法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 1 JULY 2013

FCCC ACTIVITIES

Group Business Trip West-China (FIT) – 9-13 September 2013 – Chongqing and Chengdu; and FCCC Breakfast Seminar – 11 September 2013 – Chongqing

Flanders Investment and Trade (FIT) is organizing a group business trip to West-China, an enormous market. Minister-President Kris Peeters is leading the trip from 9 till 13 September 2013 to Chongqing and Chengdu.

On September 11, the Flanders-China Chamber of Commerce will organize a breakfast seminar in Chongqing.

Following the East, West China is now also starting to develop economically. Chongqing is under the direct authority of Beijing and is China's most populous (30 million inhabitants) and biggest (82,000 sq km, 2.5x Belgium) city. Chengdu (14 million inhabitants) is the capital of Sichuan province and as Chongqing an important economic center in West-China.

Opportunities for Flemish companies: Thanks to the economic development of West-China, there are several nice opportunities for Flemish companies. Important industries in the area are: foodstuffs, automotive, textiles, machinery, electronics, steel, pharmaceuticals, IT and the services sector.

FIT will organize an individual tailor-made meeting program (B2B), high-level business contacts, and official networking receptions.

Full trip: €800, per city: €400. Registration before June 14 on the FIT website.
http://www.flandersinvestmentandtrade.be/acties/2013/09/09/Groepszakenreis-Multisectoraal-China?opendocument

ACTIVITIES SUPPORTED BY FCCC

European SMEs in the Chinese clean energy market: Opportunities, challenges and strategies – 4 July 2013 – Beijing

To help European SMEs in the clean tech sector to become familiar with the characteristics of the market, the EU SME Centre is organizing a free seminar at this year's Clean Energy Expo China. Register for this event and learn about:

- Opportunities for European SMEs in the world's largest green tech market
- Know before you go: how to protect your intellectual property in China's clean energy market
- German Biogas: four years of experience in the market (case study and open discussion)
- A new way to enter the Chinese clean energy market: Case study of EC2 Demo Zone

Initiative

For more information, please visit our website. This seminar will be held at the European Pavilion on 4 July 2013, 9:30 – 13:00 h. during the Clean Energy Expo China (CEEC) in Beijing. If there is one clean energy event that you cannot miss in 2013, this is it! Sign up at registration@eusmecentre.org.cn

Mission for growth to China – 18-20 July 2013

This joint mission of Vice-President Tajani and Commissioner Potocnik of the European Commission to China is centered on the theme of “green growth”. It has three main objectives: (1) to promote sustainable and inclusive growth on both sides (2) to help our companies and in particular SMEs to operate in China; (3) to promote EU-China business contacts and opportunities.

Preliminary Programme

Thursday 18 July - Beijing

- Political meetings (time tbc)
- A.M. - Dedicated meeting for companies on “doing business in China” organized by the SME Center, the IPR/SME Helpdesk and Enterprise Europe Network to be jointly opened by VP Tajani and Commissioner Potocnik.
- Roundtable on Green business opportunities in China. Contacts between participating companies to the M4G and EU 'green' companies already present on the Chinese market (exchange of experience, main lessons learned …); discussions with Chinese high-level business or public actors on the potential of green economy in China.
- Evening - Reception at the EU Delegation with EU Member States ambassadors and the business delegation on 18/7 in the evening

Friday 19 July – Beijing and departure to Guiyang

- A.M. Matchmaking event organized with the help of EEN Network (local Chinese EEN contact points supported by their experienced European mentors from BE, DK, NL...) with important participation of Chinese companies (including SMEs).VP Tajani could pop up for a brief speech.
- Continuation of political meetings
- P.M. – Departure to Guiyang
- Evening - Welcome banquet by authorities

Saturday 20 July – Guiyang

- A.M. Participation to the "Eco-forum Global", a yearly prestigious meeting on the theme of the “Green economy” which is putting emphasis this year on green industry, green urbanization and green consumption.
- Multiple forums will take place in which Business representatives participating in the mission for growth may join in as speakers. A business roundtable and business contacts will be organised in the margins of the forum.
- P.M. Vice-President Tajani flies back on 20 July, but the “Eco-forum Global” continues on Sunday 21 July. Possibility for further speaking opportunities /business contacts for companies attending.

The deadline for registration is June 14, 2013. More information on the mission is available at the Flanders-China Chamber of Commerce: info@flanders-china.be

PAST EVENTS

FCCC Meeting reception in honour of the future Ambassador of Belgium in China, Mr Michel Malherbe – 19 June 2013 – Brussels

The Flanders-China Chamber of Commerce (FCCC) organized a meeting with the future Ambassador of Belgium in the People’s Republic of China, Mr Michel Malherbe, on 19 June 2013, at KBC in Brussels.

This event provided an excellent opportunity to meet the new Ambassador of Belgium in China and to talk to him about member companies' activities in China.

China Information Session: “Assignments from China to Belgium and vice versa: Update on immigration and personal tax aspects” – 29 May 2013 – Brussels

International mobility and flexibility have become key factors in today's business climate. Immigration procedures remain very strict and compliance with local immigration and social law is controlled and severely sanctioned in case of non-compliance. The Flanders-China Chamber of Commerce, in cooperation with Deloitte organized an information session on aspects of immigration and social legislation which focused on the posting of Chinese nationals to Belgium and vice versa.

The seminar was held at KBC BANK and presented by Matthias Lommers, Senior Manager, Erwin Vandervelde, Partner (immigration aspects) and Boris Deraeve, Tax Director (tax aspects). The aim of the event was to provide sound knowledge and understanding of the issues, to enable companies to meet various requirements on a timely basis and avoid losing precious time or wasting resources. The information session was followed by a networking cocktail.

PUBLICATIONS

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

The Flanders-China Chamber of Commerce (FCCC) has published the second volume of "FCCC Members' Portraits in China". The booklet includes 17 portraits of member companies active in China. The China-based managers of those companies talk about how their firms became active in the country and the difficulties and pitfalls they faced to become successful in the largest and most challenging market on earth. They offer valuable insights and lessons about how to do business in China. Each manager interviewed makes a list of "do's and don'ts" based on their own hard-won experience. "All of them, without a single exception, enjoy their work and stay in China, despite less pleasant phenomena such as the worsening air pollution," says FCCC Chairman Bert De Graeve in his introduction.

