法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 8 APRIL 2013

FCCC ACTIVITIES

Alleviating your risks in China – A practical seminar on preliminary due diligence & managing contract terms – 16 April 2013 – Agoria, Brussels

Agoria, the EU SME Center, BCECC, FCCC, AWEX, BIE & FIT are organizing an afternoon seminar on how to mitigate risks in China. Join the seminar and discover:

How to find a suitable business partner? Are they reliable? Learn about the main aspects of preliminary due diligence, including:

- Legal due diligence on the legal status of the company – duly registered, having all licenses, company chop, etc. and,
- Financial and operational check – creditworthiness letter, financial statements, capital verification report, on-site check, premises, etc.

How to manage contract terms and reduce risk? There is a misconception that contracts have no value in China and that personal relationship takes precedence in commercial transactions. For successful business and, more importantly, staying safe, you really need both and your sales/purchase contracts can significantly influence the course of your deals, and business achievements in China!

- How to avoid common contractual errors which lead to loss of technology, know-how and competitiveness (also including terms and rights of employment contracts)
- Practical and useful tips on how to protect your business

You will receive practical advice from the EU SME Center expert, the panelists, and have the opportunity to attend a one-on-one consultation session to discuss your individual questions (each for max 20 minutes) with the EU SME Center expert after the seminar.

Programme:

13:30 Registration
14:00 Welcome word by Agoria on behalf of all organizers
14:10 Presentation by the EU SME Center
- How to find a suitable business partner?
- How to manage contract terms and reduce risk?

14:55 Coffee break
15:10 Panel discussions by
- Jan Kriekels, CEO, Jaga NV
- Ghislain Gilliot, CEO, Simonis Plastic SA
- Olivier du Roy, ex Country Manager China, Solvay

moderated by Professor Johan Erauw (– also for the Q&A) of Ugent University
16:20 Q&A
16:50 Reaction with possible suggestions by EU SME Center

17:05 End + Networking Cocktail
17:05 In parallel – one-on-one consultation sessions

Interested to join the seminar? Thanks to register only via the link in Dutch or the link in French.

As the number of one-on-one sessions with the EU SME Center Expert is limited, it will be on first come first served basis. Please send us your one-on-one consultation session request together with your event registration.

Sino-Belgium Business Survey: Are Belgian companies suffering in China or enjoying an excellent year? – Wednesday, 24 April 2013, 17h – KBC Bank, Brussels

Last year the Chinese economy expanded by 7.7%, a rate of growth largely seen as a continued 'slowdown'. How did your company perform by comparison? The results of the 2013 Sino-Belgian Business Survey set the performance of Belgian companies in the right context. When we talk about the growth of Belgian businesses in China are we comparing apples and pears? Equally importantly, how do Belgian businesses feel about the future of their business in China?

Moore Stephens Verschelden, together with the Flanders-China Chamber of Commerce, Flanders Investment & Trade (FIT) and the Benelux Chamber of Commerce, are organizing a discussion on the results of this year's survey with a panel of leading business figures and independent experts on Wednesday, 24 April 2013, 17h at KBC Bank, Havenlaan 2B, 1080 Brussels.

Agenda

16h30 – 17h00:	Registration
17h00 – 17h05:	Welcome by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
17h05 – 17h15:	Introduction by Mr Philippe Snel, Chairman Bencham Shanghai
17h15 – 18h05:	Panel discussion moderated by Mr Andries Verschelden, Partner Moore Stephens Verschelden - Mr Tim Van den Bossche, Vice President Global Marketing & Strategy, Agfa Graphics - Mr Filip Goris, Regional Manager China & India, Recticel - Mr Wim Buyens, Senior Vice President Projection Division, Barco - Mr Thomas Baert, Owner & CEO, Chinafloors
18h05 – 18h30:	Q&A session
18h30 – 19h30:	Networking Reception

Please sign up using this link before 19 April 2013.

Members: €30, Non-members : €45

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.

Participation for member company: €75, Non-members: €115.

ACTIVITIES SUPPORTED BY FCCC

Lecture Café: Food safety in China: from melamine to mycotoxins – 18 April 2013 – KANTL, Ghent

The next Lecture Café will focus on food safety in China on Thursday 18 of April from 18:00 h. to 20.00 h. in KANTL, Koningstraat 18, Ghent. The speaker will be Prof. Sarah De Saeger of the Faculty of Pharmaceutical Sciences, Laboratory of Food Analysis at the Department of Bioanalysis.

A free sandwich meal will be provided. Subscribing is free of costs, but mandatory, via https://webapps.ugent.be/eventManager/events/LectureCafes

In recent years, China made a concerted attempt to tackle food safety issues. Indeed, the 2008 melamine milk scandal, in which at least three babies died and another 54,000 were hospitalized after drinking adulterated milk was an important turning point. International events, including the 2010 Shanghai World Exhibition, were excellent opportunities to convince the world on China’s efforts in food safety improvement. Food safety always becomes an issue when industries modernize, and not just in China. This presentation will give an insight in China’s food safety policy. This will be illustrated with examples of chemical contaminants and current ongoing food safety research.

Prof. Sarah De Saeger graduated as a pharmacist at Ghent University (1994) and obtained a PhD in Pharmaceutical Sciences at Ghent University (1999). Since 2005 she is appointed as a professor in food analysis and food safety in the Faculty of Pharmaceutical Sciences at Ghent University. Currently, she is heading the Laboratory of Food Analysis at the Department of Bioanalysis. She is coordinating the research group MYTOX (www.mytox.be).

The Lecture Cafés are a joint initiative of the UGent China Platform, the India Platform and the International Office of the Faculty of Bioscience Engineering.

Conference: “China's economy at the crossroads” – 7 May 2013 – Barco, Kuurne

The Chamber of Commerce of West-Flanders, in cooperation with the Flanders-China Chamber of Commerce (FCCC), is organizing a conference “China's economy at the crossroads: opportunities and challenges, also for Flemish entrepreneurs...” by Professor and China expert Jonathan Holslag, Research Director at the Brussels Institute of Contemporary China Studies (BICCS) at the Vrije Universiteit Brussels (VUB). The conference will take place at Auditorium Barco, Ringlaan 5, 8520 Kuurne on Tuesday, 7 May 2013, from 18h30 till 20 h. The conference will be followed by a network reception.

