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

NEWSLETTER | 9 SEPTEMBER 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.

http://www.flandersinvestmentandtrade.be/acties/2013/09/09/Groepszakenreis-Multisectoraal-China?opendocument

Launch "EU Business in China: Position Paper 2013/2014" – 17 September 2013 – Brussels

The annual launch seminar of the "EU Business in China: Position Paper 2013/2014" will take place on Tuesday 17th September 2013 at 12h00 at Business Europe, Av. de Cortenbergh, 168, 1000 Brussels.

This seminar is organized by the European Union Chamber of Commerce in China (European Chamber) in collaboration with Business Europe and the EU-China Business Association (EUCBA), for which the Flanders-China Chamber of Commerce acts as secretariat-general. On the day, the European Chamber will present its European Business in China Position Paper 2013/2014.

Speakers:
- Karel De Gucht, Commissioner for Trade, European Commission
- Davide Cucino, President, European Union Chamber of Commerce in China

This is the 14th edition of this annual publication which has grown in importance and stature to become a vital contribution from private business to the development of EU-China trade relations, and to improving the business environment for all EU companies in China. The leadership transition in China brings new opportunities for EU-China trade relations. However reforms are still urgently needed after four decades of rapid but sometimes uncoordinated growth. The domestic regulatory environment has important international implications for China. To a large degree, domestic regulations shape Chinese companies' ability to internationalize and compete on the global market. Also, market access restrictions for foreign companies in China create imbalances that may cause tensions and create difficulties for Chinese companies seeking to expand abroad.

The "EU Business in China: Position Paper 2013/2014" expresses the opinions of European business regarding the challenges of operating in the Chinese market. But it also wants to contribute by providing constructive recommendations on how China could move to a more balanced and sustainable economic model, while ensuring a level playing field for all companies, international and domestic, operating in China. Drawing on the industry knowledge and expertise of the European Chamber's 1,700 member companies, this year's Position Paper presents Chinese and European policy-makers with more than 600 key recommendations. The Paper will be presented to Chinese government and EU policy-makers with the aim of improving the investment climate in China. Representatives from the European Chamber's working groups and forums will also be on-hand to answer specific questions related to their industry sectors. EU Trade Commissioner Karel De Gucht will join to deliver a speech on the current state of EU-China business and economic relations.

Tentative Agenda:

12h00 – 13h00	Registration and buffet lunch
13h00 – 13h15	Introduction by Mr Stephen Philips, Chairman, EU-China Business Association
13h15 – 13h30	Speech on EU-China business relations by Mr Karel De Gucht, European Commissioner for Trade
13h30 – 13h45	Q&A Commissioner Karel de Gucht
13h45 – 14h15	Presentation of the European Business in China Position Paper 2012/2013 by Mr Davide Cucino, President, European Union Chamber of Commerce in China
14h15 – 14h30	Q&A
14h30 - 14h45	Closing remarks by Mario Vizzotto, Chairman, BUSINESSEUROPE China network

The participation fee is 85 €. Registration online before 12 September.

Opening Ceremony of the Weihai EU Office in Ghent, Belgium – 24 September 2013 – 16h00

The Flanders-China Chamber of Commerce (FCCC) and the Weihai Municipal Government will hold the official opening ceremony of the Weihai EU Office in Ghent on Tuesday 24 September 2013 at 16h00 at the Hotel NH Gent Belfort, Hoogpoort 63, 9000 Ghent.

The opening of this EU Office is the result of intense cooperation between the Flanders-China Chamber of Commerce (FCCC) and the Weihai Foreign Investment Center. On this occasion, the city of Ghent and the city of Weihai will also sign a cooperation agreement. The Mayor of Weihai, Mrs Zhang Hui, and representatives of the Weihai Investment Bureau will give an outline of the investment environment in Weihai, Shandong province, where several Flemish companies such as Bekaert, Beaulieu and Weihai Golden Solar Thermal Industrials have a major investment.

Agenda:

16h00	Reception
16h30	Address by Mr Bert De Graeve, Chairman, Flanders-China Chamber of Commerce, CEO of Bekaert
16h40	Address by Mr Daniel Termont, Mayor of the City of Ghent, Province of East Flanders
16h50	Address by Mrs Zhang Hui, Mayor of Weihai City, Shandong Province
17h10	Video presentation about the Weihai investment environment
17h20	Signing of the official opening of the Weihai EU Office in Ghent and the cooperation agreement between Weihai and Ghent
17h30	Networking reception

Weihai City is situated in Shandong province and has seen an impressive economic growth over the past two decades. The city has been listed as one of the most dynamic cities with the fastest economic development in China. Weihai is a well-known port city in China and is therefore a lucrative industrial base with key industries. It has attracted a vast amount of foreign investment to focus on developing the industries of shipbuilding, automobiles and parts, electronics and information, electromechanical equipments and tools, textiles and garments, food and pharmaceuticals.

The meeting is organized with the support of Flanders Investment and Trade.

Registration online before 19 September.

ACTIVITIES SUPPORTED BY FCCC

Hebei delegation at the 68th Ghent Trade Fair – 14 to 22 September 2013 – Ghent

The Chinese province of Hebei, with whom East Flanders has had a friendship relation for more than 20 years, will send a delegation to participate in the 68th Ghent Trade Fair.

Following the successful participation of China as guest country in 2005, the province of Hebei will be the official guest country time. Spectators will have to opportunity obtain information about utensils inspired by Chinese tradition. Hebei province will also send a team of Chinese artists, who will exhibit their works. A business delegation from Hebei will present itself to East Flanders to establish contacts with local entrepreneurs.

Companies from the following areas will be present: textiles, electromechanical and wooden products. Interested companies can meet them on 16 September 2013 by sending an email to info@flanders-china.be

Free entry tickets valued at €5 can be printed online. Click here to print the free ticket.

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).