Some of the companies presented in "FCCC Members' Portraits in China" are well known, such as Volvo Car, which is now part of Geely Holdings. But the story of how the company is building two car plants in China has never been told as extensively before. Other companies, such as Huiyin Group, which is active in the solar power industry, and Klako Group, which is guiding its clients to become successful in China, are not so famous, but have an equally fascinating story to tell.

Trying to write a write a book "Doing Business in China for Dummies" is futile, one of the managers told the Flanders-China Chamber of Commerce. More fundamental than that is an underlying attitude. Respect the Chinese you come into contact with and be interested in their culture. Remember, he added, that you are and will always remain a guest in their country. Above and beyond the usual tips and tricks, the managers telling their story in this booklet show the right attitude to become successful in China.

"The growth of the Chinese economy is slowing down a bit," says Chairman Bert De Graeve in the introduction, "but at 7.8% last year, it is still growing strong to offer a myriad of opportunities." For those companies which have not yet taken the step to open a representative office, set up a subsidiary or form a joint venture, it is probably not too late yet to enter the Chinese market. "Do your homework" is one of the most frequently tendered pieces of advice for companies contemplating their first steps on the China market. One might as well start with "FCCC Members' Portraits in China, Volume 2".

FCCC members can receive one copy free of charge.

List of interviews (companies in alphabetical order):
ACEA (Dominik Declercq), De Wolf & Partners (Philippe Snel), Eurbridge (Jan Van der Borght), Huiyin Group (Juha Ven), Jones Day (Sébastien Evrard), Klako Group (Kristina Koehler), LMS (Luc Pluym), Moore Stephens (Andries Verschelden), Neuhaus (Frédéric Linkens), Orientas (Dirk Laeremans), procurAsia (Etienne Charlier), Proviron (Vanessa Doms), Soudal (Eddy Vloeberghen), Urban Stream (Sébastien Goethals), Volvo Car (Koen Sonck and Benoit Demeunynck), White Pavilion (Raf Vermeire), and Wyatt & Wang (Jacques Borremans).

EXPAT CORNER

American Executive held hostage by workers

American Executive Chip Starnes, 42, a co-owner of Coral Springs, Florida-based Specialty Medical Supplies, has been held hostage for several days at his medical supply plant in Beijing's Huairou district by scores of workers demanding severance packages like those given to 30 co-workers in a phased-out department. Workers blocked every exit of the factory around the clock. Local police and representatives from the U.S. Embassy were present outside the gate. Starnes said the company had gradually been winding down its plastics division, planning to move it to Mumbai, India. He arrived in Beijing to lay off the last 30 people. Some had been working there for up to nine years, so their compensation packages were "pretty nice," he said. Some of the workers in the other divisions got wind of this, and, coupled with rumors that the whole plant was moving to India, started demanding similar severance packages. Starnes said he was never physically harmed but had been intimidated, and was unhappy about the way local authorities had handled the dispute. A representative of the Labor Union said Starnes had not paid the workers for two months and they feared the plant was closing and that he would run away without paying severance. Finally, an agreement was reached to fire all workers and rehire some of them.

- 19 foreigners who were part of two organized shoplifting groups that stole goods amounting to more than CNY300,000 from famous clothing stores in Shanghai have been captured, police said. The suspects from South-east Asian countries are in custody but have not been tried or deported yet. The gang intended to take the clothes to their home countries for sale.

- The revised Entry-Exit Administration Law came into effect on July 1. The law provides for a new "talent introduction visa" but is also aimed at cracking down on foreigners who work or stay in the country illegally. The quota for green cards will be increased. The law includes a temporary entry system for the first time, available to foreigners who need to enter the country due to unforeseen circumstances or emergencies. Foreigners applying for residence permits will be required to have their fingerprints or other biometric data collected. Last year, 54.35 million foreigners entered and exited China, 37 times the figure in 1980.

FINANCE

Lending increases, but fewer firms take out loans

Chinese bankers are reporting increased lending while fewer firms are taking out loans, an incongruity that helps explain the recent increase in borrowing costs, a private survey showed. The number of companies reporting loan applications in the second quarter of this year fell 13 percentage points from the previous period to 38%, the survey from New York-based China Beige Book International said. The proportion of banks showing higher lending to businesses rose 10 percentage points to 45%, indicating that "credit appears to be concentrated on a few borrowers," according to the report. The lending disparity is part of a picture of slowing economic expansion across the country, according to the survey, which began last year and is modeled on the U.S. Federal Reserve's Beige Book. The findings add to signs of a cash squeeze in financial markets that pushed interbank borrowing costs to a record high. At the same time, inflation in wages and property is "still notable," which indicates "another quarter of policy restraint and no large amount of new liquidity entering the economy," according to the China Beige Book. The survey is based on responses from more than 2,000 companies and banks across the country between May 13 and June 3, divided among eight regions. The latest survey showed fewer retailers reporting revenue growth along with a "sharp" pullback in the service sector, the Shanghai Daily reports.

Moody's downgrades Hong Kong banking system

Moody's Investors Service downgraded the outlook for Hong Kong's banking system to negative from stable, citing concerns over persistent negative real interest rates and banks' growing exposure to the mainland. But analysts said such worries were unfounded and that a loan exposure of 16.5% to mainland enterprises could hardly be considered excessive. Sonny Hsu, Moody's Vice President and Senior Analyst, warned that the city's banking system is changing rapidly, as a negative interest-rate environment – which he expected to remain in light of monetary easing in developed economies – continues to drive asset prices to record levels. Hsu also raised concern about banks' growing reliance on lending across the border. "Hong Kong banks have substantially increased their mainland China exposures to 16.5% of consolidated total assets at the end of 2012, up from 9.8% at the end of 2009," he said in Moody's banking system outlook report for Hong Kong. But Nicholas Kwan, Research Director at the Trade Development Council (HKTDC), who formerly headed a regional research team at Standard Chartered, said the rate was not high when compared with the city's dependence on mainland tourism and trade, which might be in the 60% to 70% range. He added that Hong Kong banks were still among the highest-rated banks globally, and their credit strength and sound funding could protect them from any increase in bad loans. The negative outlook on banking contrasts with Moody's stable view on the Hong Kong government's Aa1 rating, which underlines the government's strong fiscal position, the China Daily reports.

