-denominated and yuan-settled investments.
- The sudden death of Venezuelan President Hugo Chavez was greeted with nervousness at the China Development Bank (CDB), where Venezuela has become its largest foreign borrower. Venezuela has borrowed USD36 billion from China in recent years, with CDB handling the majority of loans. Since 2007, CDB has loaned Venezuela's government-owned Bank for Economic and Social Development more than USD28 billion, and a few months ago, CDB entered a new round of negotiations with Venezuela for a long-expected loan-for-energy deal, which could be worth up to USD6 billion.
- Taiwan's financial regulator should relax the 5% limit on mainland bank shareholdings in financial institutions on the island, China Construction Bank President Zhang Jianguo said. "A 5% stake in a Taiwanese bank is not a 'meaningful' financial investment for us." He said the cap should be raised to 20%, putting it on par with the limit on foreign shareholding in mainland banks. The Taiwanese banking market was stable but interest margins and returns were comparatively low, he added. CCB has a representative office in Taiwan, and Zhang said he hoped it would soon win approval to be upgraded to a branch.
- China is poised to set up a currency swap agreement with the world's largest foreign exchange market in London as the yuan is expected to become the most commonly traded currency in the next decade, Fang Fang, Vice Chairman of Asian investment banking at JP Morgan said. He said a yuan-sterling swap agreement would be an important step in spurring offshore yuan trade and investment activities in Europe. Yang Kaisheng, President of the Industrial and Commercial Bank of China (ICBC), said the bank aimed to become the clearing bank for offshore yuan business in

London.

- China's new yuan lending totaled CNY620 billion in February, down from a three-year high of CNY1.07 trillion in January and CNY710.7 billion last February, the People's Bank of China (PBOC) said. However, total social financing was CNY1.07 trillion in February, up CNY22.8 billion from the same month last year. Lian Ping, Chief Economist of the Bank of Communications (BoCom), said he expects yuan lending to "significantly rebound" this month.

FOREIGN INVESTMENT

China's ODI to grow rapidly for "quite a long time"

Global investment by Chinese companies will grow rapidly "for quite a long time", Chen Jian, Vice Minister of Commerce, said. Despite a worldwide drop in foreign direct investment (FDI) since the outbreak of the global crisis, China's overseas direct investment (ODI) is rising. Last year ODI increased by about 30% to USD77.2 billion. "We expect a double-digit increase this year, probably as high as last year," Chen said. As part of the 12th Five Year Plan (2011-15), the government encourages companies to expand abroad through mergers and acquisitions, especially in manufacturing, services and energy. China aims to let its ODI match the amount of foreign direct investment (FDI) into the country by the end of 2015. "The integration between China and the world strengthens", which makes it possible for Chinese outbound investment to grow into a "key part of the nation's economy", Chen said. Last year, 60.2% of the Chinese mainland's ODI went to Hong Kong, 5.7% to Southeast Asia and 5.4% to the European Union, the three top destinations. Chen said there were "restrictions in some nations and regions, but it's not a big issue as Chinese investment is welcomed in many, many nations". In 2011, Chinese companies paid more than USD22 billion tax on their overseas operations and employed 1.22 million people globally, the China Daily reports. China's outbound direct investment in the non-financial sector, which grew 30% year-on-year in 2012, is expected to increase by 15% this year to USD88.7 billion.

China's richest man looking for investment projects in Europe

China's richest man, beverage tycoon Zong Qinghou, plans to invest in high-tech projects overseas and will continue to go on buying trips to Europe to expand his newly launched shopping mall businesses in China. The Chairman of Hangzhou Wahaha Group Co said he is looking for projects involving high-end technology such as energy-saving electric motors, robots and biotechnology projects. Last year, Zong started to enter the retail market by opening a luxury shopping center, WAOW Plaza in Hangzhou, capital of Zhejiang province, selling medium-to-high-end luxury brands from top European designers. The group invested CNY1.7 billion in the first phase, with plans to establish another five to 10 shopping malls next year and a total of 100 in five years nationwide. The company plans to regularly buy designer fashion products from Europe. "We are targeting second-tier luxury products, which have not set foot in China yet," said Zong.