FINANCE

Bank of America to sell entire stake in CCB

Bank of America (BofA) is selling its entire USD1.49 billion stake in China Construction Bank (CCB), China's second-largest bank by market value. Exiting its eight-year investment, Bank of America is offering its remaining two billion Hong Kong-listed shares in CCB. The move follows that of Goldman Sachs, which sold its entire stake in Industrial and Commercial Bank of China (ICBC) in May, and HSBC, which sold USD9.4 billion of Ping An shares in February. The increasingly stringent capital requirements overseas and a slowdown in China are the main reasons for the exit of foreign financial institutions from Chinese banks, analysts said. Last month, Construction Bank Chairman Wang Hongzhang had said he hoped Bank of America would retain its remaining 0.8% stake. “BofA is in need of money and that's the main reason for the sale. Second, holding shares in another financial institution has become more expensive under new regulations, and BofA wants to maintain a stronger capital ratio,” Mizuho Analyst James Antos said. The American bank paid USD3 billion for a 9.9% stake in CCB before its initial public offering (IPO) in 2005 and later bought a further 11% for about USD9.2 billion. Before its latest offering, the Bank of America sold Construction Bank shares four times. Foreign institutions have raised at least USD14 billion from divesting shares in Chinese financial firms since last year, according to Bloomberg. The U.S. bank said the transaction would generate a pre-tax gain of about USD750 million in the third quarter.

Bank of America's complete exit from China Construction Bank marks the end of major foreign banks' investment in the Big Four state-owned lenders after Beijing kicked off industry reforms about a decade ago, with the exit process having started a few years ago. Softening economic growth in China had dragged down the potential returns on the country's banks, and harmed their asset quality, analysts said. This pushed foreign banks, faced with tough capital requirements, towards the exits, the South China Morning Post reports. HSBC and Citigroup are the two major foreign banks retaining key interests in Chinese banks, albeit much smaller ones than the Big Four. HSBC still holds 19.03% of Bank of Communications (BoCom), and Citigroup owns about 20% of China Guangfa Bank.

China to benefit from FATCA agreement with U.S.

China stands to benefit from a proposed intergovernmental agreement (IGA) with the United States that would enable it to comply with the U.S. Foreign Account Tax Compliance Act (FATCA), which combats tax evasion, lawyers say. FATCA requires foreign financial institutions to report to the U.S. Internal Revenue Service information about U.S. taxpayers or foreign firms in which U.S. taxpayers hold substantial ownership. Beijing and Washington agreed in July to reach an IGA before January. “If China signs a reciprocal IGA, it could receive significant tax data from the U.S. about the overseas activities of Chinese nationals,” said Karl Egbert, a registered foreign lawyer with U.S. law firm Dechert. “That data is potentially tremendously valuable to the Chinese government, so they will not want to jeopardize the agreement.” Countries that have signed IGAs with the U.S. include Britain, Germany, Japan, Switzerland, Norway, Ireland and Spain, according to King & Wood Mallesons, an Australian-Asian law firm. Hong Kong is negotiating its own IGA. If Beijing signs an IGA, all Chinese financial institutions will have to comply with FATCA's due diligence and disclosure requirements, said Scott Michel, President of U.S. law firm Caplin & Drysdale. If a non-U.S. financial institution refuses to comply with FATCA, it faces a 30% withholding tax on gains on the U.S. investments in its portfolio, whether the assets are held for U.S. taxpayers or other parties, Michel said. If an IGA is signed, China would have to pass legislation making FATCA part of local law. China has the leverage to negotiate a better FATCA deal with the U.S. than most countries and thus win more favorable exemptions, Egbert said.

China Merchants Bank raises funds in Shanghai offer

China Merchants Bank raised CNY27.5 billion in the Shanghai portion of its rights offer, paving the way for it to complete the world's third-largest share sale this year. The result of the Hong Kong sale will be announced on September 26. The sale will help the bank meet capital needs over the next five years, speed up growth and cope with growing competition from rivals such as China Minsheng Banking and Industrial Bank. Merchants Bank's capital adequacy ratio fell to 10.72% at the end of the second quarter from 11.41% at the beginning of the year, and its core tier-1 ratio dropped to 8% from 8.34%, according to its first-half earnings report. Merchants Bank reported a 13% increase in second-quarter profit to CNY13.3 billion, but its earnings growth for the full year may slow to 4.8% from an average of 36% in the past three years, according to consensus analyst estimates in a Bloomberg survey.

Trading in government bond futures resumes

China resumed trading of government bond futures last week after an 18-year suspension as the government aims to diversify investors’ portfolios and proceed with liberalizing interest rates. The three five-year contracts started trading on the China Financial Futures Exchange with the base price for the December 2013 contract at CNY94.168. Analysts said trading is likely to be light as key participants, including commercial banks and insurers, are still excluded. Only qualified brokerages and mutual funds are now allowed to trade bond futures. “Government bond futures provide a tool for managing interest rate risks,” said Zhao Kui, Analyst of Huarong Securities. “Bond futures are expected to become an important reference for pricing of medium and long-term interest rates and help accelerate interest rate liberalization,” Zhao said. The trading of government bond futures was halted in 1995 after Wanguo Securities brought the price down in the last eight minutes of trading by selling massive orders to rescue a losing short position. Its move resulted in losses for other traders. The Shanghai Stock Exchange later declared the order invalid, but authorities removed the head of the exchange and sentenced Wanguo's former Chairman Guan Jinsheng to 17 years in jail. The scandal became known as the 327 incident after the contract code and afterwards Wanguo, which lost more than CNY6 billion, was forced into a merger to create Shenyin Wanguo Securities. “The scandal is unlikely to be repeated as the market environment has changed with investors getting mature and the regulator setting a range of limits and requirements to curb speculative activity,” Minsheng Securities said in a research report. Investors were cautious on the first day of the trading. A total of 36,635 lots of contracts, each of them valued at CNY1 million, changed hands during the day.