French insurer AXA grows in China with partnerships, JVs

French insurer AXA is looking to expand its footprint in China through acquisitions, reflecting its upbeat outlook for the market in the coming decades. "In 30 years, China will be massive in our industry, and we want to be there for that growth," said Mike Bishop, Chief Executive of AXA in Asia. Europe's second-largest insurer agreed in April to buy a 50% stake in Shanghai-based Tianping Auto Insurance for CNY3.9 billion, expanding its presence in a property and casualty insurance market dominated by local players. "The Tianping deal comes from taking a

20 to 30-year view on what is already the largest car consumer market in the world,” Bishop said, adding that the car insurance market on the mainland had improved greatly over the past decades, with reduced claim frequency and improved laws. Car sales in China grew 12.6% on the year to 9.03 million units in the first five months, according to the China Association of Automobile Manufacturers (CAAM), boosting the premium income of insurers. Ping An Insurance, PICC P&C and China Pacific Insurance saw premium income from property and casualty insurance grow between 11.1% and 21.7% in the same period, mainly because of strong car sales, according to Shenzhen-based Great Wall Securities. AXA formed a joint venture, ICBC-AXA Life, with the country's largest lender, Industrial and Commercial Bank of China (ICBC), 10 months ago. ICBC's distribution network – 280 million individuals and 4 million corporate customers – helped boost AXA's business. AXA ranked No 1 among foreign insurers in China in terms of premium income in April, Bishop said.

China's Huarong aims to raise USD2 billion with stake sale

Huarong Asset Management plans to raise up to USD2 billion by selling a stake of 15% to 20%, becoming the second asset management firm to offer a minority stake to outsiders. Established in 1999, Huarong is the biggest of the four funds the central government set up to remove an estimated CNY1.4 trillion of bad loans from the top four state banks as they prepared for initial public offerings (IPOs). Huarong was set up to acquire Industrial and Commercial Bank of China's CNY407.7 billion of bad assets. ICBC, which was listed in Hong Kong and Shanghai in 2006, had accrued the bad assets when the bank made government-directed loans to 71,000 mostly state-owned firms. Huarong's planned fund raising comes at a time when the quality of loans is under heavy scrutiny amid slowing economic growth. Cinda Asset Management, another bad-loan vehicle created by Beijing, raised USD1.6 billion last year from investors including the National Social Security Fund (NSSF), Standard Chartered and UBS. Huarong's eventual goal is to turn into a publicly listed company, and the sale of the minority stake is a prelude to a share offering, sources said. Beijing set up Huarong, Cinda, Great Wall Asset Management and Orient Asset Management to buy up non-performing loans from its state-owned banks in preparation for the lenders' eventual listing. The four bad-loan vehicles were all transformed into commercially viable entities after completing their mandates to dispose of bad debts inherited from the Big Four banks. That has enabled them to compete directly with other Chinese brokerages and asset management firms. Huarong was restructured into a joint-stock financial holding group last year, with businesses ranging from asset management to banking, securities and real estate. Its net profit jumped 66% last year to CNY6.96 billion, the South China Morning Post reports.

- The growth rate in China’s insurance sector has increased. It more than doubled the 4.5% annual expansion recorded from January to May last year. Domestic and foreign insurers reaped a total of CNY774.3 billion in premiums in the first five months, a surge of 9.4% from a year earlier, the China Insurance Regulatory Commission (CIRC) said. Property and casualty insurance companies generated a premium income of 16.84% annually, 2 percentage points faster than seen in the first five months of last year. Life insurance firms’ premiums rose 5.88%, up from a nearly flat growth last year.
- The London Metal Exchange (LME) is looking at the feasibility of clearing products in yuan, according to Hong Kong Exchanges & Clearing (HKEx). The company will also study the potential development of yuan-denominated commodity products for HKEx platforms. HKEx signed an agreement with the Bank of China (BOC) which will act as a clearing bank. HKEx plans to list yuan-denominated commodity contracts including iron ore, coal and farm products. The initial products would be cash-settled, as opposed to those on the LME, where users settle via physical delivery.
- China’s central bank has urged lenders to strengthen risk control and liquidity management, and said there’s enough liquidity in the banking system, signaling it won’t make any fund injection to ease the fund squeeze. The statement was the first public comment by the central bank since interbank borrowing costs spiked to record highs in recent weeks. China’s worst cash squeeze in at least a decade is credit positive for the banking sector overall but the crunch may hit smaller banks as their higher reliance on interbank funding could see their margins being eroded amid rising fund costs, according to Moody’s Investors Service.
- Big state companies in industries struggling with overcapacity but with easy access to credit are borrowing funds, not to invest in their business but to lend to smaller firms,

sometimes at several times the official interest rate, part of an informal lending market. The People's Bank of China (PBOC) increased pressure on banks to rein in such informal lending and speculative trading in money markets, letting short-term interest rates spike to extraordinary levels.