- Investments between China and Europe still have a lot of potential. Gauri Khandekar, Researcher at Agora Asia-Europe at FRIDE, a European think tank based in Madrid noted that China accounts for just 2% to 3% of overall European investments abroad, whereas Chinese investments in Europe are less than 6% of the country's total outbound direct investment (ODI) globally. "Investments can be the best way to stimulate recovery on the European side, creating jobs and an appetite for growth," she said.
- China and the European Union could start investment talks in the coming months, and China has also submitted a proposal on launching a feasibility study on a free-trade agreement with the EU, said Wu Hailong, the Chinese Ambassador to the EU, who is also a Member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), which started its annual session in Beijing on March 3. According to the Ministry of Commerce (MOFCOM), China has signed investment agreements with more than 100 countries and regions, including Germany and France.
- Omron Corp has announced the completion of its new electronic and mechanical components plant in Shanghai, with an investment of USD100 million. Omron's move is seen as a sign of recovery in investment from Japanese businesses. The new plant

in Shanghai will produce high-end relays and controlling components for telecommunication and automobile industries. China is Omron’s second-largest overseas market, contributing 16% of its sales.

- Hangzhou Wahaha, China's leading beverage producer, is seeking to invest in dairy farms and milk powder factories overseas to secure raw material supplies, amid continuing concern over food safety. “Our biggest problem is milk powder,” said Wahaha's Chairman, Zong Qinghou, revealing that the company needed a huge amount of milk powder – 150,000 tons – every year. “We are looking at investing in dairy farms and milk powder factories in Australia.” However, the lengthy approval procedures made investing in the country difficult, he said.

FOREIGN TRADE

Strong export growth seen in February

China’s exports continued to grow strongly in February while imports plunged due to the impact of the Spring Festival holiday, the General Administration of Customs said. Exports gained 21.8% over a year earlier to USD139.4 billion last month, lower than January’s 25% surge but far exceeding the 15% figure many analysts had expected. Imports fell 15.2% to USD124.1 billion, in sharp contrast to January’s 28.8% increase, and much lower than expected. The Customs said the holiday break, which was in January last year, accounted for the huge volatility in imports. For a clearer picture, analysts suggest looking at data for January and February as a whole, when exports climbed 23.6% and imports rose 5%. “It is obvious that China’s external trade has picked up momentum since the fourth quarter of 2012,” said Zhou Hao, Economist at Australia & New Zealand Banking Group. “In our view, it is time for China to tilt its trade policy to encourage imports while gradually lowering subsidies on exports to reduce the large trade surplus that could bring about renewed pressure on a stronger yuan.” China’s trade surplus was USD15.3 billion in February and USD44.2 billion when January was added, compared to the deficit of USD4.8 billion in the first two months of 2012. Commerce Minister Chen Deming said that China needed to lower its logistic costs as well as increase export credit insurance to improve trade performance and make this year’s trade growth target of 8% attainable. China’s trade grew 6.2% in 2012, missing last year’s 10% target. Shipments with the European Union, China’s biggest trading partner, accelerated 3.2% in the January-February period. Trade with the United States climbed 14.8% and with ASEAN countries the growth rate surged to 22%, while China’s trade with Japan fell 8.2%, the Shanghai Daily reports.

- China should be aware of increased trade frictions with European countries and the United States, the Chinese Permanent Representative to the World Trade Organization (WTO) Yi Xiaozhun warned. The amount of money involved in punitive measures has soared from several million U.S. dollars a few years ago to billions of U.S. dollars at present. Yi said trade curbs adopted by European countries and the U.S. have evolved from simple anti-dumping to countervailing and anti-subsidies measures – and even a combination of anti-dumping and countervailing action.
- Orders clinched at the East China Fair, the biggest regional trade fair in Shanghai, fell 9.87% annually to USD2.81 billion. The fair organizers said the decline was led by a 15.6% drop in transactions of textile products. The number of overseas visitors to the fair also dropped by 5.2% to 20,016.
- Trade between Iran and China dropped by 18% in 2012 to USD37 billion after a raft of banking sanctions imposed on the Islamic republic, according to Assadollah Asgaroladi, Director of the Sino-Iranian Chamber of Commerce. He said earlier that the Iran-China trade could reach USD50 billion in both 2014 and 2015.
- China will look to enhance exchanges with neighboring countries as trade between China and the region exceeded the volume of bilateral trade with the United States and Europe, Foreign Minister Yang Jiechi said. He added that China would step up consular protection services as more Chinese companies and citizens are going abroad. Last year, up to 20,000 Chinese companies had an overseas presence, and Chinese missions overseas handled about 100 consular protection cases on average each day.