- Australia-based AMP Capital and China Life Insurance Co, the nation’s largest insurer, have gained approval from the China Insurance Regulatory Commission (CIRC) to start China’s first insurer-run fund company. AMP will invest AUD15 million for 15% in China Life AMP Asset Management Co while the Chinese insurer will hold the rest. The joint venture may start selling products by the end of this year pending approval from the China Securities Regulatory Commission (CSRC). It will be China’s largest fund firm if it meets the registered capital of CNY588 million.
- China’s local government debts are generally controllable despite huge problems in some regions, Minister of Finance Lou Jiwei said. The size of debts is under control, and the growth is slowing, he added. Everbright Securities Co said some CNY127 billion of local government financing vehicle notes will expire in the second half of this year, more than double the CNY62.7 billion that matured in the first six months.
- Chinese insurers are poised for a slowdown in premium income growth in the second half as they are expected to pursue higher margins after posting decent first-half earnings cushioned by a significant improvement in investment income. Net profits of major insurers were buoyed by increases in net realized gains from investment and lower impairment losses in the first half as the capital market improved and they offloaded some of their equity holdings, said Kenneth Yue, Director and Senior Analyst at brokerage firm CCB International. Chinese insurers could spend about USD14.4 billion on overseas commercial real estate, aided by a stronger local currency and easier regulations amid a limited supply of prime properties at home, CBRE said.
- The Chinese Asset Management Association of Hong Kong, an industry group of more than 50 Chinese asset management firms, was set up in Hong Kong with Ding Chen, Chief Executive of CSOP Asset Management as Chairman. He said the group would serve as a platform to “strengthen communication with regulators, enhance ties among players and better regulate asset managers”.
- The Chinese yuan became one of the top-10 traded currencies in 2013, rising to No 9 on the list due to a “significant expansion” in offshore trading, the Bank for International Settlements has said in a report. It is a sharp jump from the bank’s last survey in 2010, when the yuan was No 17 on the list. The yuan along with the Mexican peso, which rose to No 8, saw the most significant rise in market share among major emerging market currencies.

FOREIGN INVESTMENT

GSK executives acquiesced in bribe giving, employees say

Employees of GlaxoSmith-Kline (GSK) China have claimed they were given permission by high-ranking executives to maintain close relationships with and offer bribes to key figures at hospitals in order to drive sales. Huang Hong, General Manager for Corporate Operations at GSK China, said Mark Reilly, former GSK China CEO, ordered the setting up of a “big client team” to take care of deputy heads of major hospitals and pharmacy department heads at each hospital in order to secure sales. China accounts for just 3.5% of GSK’s global drug sales but demand in China rose 17% last year and the company is investing heavily in China. The Ministry of Public Security said in July that several GSK China executives were involved in passing bribes totaling CNY3 billion to government officials, medical associations and foundations, hospitals and doctors through 700 travel agencies. To please major clients, GSK sponsored seminars for them, Huang added. “The entire industry knows, at every event, there were vacations or expensive gifts, sometimes cash directly given to clients,” she said. The Ministry of Public Security added: “The problems of international drug giants in China are not as simple as some isolated employees and third parties committing unethical acts. Beneath the guise of compliance, there are massive and wanton actions throughout the country that are shocking.” In July, the company appointed Hervé Gisserot to replace Mark Reilly as General Manager of China operations.

The central government is considering whether to slap massive fines on GlaxoSmithKline (GSK), after accusing its headquarters and its former China General Manager, Mark Reilly, of fostering an aggressive sales culture that indirectly encouraged widespread bribery. GSK paid the United States government USD3 billion last year to settle charges of illegal drug promotion, failure to report safety data and false price reporting. It was the biggest fine for a drug firm in U.S. history. The company has said some of its senior Chinese executives appear to have broken the law, and that it has zero tolerance for bribery. But Guo Jianhua, head of recruitment at GSK China, was quoted by the official People’s Daily as saying the company had turned a blind eye to illegal behavior. “When the problems were exposed, the company pushed all responsibilities to individual employees,” Guo said. Corruption in China’s pharmaceutical industry is widespread, fueled in part by low base salaries for doctors at the country’s 13,500 public hospitals.

European Chamber calls for bigger role for market forces

China needs to embark on a new round of structural reforms by allowing market forces to play a bigger role and reassessing the government's role, the European Union Chamber of Commerce in China said in its latest report. “While China could previously make a choice between economic restructuring and maintaining growth, economic restructuring is now necessary to maintain growth. Some small steps have been taken, but bigger play must be given to market forces to ensure that China’s increasingly limited resources are directed to the most productive areas of the society. To bring this about, the government must first reassess its role in the business environment,” the paper said. The European Chamber’s highly-anticipated and influential annual Position Paper was launched on 5 September in the Four Season’s Hotel in Beijing. This year’s paper includes 26 vertical industry working group papers with more than 800 recommendations. It draws directly from the knowledge and expertise of the Chamber’s 1,700 member companies following a six-month consultative process. European Chamber President Davide Cucino also introduced the Position Paper at a press conference attended by more than 100 members of the media. He then provided an overview of the Executive Position Paper – which highlights many of the main issues raised in the working group papers – illustrating his points with examples and proposing constructive recommendations to promote China’s sustainable economic growth. The pillars of the Executive Position Paper are as follows:

- Strike a new balance between market forces and government control through strengthening the Chinese government’s role as regulator while reducing the role of government in terms of its control over the financial system, implementation of industrial policies and the role it gives to SOEs.
- Reassess the Chinese Government’s approach to technology and innovation and the top-down approach to guiding technology choices that, contrary to intentions, serve to distort markets and prevent China from creating an innovative society.
- Bring China’s investment environment closer to international norms and increase levels of openness to foreign investment by integrating international practices into domestic policies through better engagement with, and leadership in, international standards and regulatory bodies.

- A total of 202 multinational companies have relocated their regional headquarters to Shanghai’s Pudong New Area. Sixty of these headquarters have been upgraded to Asia-Pacific headquarters, according to the 2013 Blue Book of Regional Headquarters Development of Multinational Companies in Pudong. Last year, the total revenue of headquarter enterprises in Pudong was CNY247.3 billion, and tax payments amounted to CNY16.5 billion.

FOREIGN TRADE

Shanghai to launch FTZ on September 27

Shanghai is scheduled to officially launch its free-trade zone on September 27 with Vice Mayor Ai Baojun heading a new commission to oversee its development. Ai used to head Shanghai-based Baosteel, China's biggest steelmaker, before he was named Vice Mayor in late 2007, a post he would keep. He is expected to closely work together with a Vice Premier. Late last month the government announced the final approval for the special zone, which will cover 28.78 sq km in Shanghai's Waigaoqiao, Yangshan and Pudong districts. The central government may eventually expand the zone to cover the entire Pudong district, which covers 1,210.4 sq km.