- The People’s Bank of China (PBOC) attempted to quell fears of a credit crisis by promising to support banks that face cash shortfalls. It said it would adjust “liquidity management” in the banking system at an appropriate time to tame short-term abnormal fluctuations, stabilize market expectations, and keep the money market stable. The central bank had provided money to some financial institutions in recent days, while some banks with sufficient liquidity also began to lend money in the interbank market. The PBOC noted last week that the interest rate banks must pay each other for overnight loans fell to 5.83%, down from a record high of over 13% the previous week.
- Chinese credit rating company Dagong launched a new venture with Russian and U.S. partners to challenge the dominance of the major rating agencies. Universal Credit Rating Group would be “providing some balance” to the industry, traditionally cornered by Moody’s, Standard & Poor’s and Fitch. “The current rating system needs reforming and introducing new thinking,” said Universal Chairman Guan Jianzhong. Dagong, RusRating and U.S.-based Egan-Jones Ratings will have an equal share of the Hong Kong-based venture, which will have an initial investment of USD9 million.
- China issued the first 30-year yuan-denominated sovereign bond in Hong Kong last week. The CNY500 million bond sold at 3.95% was part of a CNY13 billion offshore bond sales the Ministry of Finance conducted. The auction attracted CNY22.7 billion of orders from institutional investors, 2.3 times their CNY10 billion allocation.
- The Chinese branches of seven foreign banks – HSBC, Citigroup, Bank of East Asia, DBS Bank, United Overseas Bank, Hang Seng Bank and Nanyang Commercial Bank – have received the green light from the China Securities Regulatory Commission (CSRC) to sell mutual funds to domestic retail investors. By the end of last month 81 fund management firms managed assets worth CNY3.98 trillion and there were over 1,317 mutual funds, accounting for CNY3 trillion, the Asset Management Association of China said.
- The central government spent CNY7.43 billion on receptions, vehicles and overseas trips last year, 20% less than in 2011, according to a report submitted to the bimonthly session of the Standing Committee of the National People’s Congress (NPC). The central government’s total expenses increased by 14.3% from 2011 to CNY102.85 billion in 2012. Last year, the central government had a fiscal revenue of CNY5.62 trillion, an annual increase of 9.4%.
- The Industrial and Commercial Bank of China (ICBC), China's biggest bank, was uncertain of how to respond to turmoil in the money markets two weeks ago because there was no clear direction from policymakers on what they wanted to achieve, Chairman Jiang Jianqing said. His comments are the clearest indication yet of frustration among senior bankers over how the central bank handled the situation, with markets calming down only after the People's Bank of China (PBOC) made public comments last week. Jiang said ICBC was prepared to heed the call by the PBOC for big banks to lend to their smaller counterparts, should they face short-term cash crunches, to help stabilize the market.
- There will be no cap on cross-border yuan lending in Qianhai – the testing ground for full currency convertibility in Guangdong province, bordering Hong Kong. In January, 15 Hong Kong and international banks were allowed to offer a combined CNY2 billion of loans to companies registered in Qianhai. Zhang said the government would not interfere in the use of these loans as long as the money was not used in the stock market or to take advantage of the interest rate gap between the mainland and Hong Kong.
- The equivalent of about USD7 billion in yuan bond sales have been postponed during China's two-week cash crunch, and treasurers say they remain cautious despite reassurances from the central bank that the squeeze is temporary. Domestic debt sales dropped 42% in June to CNY179.4 billion, the worst month since January last year. At least 22 firms, including China Development Bank, cancelled or delayed sales.

FOREIGN INVESTMENT

Strong growth in Shanghai's FDI

Foreign direct investment (FDI) in Shanghai rose 12.5% from a year earlier to USD1.51 billion in May, the second month of double-digit growth, at a time when China's FDI expanded by less than 1%. Contracted investment in the city's manufacturing sector, which accounted for nearly one-fifth of the total value, jumped 9.3% annually in May, according to the Shanghai Statistics Bureau. Investment in the service sector, taking up about four-fifths of the total, gained 3.4%. Although Shanghai's FDI growth in May slowed from the 14.9% in April, 341 foreign-invested projects were signed last month. Xu Quan, Deputy Director of the Shanghai Financial Services Office, said the city is waiting for the central government to approve a pilot free trade zone in the Pudong New Area, which will allow Shanghai to liberalize interest and exchange rates as well as some financial products on a trial basis. The annual Lujiazui Forum was held last week in Pudong, featuring 156 speakers from around the world.

China third in outbound investment

China moved up from the sixth to the third place in 2012 in terms of outward direct investment (ODI) – after the United States and Japan – while a recent survey listed the country as "the most promising source" of FDI, according the UNCTAD's World Investment Report 2013. In 2012, FDI outflow from China continued to grow, reaching a record USD84 billion, while total outward FDI from East and Southeast Asia rose 1% to USD275 billion amid a sharp decline in global FDI outflows. China's ODI into non-financial sectors increased 20% year-on-year to USD34.3 billion in the first five months of the year, while spending surged 28.6% year-on-year to USD77.22 billion in 2012, according to the Ministry of Commerce (MOFCOM). "China's outward direct investment grew at a striking pace," said James Zhan, Director of the Investment and Enterprise Division of UNCTAD. But Liang Guoyong, Economic Affairs Officer at the UNCTAD's Investment and Enterprise Division, said that Chinese companies have become the targets of investment protectionism due to their fast-growing overseas investments, as well as their broad scope of spending. After Chinese meat giant Shuanghui International Holdings proposed to buy Smithfield Foods – the world's largest pork producer – a number of U.S. senators urged the Obama administration to consider whether the proposed USD4.7 billion deal, the biggest takeover of a U.S. company by a Chinese firm, posed a threat to the U.S. food supply that could justify blocking it.

Shenzhen and Belgium boost cooperation

Shenzhen and Belgium have agreed to boost cooperation at a maiden overseas high-tech fair, which was organized by the Shenzhen municipality in Brussels last week, the China Daily reports. About 100 companies from Shenzhen and Belgium attended the event, which was a prelude to the annual China High-Tech Fair scheduled for November. "We strongly believe that the marriage of cutting-edge Belgian and Chinese technologies will help to upgrade the economic structures of both countries," Chen Biao, Vice Mayor of Shenzhen municipality, said. Chen added that the average output per square kilometer of Shenzhen has surpassed USD100 million and that the municipality has become one of the global top 30 cities in terms of economic scale due to its high-tech and trade strength. Liao Liqiang, Chinese Ambassador to Belgium, said that Belgium is open to technology transfers, which China has benefited from since the beginning of the opening-up policy. He cited one recent example of cooperation: the use of Belgian pest and disease control technology by potato farmers in Sichuan, Chongqing, and other regions, which has greatly improved harvests. Michel Malherbe, the future Belgian Ambassador to China, said that Shenzhen is an easy access point to the Chinese market, while Brussels enjoys the benefits of being the base of the European Union.

China attracts the most foreign investment

Hong Kong and mainland China saw the world's biggest foreign direct investment (FDI) inflows last year, taking in a combined USD196 billion and eclipsing the USD168 billion invested in the United States. For the first time, emerging markets attracted more long-term capital than developed economies, according to the 2013 World Investment Report by the United Nations Conference on Trade and Development (UNCTAD). Fragile macroeconomic conditions and policy uncertainty may continue to constrain global FDI growth this year, with UNCTAD forecasting only a modest increase – to up to USD1.45 trillion this year, compared with USD1.35 trillion last year. Investors would likely regain confidence in the medium term, with flows expected to reach about USD1.6 trillion next year and USD1.8 trillion in 2015, the agency said. But it warned that significant risks remain. FDI inflows to developed economies dropped 32% to USD561 billion, while global FDI fell 18%. The European Union accounted for almost two-thirds of the global FDI decline, UNCTAD said. Outflows from developed economies shrank by 23% to USD909 billion.