Participation for VOKA and FCCC members: €75 (excl. VAT), Non-members: €95 (excl. VAT).
Cancellations accepted in writing until five days prior to the conference.
More info: www.voka.be/west-vlaanderen - Tel 056 26 13 93 Mail: griet.witdouck@voka.be

OTHER ACTIVITIES

Experts Seminar: China's New Leadership: New International Ambitions? – 15 April 2013, 10:30h – Egmont Palace, Brussels

EGMONT – Royal Institute for International Relations – is organizing an Experts Seminar on Monday 15 April 2013, from 10.30 to 12.00 at the Palais d'Egmont, place du Petit Sablon 8, 1000 Brussels (doors will open at 10.15)

China's New Leadership: New International Ambitions?
As the National People's Congress of China is giving its final approval to the leadership transition, international observers speculate on the international implications of this once-in-a decade event. Will China modify its regional and global posture? Will it become more responsible and cooperative, or more self-confident and assertive? What are the implications for regional stability? For the relations with Europe? What do we know about the objectives of the new leadership? Do we know anything at all about China's global ambitions?

Speaker: Dr Mathieu Duchâtel, Head Representative in Beijing of the Stockholm International Peace Research Institute (SIPRI), and co-author (with Joris Zylberman) of "Les Nouveaux Communistes Chinois" (Armand Colin, 2012).
Discussant: Dr Jan Hoogmartens, China Desk Manager in the Belgian Ministry of Foreign Affairs, and Adjunct-Professor, Zhejiang Business School (Hangzhou, China).
Moderator: Thomas Renard, Senior Research Fellow, Europe in the World Programme, Egmont.

The working language will be English. The seminar will take place under the Chatham House Rule.

Registration in advance is absolutely necessary by e-mail by Thursday 11 April 2013: conferences@egmontinstitute.be

PAST EVENTS

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 organized a conference: "Opportunities for Flemish SME in China" on 27 March 2013 in Brugge.

Following a word of welcome by Jean de Bethune, Vice Governor Economy, Province of West-Flanders and an introduction by Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, Mrs Yin Linggu, Senior Advisor, Province of West-Flanders in China, presented an interesting overview of opportunities for Flemish companies in the province of Zhejiang. Her speech was followed by testimonials on doing business with China presented by Yves Struyve, CEO, Trislot; Eddy Coppieters, CEO, Primus Group; and Didier Leclercq, Chief Operations Officer, Vitalo Industries.

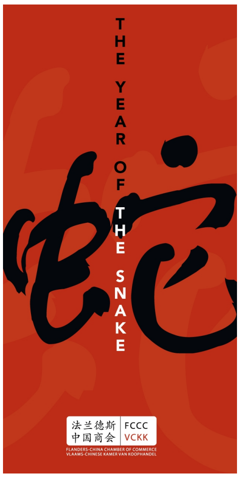
Conference: Managing China in Transition – Can China's 5th generation leadership get China on a sustainable path? – 15 March 2013, Brussels

The Flanders-China Chamber of Commerce (FCCC) and The Conference Board organized the conference "Managing China in Transition – Can China's 5th generation leadership get China on a sustainable path? on 15 March at The Conference Board in Brussels.

Following an introduction by Mr Bert De Graeve, Chairman of the Flanders-China Chamber of Commerce (FCCC) and Chief Executive Officer of Bekaert, Mr David Hoffman, Vice President and Managing Director of The Conference Board's Beijing-based China Center for Economics and Business, gave an interesting presentation on how this transitional period in China will shape the operating environment for multinational corporations.

The conference was moderated by Ethan Cramer-Flood, China Program Specialist of The Conference Board.

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.

FINANCE

Chinese banks allowed to invest more in Taiwanese counterparts

The mainland and Taiwan agreed to further ease investment caps in each other's financial institutions. Individual Chinese mainland banks will be permitted to acquire up to 10% of a bank listed in Taiwan, and up to 15% in an unlisted one, up from 5%. Total mainland shareholding may go up to 15% for listed banks after a 5% ownership cap for investors under the Qualified Domestic Institutional Investors (QDII) scheme is included. Taiwanese banks, meanwhile, will be allowed to expand their business into rural areas of the mainland. Currently six Taiwanese banks have branches on the mainland while four others have opened liaison offices. Two mainland banks have set up branches in Taipei while two others have opened representative offices.

The Industrial and Commercial Bank of China (ICBC) plans to buy 20% of Bank SinoPac in the first mainland investment in Taiwan's banking sector. The deal is still subject to regulatory approval in the mainland and Taiwan. The acquisition will be worth NTD18.7 billion based on the calculation of the net asset value at the end of June last year, ICBC said.

- China Everbright Bank's 2012 net profit surged 30.61% to CNY23.62 billion due to an improved net interest margin of 2.34% and higher intermediary income. The bank's non-performing loans rose by CNY1.89 billion to CNY7.61 billion last year, with a NPL ratio of 0.74%, up slightly from 0.73% in 2011. Despite higher NPLs, the bank cut its reserve ratio for potential losses in bad loans to 339.63%, down 27.37 percentage points from the previous year. The bank's capital adequacy ratio (CAR) was 10.995 at the end of last year, up 0.42 percentage points annually.
- The Singapore unit of the Industrial and Commercial Bank of China (ICBC) started clearing offshore yuan trading to facilitate the use of the yuan in cross-border trade and investment. Financial institutions in China and Singapore can now conduct cross-border yuan settlement for their clients through local clearing banks. Singapore started yuan business in 2011 and as of June 2012 held yuan deposits of CNY60 billion, behind China's mainland and Hong Kong. The PBOC named ICBC as the clearing bank for offshore yuan in Singapore in February, following Singapore's agreement to grant full banking privileges to the Singapore branches of ICBC and Bank of China (BOC).
- The Bank of Taiwan launched an exchange service between the yuan and the New Taiwan dollar in Shanghai, becoming the first bank from the island to provide the service over the counter on China's mainland. Its Shanghai branch is the clearing bank for the New Taiwan dollar on the mainland. An initial batch of NTD25 million of bank notes was shipped to the branch on February 6, and the business started on April 2.
- New loans doled out by China's Big Four banks surged 53% to CNY331 billion last month compared to February, underscoring the ample liquidity available. The

aggregate lending of the Big Four – Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China and Bank of China – usually accounts for 30% to 50% of new bank lending in China. Economists expect new loans to total CNY1 trillion when the People's Bank of China (PBOC) releases national credit figures in the middle of this month.