IPR PROTECTION

Qoros Auto wins lawsuit on the use of the letter Q

The joint Chinese-Israeli brand Qoros Auto prevailed in a lawsuit in Switzerland filed by Audi, which claimed a new car's name violates its right to use the letter Q on vehicles. The Geneva court ruled on February 27 that Audi must pay CHF15,000 in costs to Qoros and rejected a temporary injunction requested by the German auto maker. Audi contended the Qoros GQ3 infringed on its trademark right to the letter Q used on its SUVs. Audi previously won a similar lawsuit in Germany, when a Hamburg court ruling forced Qoros to change the name to the Qoros 3 Sedan. "The letter Q is a protected part of our brand portfolio," according to an Audi Executive. Qoros said in an announcement that "the GQ3 name has a clear definition, and will not lead to confusion with other car brands". The letter Q, it said, simply stands for Qoros. The company added that GQ3 is just a temporary codename for the car, not the final name, which is still undecided. In February 2012, Qoros filed applications for a number of trademarks including the GQ3 with the Office for Harmonization in the Internal Market which notified Audi during the review period. At the time, Audi objected to the RQ3 and RQ5 trademark applications, but "raised no objection, nor expressed any concern" about the GQ3 name, said Qoros Spokesman Eric Geers. Five months later, the GQ3 trademark was granted to Qoros. Qoros Auto is a 50-50 partnership formed in 2007 between Anhui-headquartered Chery Automobile Co and Israel Corp to produce a new brand of car for sale in China and overseas. Qoros also defended its brand name in the Hamburg court last year against Korean automaker Kia, which launched its new Quoris model in July. The court found that both Qoros and Quoris models in the same car market would cause consumer confusion and issued a preliminary injunction against Kia, the China Daily reports.

- Chinese companies are the main driving force behind the increasing number of patent filings at the European Patent Office. The Office received 258,000 patent filings from all over the world in 2012, a 5.2% increase year-on-year and a new record. Patent filings from Chinese companies accounted for 7.3% among the top five countries, up 11.1% year-on-year, making it the fastest-growing country in terms of filings.
- The first revised regulations on the protection of new plant varieties since 1997 took effect on March 1, empowering agricultural or forest administrations to fine offenders up to CNY250,000 for infringements valued at less than CNY50,000. For damages over CNY50,000, violators will face fines of up to five times the value of the produce they sold.
- The State Intellectual Property Office (SIPO) recently named the Chengdu High-tech Industry Zone a "State-level IP demonstration park", the first of its kind in western China. The local government said the move reflects the successful implementation of the city's IP strategies and the zone's contribution in innovation. SIPO also conferred the honor on nine other industry parks across the country including Beijing's Zhongguancun innovation park. The title is valid until the end of 2015.
- The Industry and Commerce Administration in Panlong district of Kunming city recently shut down 12 unauthorized "Apple" stores that resembled real outlets. Along with the computer icon's logos and posters, the shops also had employees in the same blue T-shirts as actual Apple retailers. More than 80 enforcement officials took part in the campaign that checked 46 sites in the district.

MACRO-ECONOMY

China to continue infrastructure spending this year

The Ministry of Transport announced that CNY397.4 billion would be spent on roads, airports and ports this year, 0.1% more than in 2012. The Ministry of Railways (MOR), in a bond prospectus, earmarked CNY650 billion of capital expenditure on railways this year, 3% up on last year. Construction would begin this year on 80,000 kilometers of roads, 10 airports and 100 port berths with a capacity of at least 10,000 deadweight tons (DWT) each, while 5,200 km of railway would start operation. Five major rail projects would be undertaken this year, including the high-speed railway between Kunming, the capital of Yunnan province, and Changsha, the capital of Hunan province, which would be completed in 2015 and incur a total investment of CNY160 billion. The Railways Ministry's debt doubled from CNY1.3 trillion at the end of 2009 to CNY2.66 trillion in September last year, while its gearing ratio rose from 53.1% to 61.8%. Julian Bu, Managing Director of investment firm Jefferies, said the central government's debt of about CNY7 trillion and local government debts totaling CNY11 trillion were “huge”. “It's not sustainable in the long term,” he said. The central government was unlikely to assume all the Railways Ministry's debt, because that would encourage local governments to borrow excessively, Bu said. “When the central government takes on debt, either taxes will go up or there will be inflation. The way they are building infrastructure, it's not good. Ultimately, it will be paid for by the people,” he said.