FOREIGN TRADE

"Heavy losses" if China-EU solar sector talks fail

A failure by China and the European Union to reach a compromise in August over the solar panel dispute will deal a heavy blow to the global new-energy industry and result in huge losses for solar manufacturers on both sides, Long Yongtu, former Vice Minister of Commerce and chief negotiator of China's entry into the World Trade Organization (WTO) said. Brussels has set a deadline of August 6 for China and the EU to reach a compromise. If that fails, the EU will raise its temporary anti-dumping tariff on Chinese solar exports from 11.8% to 47.6% until December 6 when the EU will decide whether to extend it for five years. Long said that the EU's targeting of Chinese solar products is wrong, as their low prices are a result of the decreasing costs of raw materials and technology upgrades. He made the comments on the sidelines of the International Capital Conference in Paris, which gathered European and Chinese entrepreneurs and policymakers to discuss bilateral trade and investment relations. Long said that European companies must boost their competitiveness to adapt to the evolving international trade situation. "Protectionism will not increase competitiveness. It will only protect backwardness and inefficiency," he said. Peter Mandelson, former EU Trade Commissioner, said that the solar panel case is a good illustration of how the international economy is changing and that trade policies should reflect the changing realities of the supply chain. "The panels which are made in China are actually made from certain elements supplied from Europe and are re-exported to Europe. You can say the solar panels are as much made in the world now as they are simply made in China," Mandelson said. "We need each other too much to allow the relationship to weaken," he said. Cheng Qingtao, Vice President of the China Chamber of International Commerce, said that Europe does not speak with a unified voice, the China Daily reports.

- China will impose anti-dumping tariffs of up to 36.9% on imports of toluidine – which is used to produce dyes, medicines, pesticides and other products – from the European Union. Except for Lanxess Deutschland which is levied a tariff rate of 19.6%, all others have to pay 36.9% anti-dumping duties.
- The European Union has opened an investigation into alleged dumping by Chinese producers of stone used for counter tops and tiles, based on a complaint by the European association of manufacturers of agglomerated stones. The EU market is worth an annual €480 million, with Chinese imports accounting for 9%.
- Newly-appointed Australian Prime Minister Kevin Rudd has called for speeding up the negotiations with China to sign a free trade agreement (FTA). He said China had no need to worry about the impact of agricultural imports, as Australia's total farm production would only meet the extra expected demand from a single Chinese province. Australia is the world's second largest wheat exporter and third largest exporter of beef and raw sugar, with agricultural exports worth around USD33.40 billion a year. Bilateral trade between Australia and China is worth around AUD120 billion.

HEALTH

Chinese herbs contaminated by pesticides

Traditional Chinese herbs are being contaminated with a toxic cocktail of pesticides that poses a threat to health and the environment, Greenpeace said. Its tests revealed that up to 48 of 65 samples purchased from nine pharmacies tested positive for pesticide residue, including banned substances. Some residue levels were hundreds of times higher than EU food safety standards, Greenpeace East Asia reported. The group found 51 different types of pesticide residue, and 26 of the samples contained pesticides that are banned in China. The samples included some from renowned producers such as Tongrentang, a Beijing-based pharmaceutical company founded in 1669 and the largest producer of traditional Chinese medicine. "Chinese herbs should heal, not harm people and must be pesticide free," said

Wang Jing of Greenpeace East Asia. “The current industrial agriculture system is heavily reliant on toxic chemicals at the expense of human and environmental health,” Wang said. Dried sanqi flowers contained up to 39 kinds of pesticide, chrysanthemum up to 35 and honeysuckle flowers up to 21. Ten pesticides classified by the World Health Organization (WHO) as extremely or highly hazardous and six banned for use on Chinese herbs were found. Even leading traditional Chinese medicine makers don’t set standards or carry out tests for pesticide residue, Greenpeace claimed. Pesticide abuse in herb growing is only part of a much bigger problem, which was the general failure of chemical-intensive agriculture to feed people safely while preventing environmental degradation, Greenpeace concluded, as reported in the Shanghai Daily.

- Scientists from the Chinese Center for Disease Control and Prevention in Beijing and the University of Hong Kong said the H7N9 bird flu strain could reappear in the autumn when temperatures drop. Only one case has been identified since May 8. In the preceding months, the virus, which was unknown in humans until February, has infected more than 130 people on the mainland and Taiwan, killing 37 of them, according to the World Health Organization (WHO). The bird flu outbreak in China had cost the economy some USD6.5 billion.

IPR PROTECTION

Rights to Hofman’s duck focus of Beijing Design Week

The rights to a rubber duck design will be the highlight of this year's Beijing Design Week. Dutch artist Florentijn Hofman will bring his now-famous giant rubber duck to Beijing in September. After it became a hit in Hong Kong, unauthorized replicas soon showed up in many places on the Chinese mainland along with derivative T-shirts, caps and toys. According to the Beijing Design Week Organizing Committee, copyright protection of the artist's work will now be a focus of the event. The Committee has invited lawyers to provide copyright consultation. “We want to use the rubber duck case to promote awareness of intellectual property rights among the Chinese people,” Wang Jun, Senior Consultant at the event's IP Protection Office, said. “Any opportunistic copying is great disrespect to the original work of art and is harmful to the development of China's creative industries,” he added. Beijing will be the second Chinese city to welcome the famous duck after Hong Kong. Nanning lawyer Zhu Jibin told the local Nanguo Morning News that the copyright of the rubber duck should be protected as a work of art. “If an individual makes a replica just for study or research, it is not infringement,” he said. “But it could constitute infringement if someone copies it for commercial use to generate profit, whether for exhibition or for sale.”

- Apple and Amazon will come under scrutiny from the National Copyright Administration in its yearly campaign against online piracy. Along with local industry leaders including Taobao, they would have to report on their measures for protecting copyright and handling complaints filed by copyright holders. Officials would crack down on uploading and disseminating content without permission and selling pirated products on e-commerce platforms, it said. The anti-piracy campaign comes after pirated books were found on sale on Amazon.