- Many of China's top economists view the Bank of Japan's plan to buy government bonds and double the country's monetary base within two years as an effective currency devaluation and are calling on the People's Bank of China (PBOC) to retaliate by weakening the yuan to defend itself in what they see as a new currency war. They view Japan's unprecedented easing program, aimed at ending more than two decades of deflation, as "monetary blackmail" targeted at other export-driven Asian countries such as China.

FOREIGN INVESTMENT

Sanofi to open four factories in China this year

Sanofi, one of the world's largest drug makers, expects double-digit growth in China over the next five years as it further penetrates county-level markets and expands capacity. Chief Executive Christopher Christopher Viehbacher said the growth of sales in China may slow, considering the large base it has established in the country and the uncertain macroeconomic environment. But growth is still expected to remain in the double digits. Sanofi achieved sales of more than €1 billion in China last year, up 15% from the year before. The company plans to open four factories in China this year, including a pharmaceutical factory, a consumer health care products plant in Hangzhou, Zhejiang province, an animal care products plant in Nanchang, Jiangxi province, and a vaccines factory in Shenzhen. Sanofi is placing more bets on the China market, which accounted for 5.3% of its sales last year. Having established its presence in China three decades ago, the firm is now its biggest foreign vaccine producer and its fourth-biggest maker of prescription drugs. "The area that we've put particular emphasis on in China in recent years is building a research and development (R&D) facility. We have adopted a new research model here, integrating our research work with local universities, public biotech companies and public research institutions," Viehbacher said. Meanwhile, the company is also increasing its penetration of rural areas, providing training to doctors and nurses in county-level hospitals in the hope that they will use Sanofi's products locally. It recently obtained approval from the central government for a liver drug it developed to be used in the country. "This is a huge opportunity to increase access to care for liver cancer, because the only product available today is extremely expensive and not widely accessible," Viehbacher said, as reported by the South China Morning Post.

- Infant formula maker Yashili International Holdings said it has received approval from New Zealand's Overseas Investment Office (OIO) to invest in the country's dairy industry. Yashili's plans to invest NZD230 million in building a milk processing plant south of Auckland. Inner Mongolia Yili Industrial Group also received approval to build a plant. Both firms, which are among China's top domestic formula producers, have cited New Zealand's relatively cheap milk supply and low tariffs under a free trade agreement as big incentives for their investment plans.

FOREIGN TRADE

California Governor to lead trade delegation to China

California Governor Jerry Brown is leading a delegation of business leaders to China this week to seek funds for public works in his state. He hopes his visit will produce investments on both sides of the Pacific. California will open a trade office in Shanghai during Brown's visit. The Bay Area Council, a coalition of business interests from the San Francisco Bay Area and Silicon Valley, is raising about USD1 million a year in private money to operate it.

- Heilongjiang province is planning to increase investment in Russia by USD1 billion by 2015, and USD2 billion by 2020, and also beef up its trade with the country to USD26 billion by 2015, and USD52 billion by 2020. Heilongjiang accounts for about a quarter of China's total trade with Russia. Trade between the province and Russia in 2012 rose 12.2% year-on-year to USD21.3 billion.

IPR PROTECTION

First patent-collateralized loan issued

China Everbright Bank in Qingdao recently issued the city's first patent-collateralized loan with a CNY10 million line of credit. The borrower is a local biotech startup involved in the research, production and sale of aquatic feed. A statement from the bank said the loan is the result of the company's huge market potential. It generated more than CNY110 million in sales last year, 10 times the amount four years ago.

- The Beijing Higher People's Court recently unveiled a list of the top 10 intellectual property rights cases of 2012 selected from more than 10,000 concluded last year. Five of the top legal proceedings were about copyrights, four centered on trademarks and one was a patent dispute. The courts in Beijing have heard more than 11,300 intellectual property rights cases over the past year, a year-on-year increase of 17.7%.

MACRO-ECONOMY

Manufacturing activity rebounds mildly

China's manufacturing activity rebounded to an 11-month high in March, but analysts said the improvement was not as strong as they had expected. The official Purchasing Managers' Index (PMI) rose to 50.9 last month from February's 50.1, the China Federation of Logistics and Purchasing (CFLP) said. March was the sixth month the index stayed above 50, indicating expansion. Component indexes showed that production accelerated to 52.7 in March from 51.2 a month earlier, new orders were at 52.3 from 50.1, new export orders gained 3.6 points to 50.9, and employment rebounded by 2.2 points to 49.8. The only fall was in input prices from 55.5 to 50.6. "Almost all the components of the official PMI rose in March, suggesting both domestic and external demand improved last month" said Nomura Economist Zhang Zhiwei. However, with the finished goods inventory jumping to 50.2 from 46.6, the gap between new orders and finished goods fell to 2.1 points in March from 3.5 points in February, implying that the official PMI may weaken in April, Zhang said. Zhou Hao, Economist at Australia & New Zealand Banking Group, said the figures were good but lower than the previous market expectation of 51.2 – a sign that the current economic rebound remained fragile. But he still maintained his projection that China's economy can grow 8.1% year-on-year in the first quarter, supported mainly by fast investment growth and a rebounding property market. Consumption appeared to have been worse than expected, due largely to a reduction in government expenditure, Zhou said. A separate index by HSBC Corp, slanted towards private and export-oriented manufacturing companies, posted 51.6 in March from February's 50.4, indicating "modest" improvement. Qu Hongbin, Chief Economist at HSBC, said: "The decline in input prices suggests a modest pace of demand recovery and moderating inflationary pressures. This, plus the lingering external headwinds, implies that Chinese policy makers should maintain a relatively accommodative policy stance," he added, as reported by the Shanghai Daily.