Prof De Grauwe welcomes China’s consumption-led growth model

“A shift by China from an investment and export-driven economy to a consumption-led model is viewed by a European economist as a move that could help revive the continent. “I think this would be a happy development for Europe, not only for China,” said Paul De Grauwe, former Economic Policy Adviser to the European Commission and Professor at the London School of Economics and Political Science” in the China Daily. Rebalancing the Chinese economy to make it more consumption-based would also create more opportunities for European business to export more to China, the Belgian told China Daily in an exclusive interview. The financial crisis in 2008 and 2009 and the European sovereign debt crisis have shown the Chinese government the risks of being overly dependent on exports, De Grauwe said. Rebalancing of the Chinese economy “would certainly be something Europeans would be happy to have,” said De Grauwe, who is also Professor of International Economics at the University of Leuven in Belgium, the China Daily notes. De Grauwe said China’s continuing urbanization and industrialization will create more export opportunities for Europeans. Meanwhile, the country’s expanding middle class will consume more European goods, and Chinese are increasingly showing an interest in Europe as tourists or as investors. But De Grauwe believes trade between China and Europe is not balanced, leading Europeans to fear many of their industries will fall victim to this imbalance.

“If you move in the direction of rebalancing it will certainly reduce this fear and create a potentially more balanced relationship,” he said, but China is not entirely to blame for the imbalance, De Grauwe added. “We have to do our homework as well. If we keep the euro too strong it will also make it more difficult for China to rebalance.” De Grauwe said finding a correct balance between the euro and the renminbi will allow the European Union to discover more markets in China. A weak euro will help rebalance China’s economy by boosting European exports. “We should take away the fear factor about China, and see it as bringing more opportunities and chances to Europeans so that we can develop a mature relationship,” he said. De Grauwe added: “Basically, the policy of the U.S. Federal Reserve has been very aggressive. Weakening the dollar will result in the Japanese weakening their currency, and as a result we have got a strong currency as we don’t do that.” A strong euro has made it more difficult for European businesses to export to China and the U.S., he said. “We should go to a more balanced relationship, otherwise people will start reacting like Americans in the past – with protectionist measures against China.” De Grauwe said the internationalization of the renminbi is an important development. “I do believe we should not have the dollar dominating everything. Why not have another currency bringing more competition? I think it is good for China, which is good for Europe, too.”

- Foxconn Technology Group and other electronics makers are saving little in wages by opening plants in inland China and are making the move because of labor shortages in traditional manufacturing hubs, according to Bloomberg Industries. Wages in western Sichuan province and central Henan, where Foxconn makes iPads and iPhones, are similar to those in coastal Guangdong. “Closer to the pool of workers has always been one of the major reasons,” Foxconn Spokesman Louis Woo said. Henan and Sichuan have always been the largest sources of migrant workers.
- There is no shortfall in China’s pension fund for enterprise retirees. The accumulated balance exceeded CNY2.3 trillion last year, said Yin Weimin, Minister of Human Resources and Social Security. Yin said the national pension fund had CNY1.9 trillion in its accounts by the end of last year, when spending amounted to CNY1.5 trillion, creating a balance of CNY400 billion.
- Chinese women topped the world in terms of holding senior business management roles, a survey by accounting firm Grant Thornton International shows. Conducted from November to January, it found 51% of senior management roles in Chinese companies were held by women, more than double the 25% from a similar survey last year. The report surveyed Chief Executives or Chairmen of 6,627 companies of all industrial sectors globally. Hong Kong women were placed sixth, holding just 30% of

top management posts in the city – mainly in human resources and marketing. The ratio was 20% in the U.S. and 7% in Japan.