MACRO-ECONOMY

Government switching from rapid to quality growth

Economists say a policy shift from rapid growth to quality growth has made the central government less sensitive to lower GDP growth and more focused on adjusting the country's overall imbalances. The authorities showed little willingness to pump fresh funds into the financial markets despite a worsening cash crunch that squeezed banks and prompted the country's key stock index to record its biggest daily loss in nearly four years on June 24. Over the past few weeks, nearly all major investment institutions have cut back their forecasts for China's 2013 GDP, in some cases below the government's target of 7.5%. “Liquidity tightening can be very damaging to a highly leveraged economy,” said Zhang Zhiwei, Chief Economist in China with Nomura Securities. It can lead to rising financing costs and a slowdown in fixed-asset investment, which is seen as the strongest driving force of China's economy. “While we expect GDP growth to slow only moderately to 7.4% in the third quarter and 7.2% in the fourth, we now attach a 30% probability to a scenario in which growth falls below 7% in either of the two quarters," Zhang said. Chang Jian, Senior Economist with Barclays Bank, said unexpectedly weak industrial production and an "export collapse" in May were among the factors that could suggest a slowdown. Downside risks were seen to grow when investment and output of the industrial sector, which accounts for about 40% of China's GDP, gave negative signals in May and June. Chang said the government might tolerate a growth rate of as low as 7%. No aggressive stimulus is expected to prop up growth in the short term. The National Bureau of Statistics (NBS) will release figures for second-quarter GDP growth on July 15.

Chinese economy weakens broadly, Beige Book shows

The Chinese economy is weakening across the board, with the previously robust retail and services sectors now starting to see slippage in revenue growth, according to the China Beige Book. The survey also revealed a fresh drop in private sector corporate borrowing in the second quarter of the year, sinking to its lowest level in 18 months, as lending costs rose, flying in the face of official data indicating a surge in credit growth across the economy. "Pricing power deteriorated more than inflation in input costs and wages, resulting in a profit squeeze. Charged interest rates rose and company borrowing fell yet again," Leland Miller, President of CCB International, which published the survey, said in a statement. "Our data are clear that there has been no flood of credit." Official data for last month put the annual growth in broad money supply at 15.8% and total social financing – the government's measure of credit in the economy – was more than CNY1 trillion. Overall financing in the economy was up 52% in the first five months of the year on the same period last year, according to central bank data. Only 30% of the more than 2,000 firms questioned in the survey said they had taken on new lending in the second three months of the year, down 13 percentage points on a year ago. Meanwhile, 45% of bankers surveyed said they had increased lending to business. Miller said the disconnect was clear, with available credit seemingly being concentrated on a few borrowers and with most loans cascading into debt rollovers at the expense of funding for new business expansion.

Bank of China confident China will reach 7.5% GDP growth

China's economic growth will pick up in the third quarter despite the recent liquidity crunch, and the government's full-year target of 7.5% expansion can be achieved, Bank of China (BOC) said in a quarterly report. The GDP growth rate will reach 7.8% in the third quarter, with 7.6% growth for the second half overall. "Acceleration of urbanization, a rally in consumption, an export recovery and base factors will support economic stability in the coming months," the bank said. It added that if any new stimulus policy is introduced this year, growth might even reach 8%. The report noted that manufacturers have nearly ended de-stocking and industrial output is expected to rise by 9.5% in the third quarter, slightly faster than in the second quarter. But increased unemployment and financial risks such as shadow banking, local government debts and rising bad loans call for precautions, said Zhou Jingtong, Senior Analyst at BOC. Pu Yonghao, Regional Chief Investment Officer for Asia Pacific at UBS Wealth Management, said: "China's economic growth may continue to slow in the second half of 2013, according to statistics for power consumption and freight loading, which measure real economic activities." Exports in the second half may not help, while the real estate industry faces critical challenges, he added. Cao Yuanzheng, Chief Economist of BOC, said the liquidity problems are temporary and won't affect the real economy that much, though they will affect banks' financing costs.

- Irregularities in the use of budget and other spending involving billions of yuan by 57 central government departments in 2012 were discovered by the National Audit Office (NAO). The former Ministry of Railways (MOR) was found to have used CNY1.57 billion in vaguely described new projects which were not assessed. The audit office also found itself misusing over CNY20 million last year, including not listing in its budget CNY3.61 million that it spent on computer maintenance and equipment updating.
- Profits of China's industrial companies grew at a faster pace of 15.5% in May from a year earlier, compared with the pace of 9.3% in April and 5.3% in March, led by the power generation, auto, information technology and oil refinery sectors, the National Bureau of Statistics (NBS) said. However, Bureau Researcher Yu Jianxun said the faster growth was concentrated in just a few industries and couldn't be taken as evidence of economic recovery. "Profits gained in power generation, auto, information technology and oil refinery sectors account for 98.5% of the total profits," Yu said.

- China's official purchasing managers' index (PMI) slipped to 50.1 in June from 50.8 in May, reinforcing worries about tepid growth in the second quarter. "The June PMI fall, across the board on major sub-indexes, indicates downward pressure in the economy," Zhang Liqun, Economist with the Development Research Center said. A sub-index measuring new orders fell to 50.4 in June from 51.8 in May, indicating weaker demand for Chinese goods. The output sub-index dropped to 52.0 in June from May's 53.3 and the inventories level worsened to 47.4 from 47.6 in May. The HSBC/Markit Purchasing Managers' Index (PMI) for June retreated to 48.2, the lowest level since September 2012 and down from May's final reading of 49.2.

PETROCHEMICALS

China gas distributors profitable as price controls hit PetroChina

China's natural gas sector is a tale of two industries: a downstream distribution business where operators are enjoying record profits thanks to rising gas demand and stable margins and an upstream supply trade whose profit has been seriously eroded by losses on contracts for long-term imports. With Beijing dragging its feet on raising the price of gas, the sustainability of the situation whereby resource producers subsidize consumers is increasingly being questioned. "While the National Development and Reform Commission (NDRC) tries to encourage gas use in China, the gas supply chain is increasingly unstable," wrote analysts at American brokerage Sanford C. Bernstein. "The government may not like it, but either gas prices will need to rise or supply and consumption will slow." To address worsening air pollution in major cities, Beijing wants to raise gas consumption by an average 16.4% from 2012 levels to 230 billion cubic meters (BCM) by 2015. If realized, it would raise the contribution of gas to total primary energy consumption to 7.5% in 2015 from 4.6% in 2011. Beijing has not lifted gas prices on a nationwide basis since mid-2010. It had been expected to do so last year but did not. Gas imports have more than doubled from 17 BCM in 2010 to 36.6 BCM last year, an annual growth rate of 46.7%. End-user prices remain at least 40% below the usual levels in Asia, which have been closely linked to crude oil prices due to tight supply. Imports are expected to continue to rise rapidly, since state-backed oil and gas firms have signed contracts that will see imports hit 93.5 BCM in 2015, or 40% of consumption, up from 25% last year, the South China Morning Post reports.