Exports and imports up about 7% in August

Exports rose 7.2% to USD190.7 billion in August, after a 5.1% gain in July, the General Administration of Customs (GAC) reported. Imports rose a less-than-expected 7% to USD162.1 billion last month, leaving the country with a trade surplus of USD28.6 billion, the highest this year. The surplus was 8.4% up on the same month of last year and widened from July's USD17.8 billion. Shipments to the United States, China's largest market, rose 6.1% in August from a year earlier, while those to the European Union, the second-largest, gained 2.5%. Both marked the second monthly gain after a four-month drop. Exports to Japan, however, fell 2.2% in August, declining for the seventh straight month. The below-forecast import growth in August showed a "moderate payback" after July's significant gain, JPMorgan Chief China Economist Zhu Haibin said. But weak imports could still signal that domestic demand is faltering, analysts said. August's trade surplus suggested that appreciation pressure on the Chinese currency is likely to continue in the foreseeable future, ANZ economists said.

- China and South Korea have completed first-stage negotiations on a bilateral free trade agreement, laying the foundation for more in-depth talks over mutual opening and liberalization.

HEALTH

China facing diabetes explosion, researchers warn

Diabetes in China may have reached "an alert level" with one in 10 adults suffering from the disease while most patients are unaware of their condition, Chinese researchers said. They warned that China could face "a major epidemic of diabetes-related complications," including cardiovascular disease, stroke and chronic kidney disease in the near future without an effective national intervention. "The prevalence of diabetes in the Chinese adult population has surpassed that of India and is now close to that of the United States," said lead researcher Ning Guang from Ruijin Hospital in Shanghai. About 11.6% of Chinese adults were found to be diabetic, while 50.1% of the adults were pre-diabetic, according to a survey of 98,658 people across 31 provinces, municipalities and autonomous regions in 2010. It means that diabetes has become one of the biggest public health concerns in China, which has about 113.9 million diabetes patients and 493.4 million people with pre-diabetes. The survey found the incidence of diabetes among Chinese adult men was 12.1% and 11% among women. Only 25.8% of diabetic patients had received treatment. The number of diabetics shot up by 22 million, the equivalent of Australia's population, between 2007 and 2010, according to the study, published in the Journal of the American Medical Association. "China is now among the countries with the highest diabetes prevalence in Asia and has the largest absolute disease burden of diabetes in the world," the researchers wrote. The average body mass index (BMI) in diabetics in the study was 23.7, compared with 28.7 in the U.S. China's diabetes-related medical costs were estimated at CNY173.4 billion a year in 2010. The rising trend has strained health services and helped fuel growth in drug sales of 20% a year. Costs are expected to skyrocket in the next 10 to 20 years as millions of sufferers seek treatment and care for related ailments such as kidney failure, stroke and blindness.

IPR PROTECTION

HTC executives accused of leaking trade secrets

Three HTC executives have been arrested in Taiwan on suspicion of leaking trade secrets to the government of Chengdu. In exchange for the information, the city government would pay for most of the set-up, operation and marketing costs of a company being established by HTC Vice President of Product Design Thomas Chien, who led the design of HTC's flagship phone One, according to Taiwanese prosecutors. The Chengdu city government declined to comment.

MACRO-ECONOMY

PMIs turn positive, trend expected to continue

The HSBC Purchasing Managers' Index (PMI), centered on private and export-oriented manufacturers, rose to 50.1 last month from an 11-month low of 47.7 in July, and it was the first time the index was positive (above 50) since April. "We expect some upside surprise to China's growth in the coming months," said Qu Hongbin, Chief Economist for China at HSBC. The official Purchasing Managers' Index, which is weighted toward large state-owned manufacturers, rose to a 16-month high of 51 last month, the China Federation of Logistics and Purchasing (CFLP) said. Yao Wei, Economist at Société Générale, said China's PMI readings "painted a picture of a domestic demand-led recovery." He believed "data in the next two months will probably continue on a positive trend." Official data covering trade, industrial production, fixed-asset investment, retail sales and foreign direct investment (FDI) in July all turned out to be better than expected. Sheng Laiyun, Spokesman for the National Bureau of Statistics (NBS), said China will meet its economic growth target of 7.5% this year. JPMorgan predicted China's economy to grow 7.6% this year, up from its previous forecast of 7.4%, the Shanghai Daily reports. "We are definitely stabilizing, but it's going to be a pretty weak to flat recovery," said Stephen Green, Economist at Standard Chartered. Both surveys indicated sluggish exports remained an Achilles' heel for China's economy. Export orders in the HSBC survey were shown deep in contraction territory, while the official PMI showed export demand growing modestly at 50.2. China's official purchasing managers' index (PMI) for the non-manufacturing sector dipped slightly to 53.9 in August from July's 54.1.

In an unexpected downgrade, the National Bureau of Statistics (NBS) cut its figure for economic growth for last year to 7.7% from 7.8%. China's GDP was CNY51.9 trillion last year. Like other economies, China regularly revises its annual GDP figures although it usually does so in an upward direction. The Bureau cited "more comprehensive and reliable fundamental" information for the change. The revision was still "preliminary," the NSB said. Growth in the first six months of this year was 7.6%. Despite two straight quarters of slowing growth, recent data for the current third quarter have been surprisingly solid.

- China is on track to fulfill its growth target of 7.5% this year and the country will see a "diamond" decade of closer cooperation with ASEAN members, Chinese Premier Li Keqiang said at the opening of the China-ASEAN Expo in Nanning, capital of the Guangxi Zhuang Autonomous Region. In the past 10 years, China's trade with ASEAN countries jumped five-fold, while bilateral investment had tripled. The four-day business and investment fair was attended by Vietnamese Prime Minister Nguyen Tan Dung and Thai Prime Minister Yingluck Shinawatra. Philippine President Benigno Aquino, however, did not attend after Manila alleged Beijing had set conditions for his trip. Philippine exhibitors say they have been subjected to delays in customs clearance for products to be displayed at the fair.
- Reuters reported that China's annual consumer inflation rose 2.6% in August, in line with market expectations and little changed from the previous month's 2.7% rise. The National Bureau of Statistics (NBS) said China's producer prices fell 1.6% last month from a year earlier, compared with a fall of 2.3% in the previous month. Economists polled by Reuters had expected consumer inflation of 2.6% and factory-gate prices to fall 1.8%.
- The growth in total advertising spending in China this year may slow from that of last year but the internet is seen as the fastest growing while television's share will expand. Ad spending across all media categories in China may grow 10.7% this year from last year to reach CNY429.5 billion, media investment management firm GroupM said in its annual "This Year, Next Year China Media Forecast" report. The internet will

remain the fastest growing sector at 36% annually this year and around 34% next year. TV will take the biggest share of 51.4% among overall spending this year, though its share has been declining over recent years.