- The consumer price index (CPI) rose 3.2% in February from a year ago, pushed up by higher food prices during the Lunar New Year festival, the National Bureau of Statistics (NBS) said. “Inflation pressure will mount down the road as companies pass higher labor and environmental costs onto consumers while loose monetary policies in major countries will result in excessive liquidity”, Renmin University Finance Professor Zhao Xijun said.

MERGERS & ACQUISITIONS

Carlsberg pursues stake in Chongqing Brewery

Carlsberg has launched a partial take-over bid worth USD461.49 million for 30.31% of the shares in Chongqing Brewery Co (CBC). The second-largest shareholder in CBC, Chongqing Beer Co, has committed to selling its shares with the aim of disposing of its remaining 20% stake in CBC, Carlsberg said in a statement. “Our Asian business is very important for our long-term growth strategy, and we are very pleased that we now can take this important step forward in China,” Carlsberg CEO and President Jorgen Buhl Rasmussen said.

- Vancl (Beijing) Technology Co, an online clothing retailer, is to acquire Crucco, a business-to-customer (B2C) online apparel retailer, with cash and through a share-swap deal. Crucco’s valuation is at about CNY10 million. Crucco will become Vancl’s first sub-brand, and will continue to be operated and managed by Crucco’s team.

PETROCHEMICALS

China to become largest oil importer

China could overtake the United States as the world’s largest oil importer earlier than expected. Some Chinese experts predict that China will become the biggest oil importer in 2015, but that may come even earlier, said Niu Li, Senior Economist with the State Information Center. In 2012, China’s net oil imports were still lower than those of the U.S. by about 1 million barrels a day, but in some months, China was closer or even surpassed the U.S. in oil imports, he said. China’s net crude oil imports were 5.40 million barrels a day in 2012, according to the General Administration of Customs. In the same period, U.S. average oil imports were 7.41 million barrels a day, according to the U.S. Energy Information Administration, but the U.S. data also include imports of petroleum products. In December, U.S. net oil imports dropped to 5.98 million barrels a day from 8.10 million in January. China’s net imports of crude oil and petroleum products surpassed 6 million barrels a day in the same month. China’s dependence on imported oil is expected to reach 59.4% in 2013, according to a recent report released by the Economics and Technology Research Institute of the China National Petroleum Corp. China’s net oil imports are estimated to be 305 million metric tons in 2013, up 7.5% compared with the previous year, the report said. Like the U.S., China plans to explore the potential of developing shale gas, the China Daily reports.

- The China National Petroleum Corp (CNPC) is in talks with Eni for a 20% stake in a gas project in Mozambique valued at as much as USD4 billion. The companies had been in talks for at least six months and final terms had yet to be agreed upon. The deal would, if completed, rank as the biggest overseas investment made by CNPC or its listed unit PetroChina. Eni has a 50% stake in Mozambique's Area 4, where it has discovered about 75 trillion cubic feet of natural gas so far, the biggest find in the company's history.

REAL ESTATE

Sales tax leads to a rise in divorces

Shanghai and other cities saw a rush of people seeking a divorce as a way to escape the looming 20% tax on the profit from house sales. Houses bought more than five years ago as a seller’s only residence are exempt from tax when resold. But families who own two houses and want to sell one of them are now targets in the government’s bid to curb speculation in the property market. If the couples divorce, each spouse will then own a property and one of them can sell the apartment that is tax exempt. After the transaction is complete, the couples can get married again. The number of people who applied for proof they are single, which is required in many property transactions, is also on the rise. A marriage registration official in Shanghai said some couples pretended they “lacked mutual affection,” a common term cited in China’s divorce cases, but others were forthcoming about needing a divorce to avoid the tax. The Shanghai Civil Affairs Bureau declined to give a figure for divorces across the city in the days following the tax announcement. Real estate trade centers were also doing a brisk business. Many home owners were eager to sell and some were even willing to drop their price.