China to revitalize its old industrial infrastructure

China will allocate more state funding and unveil preferential fiscal and land policies to revitalize its aging industrial cities under a 10-year plan. The plan for 2013 to 2022 covers 95 prefecture-level cities and 25 areas under municipalities and provincial capitals. The plan will be a key part of government efforts to support the development of what was once the cradle of the country's industrial sector as well as improve China's economic structure and encourage urbanization. By 2017, or the halfway point, high-tech industries must account for 17.8% of the regions' industrial output while the service sector must make up 45% of the local economy. Water consumption per unit of industrial output will also be trimmed by 32% by 2017 from the level in 2012 while energy consumption per unit of local gross domestic product will be reduced by 18%, according to the plan. The industrial bases, which accounted for nearly a quarter of the nation's GDP in 2011, are plagued with poor urban planning and infrastructure, serious emissions and pollution, an above-average jobless rate, and lagged reforms at state-owned enterprises, the Shanghai Daily reports.

CASS Professor expects less than 8% GDP growth

China's economic growth will fail to meet most predictions as the country braces for bitter but necessary economic reforms, according to Chinese Academy of Social Sciences (CASS) Professor Yu Yongding. He said gross domestic product (GDP) would grow at less than 8% this year amid Beijing's tightened monetary policy to dampen inflation and rising home prices. Most economists expect growth of 8.1% this year, with the exception of Nomura, which has forecast 7.7%. The most daunting challenges for the economy were rising non-performing loans and excess capacity in various industries, brought on by years of over-investment, Yu said. Yu estimates that more than 30% of finished properties nationwide were vacant. In addition to a 20% capital gains tax proposed by the central government in February, Yu said the government must try to tame runaway home prices by imposing a tax on investors who own multiple properties. "The investment ratio [to GDP] will reach 55% very soon, which will lead to further over-investment and diminishing returns. Should investment start to shrink, the economy will tumble," Yu said. But given its abundant fiscal reserves, Yu said Beijing still had five years to rebalance its economic mix, the South China Morning Post reports.

Boao Forum for Asia held in Hainan

The Boao Forum for Asia was held in Hainan over the past weekend. The central government should intervene less in the private sector and concentrate on offering a level playing field for state-owned and private enterprises to maintain growth and investment, participants at a panel discussion said. While private companies needed to be more innovative, the biggest hurdles were the rules and policies that favored state enterprises, said prominent academics, company executives and industry representatives at the annual economic meeting. "The government must free its control," said Professor Zhang Weiying, Economist at Peking University. Bao Yujun, Chairman of the All-China Private Enterprises Federation, said the private sector would be the key driver of investment in the next five to 10 years, given the central government's limited fiscal budget. China would not be able to meet its annual 7.5% economic growth target this year if private investment failed to make up at least 70% of the country's planned fixed-asset investment of some CNY44 trillion, he said. However, private companies still faced many obstacles, such as heavy taxes, tightened lending and inadequate protection. "Companies should not only study government plans but focus more on market demand. If not, the result is redundant construction and inefficient investments," said Li Jiange, Chairman of the China International Capital Corporation. Zheng Yonggang, Chairman of garment maker Shanshan Group, urged the government to treat all businesses equally and reduce unnecessary administrative reviews. Participants agreed that opportunities for private enterprises had improved in several industries, including information technology, where companies such as Baidu and Tencent had become internationally competitive. Healthcare has grown at an average of 20% in the past few years and financial services will improve as interest rates are liberalized.

A study released at the Boao Forum shows new and small businesses were hit hard last year by the slowing economy and rising costs of labor, raw materials and fundraising. Nearly one third of 1,000 companies surveyed said their profits fell in the first three quarters of last year, while 27% said their profit remained the same as the previous year, and 44% said orders had increased from the year earlier. Businesses that had been operating between one and three years and with assets of CNY1 million to CNY3 million complained the most about their difficulties in obtaining bank loans, the survey found. 40% of firms said they pay interest rates of more than 10%, while the rest have financing costs of 6% to 10%. A third of companies said financing contributes most to their costs. "The lack of appropriate collateral is one of the basic sources of financial difficulty for small and micro businesses," the study said.

Governments must plan carefully and make a bigger effort to improve the welfare system amid China's unprecedented urbanization drive, panelists at the Forum warned. Zhang Yue, President of air-conditioner manufacturer Broad Group, based in Hunan, said 60% of urban construction in the world occurred in China, with the country accounting for more than 60% of global output and consumption of materials such as cement, glass and steel. However, he said, in many areas urbanization lacked scientific planning. He noted that it was not easy to reconstruct roads and buildings. "If we plan wrong, then future generations may have to bear the bad results," Zhang said during the panel discussion. Fred Hu, Founder and Chairman of investment firm Primavera Capital Group, said that "without industrialization, a modern service industry and attractive jobs, there should not be urbanization. Artificially imposed urbanization is meaningless. Transferring poverty from rural areas to cities is meaningless." According to a study conducted by the State Council's Development Research Center, by 2030, nearly 67%

of the population will live in cities – or about 300 million more people than last year.

International Monetary Fund Managing Director Christine Lagarde said that while a "substantial portion" of the global economy appears better now than a year ago, some risks persist. "Growth continues to strengthen and broaden among the emerging and developing economies", and momentum was starting to pick up in the United States, Lagarde said at the Boao Forum.

- The National Development and Reform Commission (NDRC) has approved four major power projects worth a total of CNY12.5 billion in Xinjiang. The four thermal power plants will generate a combined capacity of 2.8 million kilowatts and replace a large number of smaller, less efficient, and heavily polluting generation units. The Shenhua Group Corp and China Huaneng Group will build one each while China Guodian Corp will build two. Xinjiang has a combined power capacity of 27.4 million kilowatts, after adding 6.03 million kilowatts last year and 5.3 million kilowatts in 2011. The region generated 118.8 billion kilowatt-hours of power last year, an annual surge of 35.8%, compared with the national average growth of 4.52%.
- Of the 26 listed agricultural firms which had released their annual reports for 2012, 21 reported increased revenues, two posted losses, while more than half, or 14, reported a decline in profits compared with 2011. Cofco Tunhe Co reported the largest losses of CNY730 million in 2012. The company's annual report blamed its poor performance on the sluggish tomato market and suppliers affected by natural disasters.
- The National Council for the Social Security Fund (NSSF) said its investment revenues hit CNY64.5 billion, with a realized rate of return on investment of 4.38%, a three-year high. The fund's managed assets topped CNY1 trillion for the first time at the end of 2012, up 27.5% from a year earlier.
- Mexico's hourly wages are now 19.6% lower than China's, a huge turnaround from just 10 years ago when they were 188% higher, according to new research by Bank of America Merrill Lynch. This will give Mexico an edge over China in the U.S. market, Bank of America Merrill Lynch Economist Carlos Capistran said. Mexico can maintain that competitive advantage for at least five years, thanks to a growing labor market that puts downward pressure on wages, he added. According to forecasts by the International Labor Organization (ILO), Mexico's economically active population will grow by 20% from 2010 to 2020, compared to a 2.9% increase in China.