MERGERS & ACQUISITIONS

U.S. approves Shuanghui's take-over of Smithfield

Shuanghui International's USD4.7 billion acquisition of pork producer Smithfield Foods has received clearance from the U.S. Treasury Department which reviewed the deal for national security concerns, the companies said, paving the way for the largest ever Chinese take-over of a U.S. company. The deal had faced opposition from a bipartisan group of U.S. lawmakers who were concerned about food security issues, including whether Chinese pork products could be exported to the U.S. But Smithfield and Shuanghui managers stressed that the deal was about sending Smithfield products to China to meet demand there. One of Smithfield Foods' largest shareholders said that it plans to vote against the proposed takeover by Shuaghui. New York-based investment firm Starboard Value, which owns about 5.7% of Smithfield's common stock, said it would vote against the deal at a meeting scheduled for September 24 in Richmond. Starboard said it had received written interest from other parties to buy Smithfield's assets at a higher value than that being offered by Shuanghui. Shuanghui announced that it had secured about USD4 billion in financing for the deal, in which Smithfield plans to sell itself for USD34 per share, or USD4.7 billion.

- Bright Food (Group) Co is in talks to acquire Israel's biggest food producer and distributor Tnuva. The deal could be worth USD1.7 billion. "Leveraging mature foreign technology and experience to enhance Bright Food's product quality may be one of the key reasons for Bright Food to acquire Tnuva," said Mark Zhu, Senior Strategy Consultant at Labbrand, a China-based brand consultancy. Bright Foods is talking with Apax Partners, a UK private equity fund that owns 56% of Tnuva. Tnuva's products include frozen pastries and various kinds of cheese.

PETROCHEMICALS

Wison Engineering ensnared in bribery investigation

Wison Engineering, a Shanghai-headquartered provider of engineering and construction services for the petrochemical industry, was operating normally after announcing that Chairman Hua Bangsong, its controlling shareholder, was "assisting the relevant authorities" in investigations of corruption at PetroChina and the China National Petroleum Corp (CNPC). Hua, 47, a veteran of the petrochemical industry, with 23 years of experience, established Wison in 1997. Wison, which listed in Hong Kong last year, was little known to the public in Shanghai but began to attract attention after it built a new office building based on the Pentagon in Washington, in Shanghai's Zhangjiang industrial zone. Wison, now the eighth-largest Chinese engineering, procurement and construction (EPC) company in the petrochemical sector, rivals state-owned players including Sinopec Engineering Group. It secured lucrative deals with PetroChina and its subsidiaries in the past. In 2009, its business ties with PetroChina accounted for 63% of its total revenue, with the percentage jumping to 80% in 2010 before dropping to 58% in 2011. A company official said Wison was looking to expand its businesses this year so as not to rely heavily on PetroChina.

Shanghai Petrochemical considers paraxylene project

Sinopec Shanghai Petrochemical is considering investing as much as CNY20 billion in a one million ton paraxylene project that could reduce the country's reliance on imports of the raw material for making polyester. Shanghai Petrochemical is the largest producer of paraxylene in China, with an annual capacity of 800,000 tons. "The demand for paraxylene is very big. We expect that the internal return on the project will top 20%," said Chairman and President Wang Zhiqing. The country consumed 15.71 million tons of paraxylene last year. About 40% was imported from South Korea, Japan and Taiwan, said Wu Fei, Analyst at Bocom International Securities. Imports of paraxylene accounted for just 14% of consumption in 2000. The lucrative business of paraxylene production has spawned numerous competitors and is vulnerable to overcapacity. China's production capacity has risen more than fourfold to 9.3 million tons, and nearly 3 million tons of capacity is under construction or being designed, according to internet portal Tencent. “As demand for paraxylene will grow at 25% a year, the extra capacity can easily be absorbed by the growth in demand,” Wu said. Shanghai Petrochemical reported a CNY477.5 million profit in the first half from a CNY1.14 billion loss a year earlier, thanks to an 11% reduction in the cost of processing crude oil.

PetroChina to trim capital spending

PetroChina will likely record an annual drop in capital spending for this year, according to company officials and industry specialists. That would be its first such decline since its Hong Kong and New York stock market listings in 2000. “The new management is completely different from Jiang Jiemin, under whom PetroChina has been spending like crazy and got into a lot of deals at home and abroad with questionable economics,” a PetroChina Manager said. Former Chairman Jiang Jiemin is under investigation for corruption. Under Jiang, PetroChina’s capital expenditure surged to CNY352.5 billion last year from CNY181.6 billion in 2007. Jiang was head of PetroChina and CNPC from late 2006 until early this year. Analysts contend that the company invested too heavily in its refining and petrochemicals businesses at the expense of oil and gas exploration and production. PetroChina’s new management said the group would become a more profit-driven entity and “enter (a) new development phase”, President Wang Dongjin said in late August. “We are likely to see a flat, maybe lower capex number this year, which is a step in the right direction,” said Neil Beveridge, Senior Analyst at Bernstein Research in Hong Kong. PetroChina’s capex fell 3.1% to CNY108.2 billion in the first half, with spending for refinery and chemical projects falling 52% while upstream spending rose 11%.