Soho China’s profit and turnover more than double

Soho China reported a 172% rise in net profit for last year, thanks to a big increase in floor area sold during the period. The Beijing-based property developer said turnover soared 169% to CNY15.3 billion while net profit surged to CNY10.6 billion, compared with CNY3.9 billion in 2011. Area booked was more than 236,000 square meters, compared with only 100,315 sq m a year earlier. The average selling price also climbed 18% to CNY66,639 per sq m. Soho China has shifted its focus in recent years from residential projects to office development and investment in Beijing and Shanghai. Soho China Chief Executive Zhang Xin said that residential development in the country had “really come to an end”. A report last month from property services firm Cushman & Wakefield said office rental growth was expected to slow this year following three years of rapid growth, but the upward trend would continue during the next few years. One risk facing Soho China is the impact of the fast-growing e-commerce sector on traditional bricks-and-mortar retailing businesses. “The group is reducing the retail exposure in its portfolio, and those retail facilities included in its projects will mainly be concept stores,” it said. As of December last year, Soho China had CNY22.2 billion of cash and bank deposits, and its core net profit margin for last year was 22%.

- Sales and purchases of housing units in Hong Kong totaled 6,307 in February, according to the Land Registry, a year-on-year jump of 62.4% and a 16.2% increase over January, for a total value of HKD38.7 billion, 103.3% higher than a year earlier and 35.6% higher than in January.
- Cheung Kong said it would be making more than 5,200 Hong Kong flats and 2,500 mainland units available for sale this year, a record high. Executive Director Justin Chiu said the company had targeted HKD30 billion from property sales in Hong Kong, and between HKD8 billion and HKD10 billion from the mainland. The company achieved property sales of HKD27 billion in Hong Kong and HKD3 billion on the mainland last year. Sun Hung Kai Properties and New World Development lowered their sales targets for this financial year by 8.5% and 20% respectively, in anticipation of the government's cooling measures softening demand in the property market.

RETAIL

Adidas looking for growth in lower-tier cities

Adidas sees tremendous growth opportunities in China's lower-tier cities, rather than the nation's big metropolises such as Beijing and Shanghai, as it plays catch-up with market leader Nike. The German sporting goods maker opened more than 800 new stores in China last year, with more than 400 of them in lower-tier cities. Adidas reported a 15% sales increase in China last year, growing faster than its rivals including Nike of the United States and home-grown brand Li Ning amid intense competition. According to market-research firm Euromonitor International, the German brand has an 11.2% share of China's CNY148 billion sportswear market, trailing only Nike's 12.1% share. However, Nike posted a sales drop of 12% for its China businesses for the fiscal year to November 30. Adidas aims to increase its coverage from 550 cities at the end of 2010 to 1,400 by 2015. It also plans to open an additional 2,500 stores nationwide between 2011 and 2015.

- Chinese shoppers have become far smarter than their Western counterparts at checking product information online before buying, according to the global consulting firm Accenture. The proportion of respondents doing research online topped 90%, one of the highest ratios worldwide. Social media played an increasingly critical role. About

74% of respondents in the Accenture survey were found to trust the comments they found on social media sites about companies, posted by people they know.

- Retail sales growth fell to 12.3% year-on-year in the January to February period, from 15.2% in December.

STOCK MARKETS

Case of insider trade settled

Hong Kong's Market Misconduct Tribunal has found Sun Min guilty of insider trading in the shares of China Huiyuan Juice Group in connection with Coca-Cola's failed bid to acquire the Hong Kong-listed firm. Coca-Cola had attempted to acquire Huiyuan, but in March 2009 the Ministry of Commerce (MOFCOM) rejected the acquisition on the grounds that the U.S. soft drink maker would dominate the mainland market. The tribunal found Sun Min guilty of insider dealing of 3.13 million Huiyuan shares in August 2008.