MERGERS & ACQUISITIONS

China Foods to buy wineries in Australia and the U.S.

China Foods will buy two or three wineries in Australia and the United States, worth at least USD20 million, in a bid to expand its wine sales while fending off competition from surging wine imports. China Foods' Managing Director Luan Xiuju also said the company is in talks with two global leading wine dealers to become their exclusive brand representative and distributor in China. The company owns two overseas wineries: Chateau Viaud in Bordeaux, France, and the Bisquert winery in Chile. Sales from its wine import business were less than USD15 million last year. China's wine imports have seen a significant increase over the last seven years. The amount surged from fewer than 400 million liters in 2004 to 1,400 million liters in 2011, according to a report by Rabobank, making the country an attractive market for wine dealers across the world. Among foreign suppliers, France continued to dominate China's wine market in 2012. From June 2011 to July 2012, China's imports of Bordeaux wine reached 63 million liters. Sales of domestic producers have been declining. Yantai Changyu Pioneer Wine Co saw a dramatic decline in its sales of premium wines and reported an 11.1% fall in net profit to CNY1.7 billion for 2012. China Foods' net profit slumped 41% from HKD646 million Hong Kong to HKD382 million. Apart from further overseas expansion, China Foods said it also plans to boost sales by launching new entry-level products priced between CNY50 and CNY100, the China Daily reports.

- China's retail industry took the major portion of increased investments by venture capital and private equity firms in March, according to the Zero2IPO Research Center. There were 29 investment deals sealed last month, up 52.6% from February. The retail industry lured the most investment of USD140 million, followed by the food and beverage sector with USD123 million invested and the energy and mineral industry attracting USD76.4 million. Last month also saw five investments withdrawn, including three via mergers and acquisitions, one via buyback and one through a stock transfer, as the China Securities Regulatory Commission (CSRC) halted approval for IPOs.

- Thai billionaire Dhanin Chearavanont has denied Swiss bank UBS was the mystery lender behind his conglomerate Charoen Pokphand's USD9.4 billion purchase of a stake in China's second-largest insurer, Ping An Insurance. He said the acquisition was funded by CP's “own money”, without elaborating. Reuters had quoted unnamed people as saying that UBS offered to extend the world's fourth-largest bridge loan ever to CP Asia in a complex financing package known only to a few involved.

PETROCHEMICALS

China and Kazakhstan agree on oil pipeline

China and Kazakhstan reached an agreement at the Boao Forum in Hainan to expand a crucial oil pipeline. Kazakhstan’s KazMunaiGas National Oil and Gas Co and China’s CNPC have agreed on the major principles of cooperation to expand and operate the 1,200 km China-Kazakhstan oil pipeline, which has been in operation since June 2006. A total 50 million tons of crude oil were exported from 2006 to 2012 from the oil-rich Central Asian country to China. The volume has been rising on average by 20% a year. The annual capacity of the China-bound pipeline was 14 million tons, and exports to China stood at 10 million tons in 2012. Kazakhstan’s oil production is expected to rise later this year when production starts at Kashagan, one of the world’s largest oil fields. Besides the pipeline expansion agreement, the China Council for the Promotion of International Trade (CCPIT) and Kazakhstan’s sovereign wealth fund Samruk-Kazyna agreed on establishing a Chinese-Kazakh Business Council.

REAL ESTATE

Home prices rise for 10th month

House prices in China rose for the 10th straight month in March as sentiment among buyers continued to pick up. The average price of new residential properties across 100 major cities rose 1.06% from a month earlier to CNY9,998 per square meter, accelerating from February’s 0.83% increase, the China Index Academy said. Fifty-one of the 84 cities that posted gains saw an increase of more than 1%. In February, 74 cities recorded month-on-month growth, with 41 seeing a rise of more than 1%. Zhanjiang in Guangdong province led last month’s gainers with a 3.66% rise. Sixteen cities posted price drops, with three shedding more than 1%. Wenzhou in Zhejiang Province retreated 3.65% from February, the most among decliners. “Panic was seen across the country over the past month as home seekers rushed to buy existing houses in order to avoid extra transaction costs,” the Academy said. “Meanwhile, more real estate developers trimmed or cancelled their price discounts as the traditional high season for property purchases is arriving.” In the country’s 10 largest cities, the average price for a new home climbed 1.25% from February to CNY16,803 per square meter, with Beijing, Guangzhou and Shenzhen all seeing gains of more than 2%. Shanghai prices rose 0.45% as new home sales soared to a 40-month high in March. The purchases of new residential properties, excluding government-funded affordable housing, saw a jump of 180% from February to 1.54 million square meters, the highest monthly volume registered since December 2009. Average prices, meanwhile, fell 7% from a month earlier to CNY22,896 per square meter, as 72% of the houses were located beyond the city’s Outer Ring Road, a decrease of 8 percentage points from that of February, Deovolente’s figures showed. On the supply side, 1.33 million sq m of new houses were released to the local market last month, the highest monthly release since January 2011. Home sales in Chinese cities this month are expected to drop as much as 50% from last month, after local authorities announced detailed measures to cool the property market. Whether or not there will be an accompanying drop in home prices will depend on how municipal governments implement the measures, according to analysts. “The good news is that the new tightening measures will likely have only limited impact on overall property sales and construction this year,” said Wang Tao, Hong Kong-based Economist for UBS. “The bad news is that if the current measures do not work, new rounds of tightening will be rolled out,” she said in a research report.