CNPC agrees basic gas supply terms with Gazprom

Russia’s Gazprom and the China National Petroleum Corp (CNPC) agreed to basic terms on a long-awaited deal to deliver natural gas to China. The basic terms define the volumes, start of deliveries, payments, and other issues, Gazprom said. Gazprom first signed a memorandum of understanding with China in 2006 to ship up to 68 billion cubic meters (BCM) of gas per year via two routes. Talks on finalizing a deal had been delayed repeatedly, mainly over pricing. Gazprom Chief Executive Alexei Miller said the companies plan to sign the final supply deal by year-end. CNPC also inked a deal to take a 20% stake in Gazprom rival Novatek's USD20 billion Yamal liquefied natural gas project. CNPC plans to spend CNY630 billion over the next decade to build four more long-distance gas pipelines that would see 65% of the nation's cities connected to its network. PetroChina is now building the third pipeline to meet surging annual gas demand, which doubled to 143 billion cubic meters (BCM) in the five years to last year, and is projected to rise to 350 BCM by 2020. The additional pipelines will source gas from Central Asia. The fourth to seventh pipelines of the west-to-east-pipeline project would have a combined annual throughput capacity of 242 BCM.

- The U.S. Securities and Exchange Commission (SEC) is expected to ask tough questions of PetroChina, after news reports indicated Beijing is investigating the oil company and its parent, the China National Petroleum Corporation (CNPC). In recent years, the U.S. market watchdog has questioned PetroChina on its financial statements and about more than USD11 billion in deals in countries subject to U.S. government sanctions. PetroChina, listed in Hong Kong and Shanghai, has American depositary receipts (ADRs) traded in New York. In Cuba, Syria and Iran, CNPC had won at least USD11.7 billion in deals.
- Pomerantz Grossman Hufford Dahlstrom & Gross, a U.S. law firm, has filed a class-action lawsuit in the court of the Southern District of New York against PetroChina and some of its executives for failing to disclose the corruption scandal affecting the oil giant and its state-owned parent, the China National Petroleum Corporation (CNPC). Investors who bought American depositary receipts (ADRs) of the Chinese firm from April 26 last year to August 27, are seeking unspecified damages from PetroChina and some of its executives. PetroChina's financial statements “were materially false and misleading” during the period of the lawsuit, said Pomerantz.

REAL ESTATE

Average house price in 100 cities up 0.92%

House prices in China continued to rally in August, extending momentum for the 15th straight month. The average price of new houses in 100 cities climbed 0.92% from July to CNY10,442 per square meter, compared to a growth of 0.87% in July and June's 0.77% rise. The number of cities that registered monthly price increases rose from 61 to 71. Of those, 31 saw growth of more than 1%. Fuzhou in Fujian province led last month's gainers with a 3.92% rise. There were price drops in 29 cities, with Wuhu in Anhui province suffering the biggest retreat of 2.29%. In the 10 largest cities, the average price of a new home rose 1.49% to CNY17,871 per sq m last month, accelerating from its growth of 1.34% in July and June's 1.01%. Beijing continued to lead the first-tier cities with a rise of 3.22%, followed by Guangzhou, Shenzhen and Shanghai, which saw increases of 1.68%, 1.34% and 1.07%, respectively. With the expected increase in the traditional high season for property sales in the coming two months, price increases are expected to be mild. In Shanghai, new home sales saw double-digit growth to exceed 900,000 sq m in August with the average price down more than 5% from July amid weaker demand for high-end properties. Purchases of new residential properties jumped 16.4% from July to 904,200 sq m, data released by Shanghai Uwin Real Estate Information Services Co showed. The average cost of new homes, however, fell 5.4% to CNY23,348 a sq m, the lowest in three months. "New home transactions in Shanghai will very likely exceed the 1 million threshold again in both September and October as demand from first-time buyers remains robust," said Uwin's Chief Analyst Huang Zhijian.

Most expensive plot sold in Shanghai

A plot of land in Shanghai's Xuhui district sold for CNY21.77 billion, a record for a single piece of land in the city and the most expensive plot in terms of total price sold on the Chinese mainland since 2010. The winner at the public bidding was Well Master International Investment, a wholly-owned subsidiary of Hong Kong's Sun Hung Kai Properties. The Xujiahui Center project parcel, designated for office, commercial, food and beverage, and hotel purposes, fetched an average gross floor area price of CNY37,264 per square meter, a premium of 24.4%. Dubbed the last core site in Shanghai, the 99,189 sq m plot, with a total buildable area above ground of more than 584,200 sq m, was the subject of much attention before the sale because of its record starting price of CNY17.5 billion. Construction on the site should commence within 12 months from the delivery of the plot by the government and the whole project should be completed within seven years. Sun Hung Kai's local portfolio includes the landmark mixed-use developments Shanghai International Financial Center and Shanghai International Commerce Center as well as the luxury residential project Shanghai Arch. The sale at a record price was the latest evidence of continuously rebounding sentiment among real estate developers. Land sales in the city exceeded CNY100 billion in the first eight months of 2013, with the value for this year expected to surpass the historic high in 2010, according to Soufun Holdings, the Shanghai Daily reports.

- Shanghai's land sales exceeded CNY100 billion in the first eight months of this year as sentiment among developers rebounded. The city sold 121 parcels – 49 for housing and 72 slated for commercial uses – between January and August, up 30% from the entire value registered in 2012. "We expect land sales to exceed 2010's CNY127.2 billion by the end of this month," said Soufun Analyst Li Zongzhou. 12 of the 121 plots were sold at more than double their asking price. Shanghai Greenland Group was one of the most aggressive buyers.
- Purchases of pre-owned houses rose 12.4% in August from July to 21,401 units while the average cost rose 2.2% month-on-month to a record CNY18,951 per sq m, according to Shanghai Deovolente Realty Co. The average price of second-hand homes continued to rise for the fifth straight month, further evidence that the market is well on its way to recovery.

RETAIL

Chinese retailers not optimistic about economic outlook

Chinese retailers are doubting the official upbeat growth figures. Retail sales grew 13.2% in July year-on-year, a slowdown from 14.3% last year, and 17.1% in 2011. "Consumer sentiment showed no sign of significant recovery, affecting many businesses," said menswear retailer China Lilang, which has nearly 3,500 stores across China. This uncertainty about the future underscores the difficulty both the government and retailers have to persuade consumers to spend more. "The increase in the overall savings rate indicates that China still has a long way to go to transform into a consumption-driven economy," Lianhua Supermarket Holdings, which operates more than 4,500 outlets across China said in its earnings statement. The personal savings of households were about 38% of disposable income last year. The International Monetary Fund (IMF) said China's urban household savings rate was less than 20% of disposable income in the mid-1990s. Chinese government-backed retailers like China Resources Enterprise are more positive about the future than some of their private-sector counterparts. The consultancy China Market Research Group recently polled 1,000 middle-class consumers who earn USD6,000 to 15,000 a year and found that most people were worried about the future.