REAL ESTATE

Work on highest skyscraper not started yet

Wangcheng, a small district outside the center of Changsha, Hunan province, has been in the limelight since last June, when local developer Broad Group announced plans to build a 220-story, 838-meter earthquake-proof skyscraper there in record time. Sky City would be higher than the world's tallest building, the Burj Khalifa in Dubai. But a year after the plan was announced, there is no sign of the skyscraper. China, which has the most skyscrapers in the world, is expected to complete 53% of the 124 skyscrapers being built over the next six years.

- Henderson Group and TIAA-CREF, the manager of investments for employees of non-profit institutions, agreed to combine their European and Asian real estate businesses to form a venture with GBP13 billion of assets under management. TIAA Henderson Global Real Estate will buy and manage commercial and multi-family residential real estate.
- The Beijing Municipal Commission of Housing and Urban-Rural Development is planning to revise the rules for landlords and rental agencies, which could shake up the sector and better protect tenants. More than 520 proposals were submitted, most of them concerning rental agencies, including complaints of bad or lax management, fee increases and safety concerns. The Commission said it is now discussing suggestions with police and lawyers.
- The Hong Kong government announced that the allowed pre-sale period before flats are completed would be extended from 20 months to 30 months. The change, which takes effect this month, will help developers clear a stock of 15,000 units ahead of an expected price fall prompted by interest rate rises in the United States. But helping developers clear their stock before prices fall, would hurt buyers, analysts warned.

RETAIL

Significant drop in revenue of high-end restaurants

A Spokesman of the National Bureau of Statistics (NBS) says there's “a significant drop” in the revenue of high-end restaurants in the first quarter, showing that curbs on spending with public money have had a significant effect. Hu Haiquan, Manager of Shun Fung Seafood Restaurant in Beijing, said sales at the nine Shun Fung restaurants he manages in Beijing have fallen 30% for the past seven to eight months, while average spending has shrunk from CNY500 a person to less than CNY200. “I once rang a regular customer who works for the government and invited him for dinner. He simply said he didn't want to lose his job just for a dinner. It's even worse than the Sars period. The epidemic only lingered for half a year and the business rebounded quickly. But this time, I have to say, we would never be able to go back to the days like before,” Hu says. Shun Fung is now offering discounts of up to 70% through online group buying to attract less well-heeled customers. A set dinner for 10 people in Shun Fung now costs CNY998, much lower than the original CNY3,012. A dinner for two is CNY198, against CNY500 before. The situation is similar for most high-end restaurants in the country. XE Flavour, a Shenzhen-listed restaurant chain, says its revenue slid a third in the first quarter of this year, causing the company to record a loss of CNY60 million for the period. At least two of its restaurants have closed down this year. Also eyeing the mass market is the elite national liquor brand Moutai. On June 5, Kweichow Moutai Chairman Yuan Renguo said the company was adjusting its market positioning to adapt to the changes in the business environment. From January to April, Moutai sales fell 23%, and the retail price almost halved from the peak of more than CNY1,400 a bottle to around CNY800. Another industry that is suffering from the government's stern measures on public spending is high-end jewelry. Since last year, most of the leading jewelers in Hong Kong – including Chow Tai Fook, Chow Sang Sang and Luk Fook – have been complaining about the same thing: mainland shoppers are not as generous as before. Sales for big-ticket jewelry items, of more than HKD10,000, have been shrinking largely from uncertain economic conditions across the border as well as Beijing's ban on gift-giving among civil servants, the South China Morning Post reports.

SCIENCE & TECHNOLOGY

Shenzhou-10 returns to earth safely

The Chinese space capsule Shenzhou-10 with three astronauts on board landed safely after a 15-day trip to the Tiangong-1 space module, marking the latest success for China’s manned space program as it enters its second decade. The Shenzhou-10’s descent module landed by parachute in Inner Mongolia on June 26. Wang Yaping, China’s second female astronaut to complete a mission, said the trip had been worthwhile for the opportunity to conduct China’s first science class in space, beamed live to 60 million schoolchildren across the country. Manned space program Director Zhang Youxia declared the mission – China’s longest to date – a “complete success” and said all three astronauts were in perfect health. Vice Premier Zhang Gaoli conveyed congratulations from the Party leadership and declared that the manned program was entering a new and more challenging stage. China sent its first astronaut into space in 2003. The country will launch the Tiangong-2 space lab around 2015 and complete the construction of a manned space station by 2020. China will also use new generation rockets with larger carrying capacities, said Yuan Jie, Deputy General Manager of the China Aerospace Science and Technology Corp. The new generation rockets will use new engines with non-toxic and non-polluting liquefied propellents, which are safer and more environment friendly.

- Lin Jianhua, 58, was appointed President of Zhejiang University, one of China’s prestigious universities. The post had been vacant since ex-President Yang Wei became Director of the National Natural Science Foundation of China in February. Lin was previously Vice President of Peking University.
- Fang Binxing, President of the Beijing University of Posts and Telecommunications and architect of China’s Great Fire Wall, said he would step down for health reasons and to spend more time on research.

STOCK MARKETS

China to launch QDII2 for individual investors

The People's Bank of China (PBOC) has approved plans to launch a new pilot program allowing individual households to make financial investments overseas. The plan has now been submitted to the government for final approval. Guangzhou and Shenzhen will be the sites of the new Qualified Domestic Individual Investor program, known as QDII2 because it follows on China's original program for outward financial investment, the Qualified Domestic Institutional Investor (QDII) program. The program could launch as early as July. China's currency is convertible for trade and other current account transactions, but is tightly controlled for capital account transactions, especially financial investment. China launched the original QDII in 2007, allowing local financial institutions to invest in overseas capital markets. The selection of Guangzhou and Shenzhen for the pilot is part of the Pearl River Delta Financial Reform Experimentation Zone. Economists say capital account convertibility could contribute to improved capital allocation in China by forcing Chinese banks to compete for investor funds and giving Chinese domestic savers more investment options, but it also raises the risks of de-stabilizing capital flows.