- Hong Kong's Securities and Futures Commission (SFC) has banned Du Jun, a former Managing Director of Morgan Stanley Asia, for life from re-entering Hong Kong's financial industry, following criminal proceedings against Du for insider dealing in the shares of Citic Resources. In Hong Kong's biggest insider trading case, Du bought HKD87.1 million of Citic Resources shares between February and April 2007. In May 2007, the share price rose sharply, and he took HKD23.3 million in profit.
- Net profit at Haitong International Securities surged 92% to HKD293.45 million last year, while turnover grew 17% to HKD1.18 billion. The biggest jump in profits was in the firm's trading and investment business, where they leapt 672% to HKD55.5 million. Profits from its placing and underwriting business soared 168% to HKD188.5 million.
- The Shanghai Stock Exchange will launch individual stock options this year, Chairman Gui Minjie said. Analysts said the move is aimed at providing more hedging tools for institutional investors, and to increase trading volumes on China's stock market.
- A partner in the Hong Kong office of the accounting firm Ernst & Young is to be cross-examined in court by lawyers from the Securities and Futures Commission (SFC) over the firm's alleged failure to provide information on a listing candidate from the mainland. The Court of First Instance has ordered Partner Alden Leung to attend a court hearing on March 27 and 28. The SFC said it needed the documents to assist its investigation into Standard Water, but E&Y declined to provide the papers, citing China 's secrecy laws.

TRAVEL

Shijiazhuang airport benefits from rail links

The new high-speed rail terminal near Shijiazhuang Zhengding International Airport has officially opened. About 13,000 passengers, 70% of whom were individual travelers, used the air-rail integration in the past two months after the train began stopping in the airport's rail station on December 26. The number of passengers using the airport is expected to reach 10 million by the end of 2015, double the number in 2012. Until the end of the month, passengers from selected nearby cities can have their train tickets refunded if they take the plane at the airport. The airport also plans to build a reception room at the Beijing West Railway Station soon. Budget airline Spring Airlines, based in Shanghai, has opened 11 regular routes from the airport. More than 81 million passengers used Beijing Capital International Airport in 2012, surpassing the designed capacity of 80 million. Before the city's new airport comes into service in 2018, more than 37 million passengers in Beijing need to be diverted to neighboring airports, which requires the coordinated development of the Beijing, Tianjin and Shijiazhuang airports, according to the North China Regional Administration of the Civil Aviation Administration of China (CAAC).

Beijing Automotive planning aircraft manufacturing

Beijing Automotive (BAIC) hopes to benefit from the long-awaited opening up of low-altitude airspace by extending its reach into aircraft manufacturing. The liberalization of airspace may finally become a reality in May, National People's Congress Deputy and BAIC Chairman Xu

Heyi said. The BAIC Group would invest more than CNY10 billion to build private aircraft with Beihang University. “The Beijing municipal government has assigned the task of developing the general aviation business to Beijing Auto, and we will do our best,” Xu said. At present, 90% of airspace is reserved for military purposes, and all civil aviation activity is subject to approval. Xu said that was going to change. “Automobiles are already a pillar industry for China. I believe general aviation will also grow into a pillar industry within a short period,” he said. Xu also announced that BAIC would sell shares in its car division after completing a Hong Kong initial public offering (IPO) by the end of this year. The carmaker seeks to raise USD1 billion through the IPO to help boost its vehicles sales by 70% by 2015. The timing for the car division's A-share listing will depend on market conditions, Xu said.

Tourist itineraries need to be adapted to Chinese

Some tourism experts say that European countries will need to focus less on beach holidays if they want to take advantage of growing numbers of tourists from China. According to the China Tourism Academy, some 200 million Chinese could be traveling abroad each year by 2020, up from 82 million in 2012. For Chinese tourists, the sun and beaches of the Mediterranean that are so popular with Brits, Germans and Russians hold little appeal, said TUI Travel CEO Peter Long. Instead, they want to visit places that hold historical relevance for their own culture, they enjoy classical music and appreciate a clear blue sky, according to a survey of Chinese internet users. Interesting places for Chinese travelers looking to explore communist history include the German city of Trier, the birthplace of Karl Marx, and Montargis, a little-known town south of Paris where the late Chinese leader Deng Xiaoping lived during the 1920s and said to be the place where a group of Chinese students first proposed the idea of a Communist Party for China. Even a willow tree at King’s College in Cambridge may become a tourist attraction as it is mentioned in the poem “On Leaving Cambridge” by famous poet Xu Zhimo, the Shanghai Daily reports.