SCIENCE & TECHNOLOGY

16 Chinese universities good for CEO studies

One Hong Kong university and 15 in mainland China have made the list of the best places to study to become CEO of a global company. Hong Kong's Polytechnic University was ranked 72nd out of 100 universities worldwide in the Alma Mater Index, a new study by Times Higher Education, which rates universities based on the studies of Fortune Global 500 CEOs. Harvard University topped the Alma Mater Index with 25 CEOs, while the University of Tokyo ranked second, having produced 13 company bosses. Fifteen mainland Chinese universities accounted for 40 of the Fortune Global 500 CEOs, with Tsinghua University ranked highest at 13th place. Shandong University, the China Europe International Business School (CEIBS) and the Communist Party's Central Party School also featured in the top 50. "Chinese universities do exceptionally well on this list due to the prominence of large Chinese companies on the Fortune list, who tend to be led by Chinese nationals initially educated in China," said Phil Baty, Editor-at-large of Times Higher Education magazine. The heads of the world's three largest companies – Royal Dutch Shell, Wal-Mart Stores and Exxon Mobil – only obtained bachelor's degrees.

- The Ministry of Education said that only 70% of Chinese citizens could speak Mandarin, many of them poorly, and the remaining 30% or 400 million people could not speak it at all. The government has launched another campaign to promote Mandarin Chinese or putonghua. This year the Ministry will focus on the remote countryside and areas inhabited by ethnic minorities.
- More and more South Korean students are choosing China over the U.S. for their university studies. The number of South Koreans studying in China more than doubled to 62,855 last year from 2003, according to South Korea's Ministry of Education. The number of U.S.-bound students grew 50% to 73,351 in the same period. "It's only the beginning in the shift in Korean's appetite for education towards China from the U.S.," said Cho Jin-pyou, head of Seoul-based Wise Mentor, which provides education and career-path advice. Koreans make up the largest proportion of the international students studying in China.

STOCK MARKETS

Investors seek compensation from Everbright Securities

Brokerage Everbright Securities, which was hit by a record fine for a trading error on August 16, faces further losses of as much as CNY2.7 billion as investors seek compensation. Its shares dropped to the lowest level since the stock started trading in 2009. The downward spiral looked set to continue, with the trading error, a result of chaotic management and a lack of oversight in internal risk control, likely to cost Everbright billions of yuan more due to its loss of reputation. The brokerage was fined CNY523 million by the China Securities Regulatory Commission (CSRC) after being charged with insider trading practices following the error, which drove the stock market up nearly 6% within minutes on the morning of August 16. Everbright, without releasing information about the trading error to the public, immediately sold shares and index futures to reduce losses, improperly pocketing an illicit gain of CNY87.2 million, the CSRC found. A glitch in Everbright's arbitrage system mistakenly placed a buy order of more than CNY20 billion in shares, leading 16 large-cap stocks to immediately hit the 10% daily ceiling. Transactions worth CNY7.3 billion ensued. The CSRC encouraged investors who lost money in chaotic trading to bring civil lawsuits seeking compensation from Everbright. Retail investors are estimated to have suffered a combined loss of CNY2.7 billion, Xinhua reported. Everbright posted a net profit of CNY1 billion last year. Zhang Yujun, Assistant to CSRC Chairman Xiao Gang, told a closed-door work conference that underachieving brokerages without effective internal risk-control systems would be forced to close down, the South China Morning Post reports.

- Shares in Chinese premium liquor maker Kweichow Moutai Co fell by the daily limit of 10% on September 2 as a crackdown on corruption in China crimped profit growth in the first half of the year. The firm's liquor has rocketed in price over the last five years, boosted by its traditional use by officials and executives as a gift to help smooth business ties, but its use is not targeted by the anti-corruption watchdog. Moutai reported net profit growth of 3.6% in the first six months of the year, compared to 43% for the same period last year and 58% in 2011.
- Shanghai-based food and beverage maker Tenwow International says it wants to use fresh capital to increase production of self-branded products in the hope of boosting its gross margin and lowering its debt ratio. The firm is seeking to raise as much as USD203 million through an initial public offering (IPO) in Hong Kong.

TRAVEL

Cathay Pacific tries to stop budget airline Jetstar Hong Kong

In a fresh attempt to stop a budget airline from taking off in Hong Kong, Cathay Pacific Airways has filed an objection to Jetstar Hong Kong's application to run scheduled services in the city on the ground that it violates the Basic Law and it is not a genuine local carrier. Founded by Qantas Airways and China Eastern Airlines last year, Jetstar Hong Kong has been burnishing its local credentials as Shun Tak took a 33% stake and its Managing Director Pansy Ho was last month appointed Chairwoman of the planned budget airline. Without naming Shun Tak, Cathay said that having a Hong Kong-based shareholder did "not determine management control or principal place of business under the Basic Law. Management control of the Jetstar Hong Kong franchise clearly rests in Australia," Cathay said. Jetstar's Chief Executive Edward Lau countered that Jetstar Hong Kong is managed locally and is meeting all regulatory requirements, including principal place of business. The Air Transport Licensing Authority (ATLA), part of Hong Kong's Transport and Housing Bureau, still has to grant Jetstar Hong Kong an operating license.

- China plans to build 69 regional airports for smaller jets by the end of 2015, mostly in remote border regions. The country has only 181 regional jets compared with more than 20,000 in the U.S. Remote areas at high altitudes in Yunnan, Guizhou and Qinghai are best served by planes with less than 60 seats. Some 90% of the country's regional airports are losing money, but local economies benefit from these airports, which bring tourists and logistics business. 130 of the country's 182 airports lost nearly CNY3 billion combined last year.
- Zhang Shuguang, former Deputy Chief Engineer at the former Ministry of Railways (MOR), was accused of having awarded railway contracts to private companies which resulted in excessive bills for the government and took bribes totaling CNY47.6 million between 2000 and 2011. Examples of excessive costs were CNY1,125 for a box of sanitation paper and a faucet priced at CNY12,800.
- Pudong International Airport handled more than 1 million international passengers in the first half, up 11% from the same period last year, and is set to handle even more passengers as domestic and overseas airlines will use bigger aircraft such as the Airbus A380 to fly to Shanghai. The airport's average daily takeoffs and landings hit a record high of 1,120 flights during the summer.
- Passengers flying between Shanghai and Beijing have faced fewer delays since airspace was freed up over the capital late last month. Punctuality rates improved 4% to around 80%, according to the Air Traffic Control Bureau under the Civil Aviation Administration of China (CAAC). The routes between Shanghai's Hongqiao and Pudong airports and Beijing Capital International Airport are the busiest in China.