Developers cope with policy tightening

China's large and medium-sized property developers are restructuring their business by diversifying their activities or geographic presence to deal with the latest round of policy tightening. Hong Kong-listed property developer Beijing Capital Land has quickened the building of outlet complexes – projects integrating the residential, commercial, industrial and tourism sectors – as part of efforts to diversify its business. The company has set up a team of 300 staff committed to the development of complexes in Beijing. It currently has outlet complex projects in Beijing, Huzhou in Zhejiang province, Wanning in Hainan province, and Kunshan in Jiangsu province, and it plans to build more in other second-tier cities. Covering an area of more than 100,000 square meters, its Beijing outlet complex will begin trial operations in May. Beijing Capital Land will strengthen its presence in mature markets, such as Beijing, Tianjin and Chengdu. Zhu Can, Vice President of Hongkun Properties Group, said the company will increase the proportion of its commercial properties and industrial parks in the coming three years. The company has launched a luxury project in Beijing's central business district, with a unit sales price of around CNY80,000 per square meter, and it plans to launch another villa project along Beijing's southern Fourth Ring Road in April. China Fortune Land Investment Development Co has focused on the construction of industrial parks, as the country's rapid pace of urbanization must be supported by an industry upgrade, especially in small cities and towns. The company's net profits reached CNY1.783 billion in 2012, up 31.34% year-on-year. Qin Hong, Director of the Policy Research Center affiliated to the Ministry of Housing and Urban-Rural Development, said real estate companies should restructure their business to adapt to market changes. The average effective asset-liability ratio for the top 100 Chinese property developers was 47.3%, down 1.9 percentage points year-on-year, according to the China Real Estate Top 10 Research Institute, the China Daily reports.

March home sales drop 30% in Hong Kong

Home sales in Hong Kong dropped nearly 30% last month, with analysts predicting the worst is yet to come. According to the Land Registry, 4,534 flats changed hands in March, a 28.1% drop from February. Total property transactions, which include residential and non-residential properties such as offices and shops, fell 29.1% month-on-month to 6,841, the lowest in 13 months. Those transactions were valued at HKD44.4 billion, 24.9% short of February's total and 40.7% below the March figure last year. Centaline Property Agency research head Wong Leung-sing said he expected total property transactions to fall below 5,000 units this month as the fallout from the new curbs was felt. On February 22, the government doubled stamp duties on properties worth at least HKD2 million, and last month some big banks in the city raised their mortgage rates. But the decline in transactions reflected the slow sales during the Lunar New Year period from February 10, not the impact of the doubling of stamp duties announced at the end of February, Centaline's Wong said. According to Centaline, homes sales in the secondary market fell 31.8% last month to 3,214 units, the lowest level in three months. In the primary market, 1,067 units were sold, down 9.7% month on month.

- Wharf (Holdings) is looking forward to reaping the benefits of an aggressive acquisition binge that has expanded its land bank to 18 million square meters since 2007, one of the largest land banks of any Hong Kong developer. Wharf's mainland development started to bear fruit last year with turnover reaching a record HKD9.5 billion, up 51% from a year earlier. Strong mainland property sales helped the conglomerate post a record HKD11.04 billion of core earnings last year. From next year until 2016, Wharf plans to open a shopping center each year. Also in the pipeline are five retail-office-hotel projects – Chengdu International Finance Square (IFS), Chongqing IFS, Suzhou IFS, Wuxi IFS and Changsha IFS – all of which are due to open between 2014 and 2016.
- Shanghai's land sales more than doubled in value in the first quarter from a year earlier amid recovering sentiment in the property market. Between January and March, 1.49 million square meters of land, excluding those for public use, were sold for CNY18.58 billion in the city, an annual jump of 55.8% and 172%, respectively, Soufun.com, said in a report. But on a quarterly basis, they shed 63% in volume and 65.2% in value. Residential parcels were sold for 30.4% higher on average than their asking prices, up from 15.1% and 22.3% in the third and fourth quarters of 2012.

RETAIL

Global retail giants face uphill battle in China

In 2012, the average sales growth of the top 100 large retail companies in China was 8% year-on-year, down 10.5 percentage points from 2011, according to the China National Commercial Information Center. In addition, the center reported that the international brick-and-mortar retailing giants closed about 26 stores in China in 2012. In contrast, the year-on-year growth of total retail sales in China was 14.3% last year. Weak economic conditions and rising market competition caused many foreign retailers to suffer in 2012 and forced them to reconsider their development policies in China. “China is the most challenging market for international retailers. Everybody is here,” said Paul Ritchie, CEO of Tesco China. The German retailer Markt China closed all its seven stores in the country on March 11 after operating for less than three years in the country. Media Markt is not the only foreign retailer to adjust its strategy in response to changing market conditions. In 2012 and this year, many chain store operators closed unprofitable outlets and adjusted their management structures to ensure future strength, according to Chinese media reports. In January 2013, Hong Kong-listed CP Lotus Corp closed one of its stores in Beijing after the rent increased and it suffered losses. In 2012 Walmart Stores closed five outlets including three convenience stores, while Carrefour closed two. In August 2012 Tesco China closed four shops in China. Analysts said there were too many hypermarkets in large cities and the market was saturated, the China Daily reports.

- Walmart plans to spend nearly CNY500 million to renovate 50 stores in China and to open 30 new stores this year after announcing that three outlets will be closed to streamline its network last month. The retailer already renovated 31 stores in 2012. “We remain committed to our previously announced plan to open more than 100 new stores in the next three years in China,” Greg Foran, President and CEO of Walmart China, said. After 17 years in the country, the company feels the time is right to optimize its nearly 400 stores.
- China is no longer the world's number one art market after its sales fell by a quarter last year, according to a recent survey. Beijing's orders to rein in speculative activities and the exposure of art buyers dodging import duties contributed to the 24% decline in the auction and dealer art sales values. Sales amounted to €10.6 billion, taking China's global market share from 30% to 25%.
- Hong Kong-listed chain store operator CP Lotus Corp opened a new store in Beijing’s Wangjing area and said it will open more stores in the capital this year. It was the first time the company presented its business model, which combines retail and one-stop daily services, to customers in Beijing. Customers will not only be able to enjoy a Lotus-branded store covering 36,000 square meters but also other services such as catering.
- Nine out of 10 Americans can't name a single Chinese brand, according to an online survey conducted by New York-based consultancy HDTS. Lenovo was the best-known Chinese brand in the U.S., but with only 2.5% of 1,500 respondents able to name it. The computer maker was followed by Baidu and Huawei. More people named Japanese companies – Toyota, Sony and Honda – than either Baidu or Huawei. Chinese companies have not dedicated enough resources to gain visibility in the United States, HDTS said. Many companies also preferred acquiring American companies, taking over their market share and brand recognition.