- A unit of Shanghai-based Bright Dairy and Food Co is set to raise NZD75 million in an initial public offering (IPO) in New Zealand. After the completion of the IPO, Bright Dairy will still be the biggest shareholder of Synlait Milk with a 38.5% to 40.7% stake, down from the 51% it now holds. Trading is expected to begin on July 23 on the NZX Main Board. The proceeds will be used to repay debt and help fund construction of a facility for lactoferrin, a key ingredient in infant formula, as well as other production plants. Bright Dairy invested NZD82 million in Synlait in July 2010.
- At least two firms, a U.S.-based car parts supplier Nexteer Automotive and Chinese media and advertising company Wisdom, have deferred their plans to list in Hong Kong, according to people familiar with the deals. Despite the gloomy market outlook, Edward Au, Partner at Deloitte, said: "Hong Kong's initial public offering market is expected to pick up in the second half, underpinned by favorable mainland policies."

TRAVEL

Dragon Airlines scales back expansion

Hong Kong Dragon Airlines, a fully-owned subsidiary of Cathay Pacific Airways, has reduced its recruitment and fleet expansion plans this year because of the slowdown in the Chinese economy and air traffic growth. Patrick Yeung, Chief Executive of Dragonair, said the airline will recruit 100 cabin crew staff this year, compared with 330 recruitments last year. The carrier will increase its fleet by three planes to 40 by the end of this year, compared with five new planes last year. Dragonair did not add any new routes in the second quarter after adding four destinations in the first quarter. Yeung said that the aviation market in Hong Kong is already competitive with 96 airlines flying to Hong Kong, 10 of them low-cost carriers (LCCs). Jetstar Hong Kong said it would fly to the mainland as well as other regional routes in Asia by offering ticket prices 50% lower than the prices offered by full-service carriers. Dragonair, on the other hand, said it would compete against other carriers by promoting quality of service. It has won the world's best regional airline award by Skytrax, a British airline passenger surveying firm, three times since 2010.

- Hong Kong Express Airways is to join Jetstar Hong Kong in a foray into the low-cost carrier market. The move by both is expected to help Hong Kong reclaim ground lost to other Asian airports, which already have robust low-cost carrier markets. Hong Kong Express, which is controlled by the HNA Group, would transform into a low-cost carrier by September, said Jeff Sun Jianfeng, COO of sister company Hong Kong Airlines. Hong Kong Express Airways said it will fly to two mainland cities and Malaysia when it starts operating as a budget carrier in October. Prices will be at least 30% lower than those of rival Cathay Pacific Airways.
- Shanghai's two airports will likely see flight delays in July and September because of thunderstorms, rains and high temperatures, and even typhoons, officials from China Eastern Airlines warned. Airlines will inform passengers when there are delays of over four hours and put up notices on websites, microblogs and WeChat accounts.

VIP VISITS

South Korean President Park Geun-hye visits China

The Presidents of China and South Korea called for a swift resumption of the six-nation North Korean nuclear disarmament talks. Park Geun-hye, on a four-day visit to China, held formal discussions with the new Chinese leadership led by President Xi Jinping and Premier Li Keqiang. She was accompanied by an unusually large 71-member, high-powered trade delegation, including the Chairmen of Hyundai Motor Group and LG Group. The two Presidents witnessed the signing of agreements on energy cooperation, trade and other areas. Two-way trade hit USD215 billion last year, with South Korea's exports of semiconductors, mobile phones, cars and industrial products giving it a trade surplus of more than USD50 billion. Both sides agreed to push for the completion of a bilateral free trade agreement. The two sides also agreed to extend currency swap arrangements and discuss the possible expansion of swap volumes. They also vowed to deepen financial cooperation and expand cooperation in information and communication technology, energy, environment and climate change. Park delivered an address at Tsinghua University in Chinese and visited a Samsung Electronics complex during her trip to Xian. According to the Ministry of Commerce, South Korean companies invested USD4.87 billion in China, accounting for 10% of the nation's outbound direct investment in 2010, making the nation the second-largest outbound investment destination. China's exports to South Korea totaled USD80.8 billion in 2012, while imports from the Asian country reached USD134.3 billion, according to the Chinese Ministry of Commerce (MOFCOM).

- Pakistan Prime Minister Nawaz Sharif said working out the details of a new economic corridor to Xinjiang will be a major goal of his trip to China this week. He said the corridor, which will connect the resource-rich western region with Pakistan's Gwadar port, would “change the fate” of the region. The corridor would consist of a series of special economic zones, a rail link and a pipeline, and would give China access to the Indian Ocean. Sharif's six-day visit will be the second high-level exchange between the two countries in less than two months, following Chinese Premier Li Keqiang's visit to the country in late May.

ONE-LINE NEWS

- Vice Minister of Finance Li Yong, 61, was elected Director General of the United Nations Industrial Development Organization (UNIDO) with a majority of 37 votes from member states, beating five candidates from Afghanistan, Cambodia, Italy, Poland and Thailand. He will succeed Kandeh Yumkella from Sierra Leone, whose second term ended in June. Ministry of Commerce Spokesman Shen Danyang said that UNIDO “through technology cooperation projects had brought to China advanced skills, management expertise and crucial equipment, contributing greatly to China's industrial and social development.”
- The internet has become the primary tool for exposing corruption in China, “removing a corrupt official with the click of a mouse”. In its Blue Book of New Media, researchers from the Chinese Academy of Social Sciences (CASS) said that 156 corruption cases between 2010 and last year were first brought to light online – compared with 78 cases resulting from reports in traditional media. Still, only five officials of above departmental rank were brought down via online exposures last year – just a fraction of the 950 officials of that level who were probed for crimes.
- The Chinese government will relax household registration (hukou) controls in all small towns and cities as part of moves to accelerate urbanization, free up household registration in mid-sized cities “in an orderly manner” and gradually relax rules about moving household registrations to big cities. Between 2010 and 2012, more than 25 million people from rural areas had completed urban household registration.
- State Council Deputy Secretary General Wang Zhongwei, a former Shanghai Publicity Department Director and Vice Minister of Culture, has been picked to head Premier Li Keqiang's office.
- Ding Xuedong, currently Deputy Secretary General of the State Council, is expected to be officially named the new Chairman of the China Investment Corp (CIC). The Chairman's office at CIC has been empty for about three months since former Chairman Lou Jiwei, who helped establish the CIC in 2007, was promoted to Finance

Minister.

QUOTES OF THE WEEK

“This thing has been moving across the Sahara at the pace of a slightly lame camel. I’d say to our friends in Beijing, let us conclude a free trade agreement between China and Australia.”

Australian Prime Minister Kevid Rudd, quoted in the China Daily, June 28, 2013.

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