- Air China agreed to buy two Boeing 747-8 aircraft in the airplane maker’s first sale of the models this year. Air China will also purchase one wide-body 777-300 plane, 20 single-aisle 737-800 jets and eight 777 freighters. The planes have a combined catalog value of USD4.8 billion. Boeing hasn’t sold more than five 747-8 aircraft a year since Deutsche Lufthansa purchased 19 of the planes in 2006.
- Quick Response codes, or QR codes, are being introduced at some local bus stops in Shanghai on a trial basis to allow passengers to check the expected arrival time of the next bus. Passengers can scan the QR code with their smartphones to get real-time information. After the completion of tests, the service will be expanded all over Shanghai in June.
- The Ministry of Environmental Protection (MEP) has suspended approval for the Chenglan railway linking Chengdu, capital of Sichuan province, and Lanzhou, capital of Gansu province, because it would run through at least eight environmentally sensitive areas, including panda habitats, national geographic parks and marine fossil reserves. The suspension means the project would be delayed, but preparatory work was still continuing.
- 7 Days Group Holdings, a leading Chinese budget hotel chain, said that it has agreed to go private. Investors including its parent company Keystone Lodging Co and private equity firms Carlyle Group and Sequoia Capital will acquire the company for USD4.60 per ordinary share or USD13.80 per American Depositary Share (ADS).
- Some 16.6 million people visited Hong Kong in 2002, before the relaxation of travel visa requirements for mainland residents. Last year, Hong Kong saw a record 48.6 million tourist arrivals, driven by a 24% increase of mainland tourists from a year earlier, who made up 72% of the total.
- China Eastern Airlines may establish a low-cost carrier if its new joint venture budget airline based in Hong Kong proves to be successful. Scheduled to start flights later this year, Jetstar Hong Kong, a venture with Australia’s Qantas, will be used as a test bed for China Eastern to tap the mainland’s market for budget airlines, General Manager Ma Xulun told Shanghai Daily. It seeks to be the first major Chinese carrier to tap China’s low-cost airline market. Currently, Shanghai-based Spring Airlines is the only budget carrier, and it had only about 5% of the market last year.
- A record 8.246 million people used the Shanghai Metro on March 8. Metro Line 2 was the most busy.

QUOTES OF THE WEEK

"A key ingredient toward improving consumption is to ensure that incomes can keep up with stable growth."

Ma Jiantang, Director of the National Bureau of Statistics (NBS), quoted in the China Daily, March 6, 2013.

"Failing to persuade my children not to do business is a significant mistake of mine. It's my biggest regret in life."

Chinese Premier Wen Jiabao, quoted in the South China Morning Post, March 7, 2013.

ANNOUNCEMENTS

URBACHINA survey till March 15

URBACHINA is a research project funded by the EC under the 7th Framework Programme (www.urbachina.eu). It is the first joint EU-China research project in Social Sciences and Humanities, and focuses on the challenges of sustainable urbanization in China. In September 2012 it was presented at the launching event of the EU-China urbanization partnership, in Brussels. Among other things, URBACHINA is committed to devise long term scenarios (2050) on the future of China urbanization. These will be narrative storylines, centered on the critical sustainability issues associated to urbanization. URBACHINA has adopted a highly participatory approach to this task, and has prepared a short questionnaire that is now on-line and to which you are warmly invited to respond. It should take approximately 20 to 30 minutes to complete, and your answers will be treated anonymously. Answers will help enormously in framing the so-called "scenario space" (i.e. which critical variables should be used to characterize possible alternative futures). The survey is open at: http://www.isis-it.net/survey5/TakeSurvey.asp?PageNumber=1&SurveyID=5MK9631I3l24I until March 15th, which is the final deadline for answering. All contributors will receive a report with the results of the survey.

6th Global Outsourcing Summit – June 13-15, 2013 – Wuxi

The 6th Global Outsourcing Summit (GOS 2013) will be organized on June 13–15, 2013 in Wuxi, Jiangsu province, on the theme of "Economic Globalization – Outsourcing or Insourcing". Following the success in the past 5 years, the speakers and participants of GOS 2013 mainly include political figures, Ministers, Governors and Mayors; Executives from Fortune 500, Forbes 2000, IAOP 100 and other renowned listed companies; buyers and vendors worldwide; renowned economists, outsourcing experts and scholars; and Chinese government officials and top business leaders. A formal invitation is available at: http://gos.apceo.com/GOS2013/GOS-2013-Invitation.pdf

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