SCIENCE & TECHNOLOGY

Mapping of wheat genome advances

Farmers could be able to grow much better varieties of wheat that are more resilient to disease and harsh weather conditions in as little as three to five years, according to Dr Zhang Aimin, Deputy Director of the Chinese Academy of Sciences' Institute of Genetics and Developmental Biology. He is a member of a team of Chinese and U.S. scientists that has mapped out the genetic code of wheat. The sequencing and drafting of the A genome, one of the three basic genomes of wheat, was published on the website of the scientific journal Nature. The research was jointly conducted by the Institute, the Shenzhen-based Beijing Genomics Institute, and the University of California, Davis. A total of 647 million tons of wheat were harvested globally last year, and the global trade in wheat is larger than that in all other crops combined, according to the United Nations' Food and Agriculture Organization (FAO).

China is the world's biggest producer of wheat, yielding more than 120 million tons last year. Zhang expected there would be “a great improvement in world wheat-breeding technology” in three to five years at the earliest, and within six to seven years at the latest. China has vowed to stay 95% self-sufficient in the production of its three staple foods – rice, wheat and corn – in order to ensure food security. The nation set an annual production goal of at least 540 million tons of grain for the period 2011-2015.

Chengdu institute offers MBA programs for children

An educational institute in Chengdu is offering “MBA programs for children” so primary school-aged children can learn personal financial management from mainly overseas experts. Most participants are born to millionaire or billionaire families. The entire curriculum of three hours a week lasts two years with a tuition fee of CNY60,000. Institute Director Fang Yuan said the courses train a child’s “financial quotient” (FQ). “Instead of telling them to save money, we teach them how to create a fortune. On advanced courses, we develop their investment awareness, so they can learn that ‘money makes money’,” Fang added. The teachers mainly used “games” as a means of instruction. According to a survey by the Chengdu Business Daily, most parents still have a cautious attitude towards such training. Some questioned the high cost of the courses, while others were concerned children could become obsessed with money, the survey showed. Ji Daihai, Deputy Chairman of the Talents Research Association of Sichuan, said it was particularly important for rich families to teach their children how to manage money, the South China Morning Post reports.

- Fudan Children's Hospital in Shanghai, in conjunction with the national health authorities, has embarked on an ambitious, three-year, CNY32 million project to determine the prevalence of autism in China and charter new protocols for diagnoses and treatment. In the first phase, which begins in July and will last four to six months, staff at the eight hospitals will be trained and a pilot survey will be carried out. The second phase, an epidemiological study to obtain a true count of the number of autism sufferers, will take at least one year.
- Peking University has announced the appointment of its new President Wang Enge, a physicist known for being pragmatic and down to earth. Before he began working at the Chinese Academy of Sciences (CAS) in 1995, Wang spent three years as a post-doctoral student and later as a research staff member at the University of Houston in the United States. With his research focus being surface physics, Wang has authored and co-authored more than 200 articles in peer-reviewed journals.

STOCK MARKETS

Drug makers’ stocks rise on avian flu panic

Domestic drug makers surged on China’s stock exchanges as investors rushed into the sector on speculation a new strain of bird flu could spread further and create a spike in demand for related medicines. Analysts said capital would continue flowing into drug makers and that valuations, already about 25 times price-to-forward earnings (forward PE) on average, could go even higher as public panic mounts over the H7N9 strain of avian flu. Shenzhen Neptunus Bioengineering, Shandong Lukang Pharmaceutical, Guilin Layn Natural Ingredients and Beijing Tiantan Biological Products – four pharmaceutical firms that make vaccines or antibiotic products – rose by the daily limit of 10% in Shanghai and Shenzhen on some days of the past week. If no cure is found for the bird flu or [if there are] more new cases, more speculative investors will join in as they fear this could become another Sars, Shanghai-based UOB Kay Hian Analyst Wang Aochao said. Experts say the virus does not seem to be highly contagious but appears more deadly than other strains of the H7 virus that have previously infected humans.

- The China Securities Regulatory Commission’s implementation of tighter rules for would-be publicly listed companies has entered a second phase. After a three-month period for companies to examine their own listing qualifications, officials said they had now moved into a period of random checks on company compliance with listing laws and regulations. No timetable has been given yet as to when the temporary halt of initial public offerings (IPOs) will be lifted in the A-share market. No companies have been listed in the A-share market in the past five months.

- Hong Kong brokers have urged Shenzhen's government to allow them to set up joint ventures with mainland counterparts in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone. “Qianhai is an important project for the country to open up its capital market to the world. Hong Kong brokers, who have traded for international investors for decades, can contribute to it if allowed to set up joint ventures with mainland brokers,” said Christopher Cheung, a Hong Kong lawmaker representing the financial services sector. The joint ventures would trade for mainland and Hong Kong investors in local stock markets.

TRAVEL

China now top source of tourists in the world

The United Nations World Tourism Organization (WTO) has confirmed that China became the top source of tourists in the world in 2012. Last year, Chinese expenditure on travel abroad climbed to USD102 billion, up 40% from the previous year. Since the turn of the century, there has been over an eight-fold increase in the number of overseas trips made by Chinese travelers, from 10 million in 2000 to 83 million in 2012. The organization’s Secretary General Taleb Rifai also praised what China had to offer as a tourist destination. “We have almost 60 million people visiting China. China is the third visited destination in the world today and all of this makes China very special to us,” he added. China ranked just seventh in terms of international tourism expenditure in 2005, but by 2011 had leapfrogged Italy, Japan, France and Britain. However, the Chinese were still in third spot that year, spending USD72.6 billion on overseas travel, behind the Germans, who spent USD85.9 billion, and the Americans, who with USD78.7 billion.

- Hong Kong and mainland Chinese companies are interested in a recently announced high-speed railway planned to link Singapore with Kuala Lumpur, according to Mohamad Nur Ismal Kamal, Chief Executive of Malaysia's Land Public Transport Commission. Tendering for the project may begin in a year. Investment will be sought from the private sector, including from foreign investors, and the Malaysian and Singaporean governments will plug funding gaps.
- Fifty-four budget hotels in Shanghai out of 500 inspected by the Health Supervision Department – about 10% – have been penalized for poor hygiene in the first quarter. Most of the 54 hotels failed to provide heath certificates for their staff, and many failed to clean and sterilize daily necessaries, such as sheets, towels and cups according to hotel rules. It had been reported that hotel maids cleaned toilets with face towels.
- Australia’s Qantas International plans to boost code-sharing between Melbourne and Shanghai, as well as on the Sydney-Nanjing-Beijing route and domestically between Shanghai and Nanjing, with China Eastern. The codeshare deal means Qantas customers can now book on 17 services between China and Australia per week and connect onwards in China to 11 domestic destinations, as well as to Singapore.
- The Hainan provincial government will begin sightseeing cruises to Sansha on Yongxing island (Woody island), part of the Xisha (Paracels) island chain about 300 kilometers southeast of Hainan. Cruise passengers would have to eat and sleep on board the ship rather than stay overnight on the island. Tourism, as well as oil and gas exploration, are to become major industries in Sansha, China's newest prefecture.

VIP VISITS

Australian Prime Minister Julia Gillard visits China

Australian Prime Minister Julia Gillard is leading the most senior Australian political delegation ever to visit China, and is among the first Western leaders to meet the new leadership. Foreign Minister Bob Carr, Trade Minister Craig Emerson, who is also responsible for Australia's Asian Century policy, and Financial Services Minister Bill Shorten are among senior politicians on the six-day trip. She met President Xi Jinping at the Boao Forum for Asia in Hainan and will have talks in Beijing with Premier Li Keqiang. Gillard said she wanted not only “to celebrate our existing strong relationship and its underpinnings… but to look ahead to how we can build the comprehensive relationship envisioned in our Asian Century white paper, including how leaders can help deliver a relationship of greater depth and durability in a more complex future”. The Australian government last October unveiled an “Australia in the Asian Century” plan setting education and business targets to hoist the nation into the list of the world's top 10 economies. China is Australia's largest trading partner, with two-way trade in goods and services worth AUD128 billion. It also provides the greatest number of overseas students to Australia, with 150,000 enrollments in 2012, and is the second largest source of overseas visitors – with 626,000 last year.

- Relations between China and Japan are showing signs of thawing. The former President of Japan's House of Councillors, Satsuki Eda, is to visit Beijing this month and meet with Chinese Education Minister Yuan Guiren and Culture Minister Cai Wu. Eda, who now heads the Japan-China Friendship Center in Tokyo, was also planning to meet with Foreign Minister, Wang Yi, a fluent-Japanese speaker. Li Xiaolin, President of the Chinese People's Association for Friendship with Foreign Countries and the youngest daughter of former Chinese President Li Xiannian, visited Japan last week.
- Former Taiwanese Vice President Vincent Siew met Chinese President Xi Jinping on the sidelines of the annual Boao Forum. He led a 50-member delegation of business leaders, senior retired officials and academics to Hainan. Thirteen heads of state and political leaders from the region attended this year's forum, under the theme of “Asia Seeking Development for All: Restructuring, Responsibility and Cooperation”. Former Japanese Prime Minister Yasuo Fukuda, who is serving as Chairman of the Boao Forum, briefly met President Xi Jinping, but bilateral tensions were not discussed.
- Chinese President Xi Jinping met the Presidents of Kazakhstan, Mexico, Peru, Finland, Zambia and Myanmar, as well as the Sultan of Brunei at the Boao Forum in Hainan.
- Icelandic Prime Minister Johanna Sigurdardottir will meet with Chinese Premier Li Keqiang this month in Beijing as the countries will sign a free trade agreement after six years of negotiations.

ONE-LINE NEWS

- A standard for personal data protection named “Information Security Technology – Guidelines for Personal Information Protection Within Public and Commercial Services Information Systems” came into effect on February 1. The new guidelines represent China's first serious attempt to define data privacy concepts in general, but cover only personal data in computer networks and apply only to the private sector. Compliance is voluntary.
- Chicken samples in Shanghai were found to be infected with the H7N9 bird flu virus. Shanghai and Nanjing temporarily closed live poultry markets and suspended live bird sales. The disease has so far claimed six victims, while 15 patients are still treated in hospital. There is no evidence so far of person-to-person transmission, but the virus has a relatively high mortality rate in infected patients. Cases have been confirmed in Shanghai and in Jiangsu, Zhejiang and Anhui provinces. In Shanghai about 100,000 birds were slaughtered to prevent the spread of the disease. Testing reagents for the H7N9 virus have been distributed to 409 flu monitoring sites across the country.
- The Chinese populations of Vancouver and Toronto are set to double by 2031, helping push whites below 50% of the population in both cities, says a report for Canada's immigration department. The study titled “A new residential order?” predicted that the populations in both cities would be more prone to segregate into racial enclaves with time, resembling that between blacks and whites in America. In the Vancouver satellite city of Richmond, ethnic Chinese already outnumber the white population, creating the most Chinese city in North America.
- Art lovers spent HKD202 million at Sotheby’s spring auction of 20th century Chinese art works in Hong Kong. The most expensive lot to go under the hammer was Zao Wou-ki's 10.03.83, which drew a top bid of HKD37 million. Zao, 92, is China's highest-selling living artist. He is a member of the Paris-based Academy of Fine Arts, and is considered one of the most successful Chinese oil painters of the last century.

QUOTES OF THE WEEK

“The Chinese regulators have a much closer and more intimate knowledge of what goes on inside the banks. The lack of detailed knowledge in the West is quite amazing. And that was the reason why things went so wrong. I can't imagine the [Chinese] central government allowing local governments to default, just as it is most unlikely that the state-owned banks would allow one of their wealth management companies to default. The consequences would be too severe."

Investor and financier George Soros, quoted in the South China Morning Post, April 7, 2013.

ANNOUNCEMENTS

EU SME Center Online Marketing in China

When entering the Chinese market, one of the key challenges for any foreign company, but especially for small and medium-sized enterprises, is effective marketing. Whereas traditional media – newspapers, magazines, radio and television – are hardly an option, mainly because of the costs involved, ease of access, low costs and high relevance make the booming social media landscape in China the prime playing field for small European companies looking to increase visibility of their brands and products in the country. In a recent webinar by the EU SME Center 83% of participating SMEs stated that marketing is the principal reason for their online engagement in China. An article by the EU SME Center will give some pointers as to how this can be done successfully.

For more information, including the diagnostic kit ‘Are you ready for China?’, visit the Center’s website at www.eusmecentre.org.cn.

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