VIP VISITS

President Xi Jinping visits Central Asia, attends G20

Chinese President Xi Jinping visited the Central Asian nations of Turkmenistan, Kazakhstan, Uzbekistan and Kyrgyzstan. In Kyrgyzstan he will also attend the annual summit of the Shanghai Cooperation Organization (SCO). He attended the G20 Summit in St Petersburg, where he met U.S. President Obama. Xi called for a political solution to the civil war in Syria and warned Obama not to launch air strikes. Japanese Prime Minister Shinzo Abe called for China and Japan to reset their frayed ties when he briefly met President Xi.

During a stopover in Turkmenistan before going to the G20 Summit, President Xi Jinping and his Turkmen counterpart Gurbanguly Berdimuhamedov agreed to upgrade the status of their diplomatic ties to a strategic partnership. Turkmenistan would boost its natural gas shipments to China by an additional 25 billion cubic meters (BCM) annually to up to 65 BCM a year by 2020. A purchase-and-sale agreement for 25 BCM of Turkmen gas a year was signed between China National Petroleum Corporation (CNPC) and TurkmenGas. China has become the largest trade partner of Turkmenistan, with bilateral trade reaching USD10.3 billion last year, up from USD4.5 million in 1992. The two nations opened the world's longest natural gas pipeline in 2009, which extends more than 8,000 kilometers and serves Hong Kong. By June, Turkmenistan had attracted USD3.3 billion in Chinese investments. Xi Jinping and his Turkmen host launched production from Galkynysh (Renaissance), the world’s second-largest gas field in Turkmenistan, that is being jointly developed with China. The Galkynysh field is estimated to have up to 21.2 trillion cubic meters of gas and more than 300 million tons of oil.

In Kazakhstan, President Xi witnessed the signing of an agreement that will give CNPC a 8.33% stake in Kazakhstan’s giant Kashagan oilfield at a cost of about USD5 billion. Oil and gas deals, including one to build an oil refinery in Kazakhstan, were among 22 agreements, worth some USD30 billion, reached during Xi's visit. Speaking at Nazarbayev University in Astana, Xi called for the building of “an economic silk road” in the region and the settlement of more deals using local currencies.

Belgian and Chinese Premiers to meet in Dalian

Belgian Prime Minister Elio Di Rupo will pay his first visit as Prime Minister to China this week and meet Chinese Premier Li Keqiang at “Summer Davos” in Dalian on September 11. Di Rupo told the China Daily that Belgium is one of the most innovative countries, with the most innovative companies in many fields such as health, pharmaceuticals and sustainable industries, and Belgium can offer a good platform for Chinese enterprises to invest, he said. Belgium is China’s sixth-largest trade partner in the European Union. China is the second-largest trade partner of Belgium outside the EU. The accumulative non-financial direct investment (FDI) from China to Belgium reached about USD140 million at the end of 2012, while more than 300 Belgian companies have invested in the Chinese market. Di Rupo has been to China twice before and met Premier Li Keqiang a year ago, the China Daily reports.

- India raised its longstanding concerns about Chinese dam construction on rivers that start in China and flow into the sub-continent at the 5th round of the India-China strategic dialogue in New Delhi last month. China is the world's most prolific builder of hydropower dams, and is the source of 10 major rivers flowing to 11 countries. Beijing currently has three dams mapped out on the Yarlung Zangbo, not far upstream from where it crosses into India and eventually Bangladesh as the Brahmaputra.

ONE-LINE NEWS

- Tian Xueren, 66, former Executive Vice Governor of Jilin province has been accused of accepting CNY19.19 million from 85 different bribery cases between 1996 and 2011. He has also been charged with abuse of power. One case involved Guo Chunsheng, the former CEO of Jilin Zixin Pharmaceutical Industrial Co, who gave Tian U.S. dollars in cash valued at CNY12.17 million.
- The Communist Party’s Central Commission for Discipline Inspection (CCDI) and its corresponding government agency, the Ministry of Supervision, have set up a website to allow the public to report suspicions about government officials, either anonymously or by using their real names, but analysts said it needed to be more open in how it handled tip-offs and complaints in order to win the public's confidence.
- Two more senior officials have been expelled from the Communist Party and sent for prosecution. Both were accused of receiving enormous amounts of money and goods in return for doing favors for others, and were suspected of criminal offenses. Wang

Suyi, 52, is a former senior official in Inner Mongolia, while Li Daqiu, 60, is a former Vice Chairman of the Guangxi Committee of the Chinese People's Political Consultative Conference (CPPCC). Su Shunhu, 59, former Deputy Director of Transportation at the former Ministry of Railways (MOR), admitted in a Beijing court he took bribes of up to CNY24 million from three companies.

- Jiang Jiemin has been sacked as Chairman of the State Assets Supervision and Administration Commission (SASAC) as a graft probe into the oil industry widens. Jiang had been Chairman of PetroChina and parent company China National Petroleum Corp (CNPC) before he moved to SASAC. Four former colleagues are also being investigated for disciplinary violations.
- China is banning officials from using public funds to buy mooncakes, pastries offered as gifts during the Mid-Autumn Festival which falls on September 19 this year. President Xi Jinping has made cutting back on extravagance and waste a main theme of his administration, seeking to assuage anger over corruption and restore faith in the Party.
- Ding Shumiao, a businesswoman who was involved in the corruption case of former Railway Minister Liu Zhijun has been charged with illegal business operation and bribery. The No 2 Beijing Municipal People's Procuratorate filed the charges.
- Yang Dacai, former Director of the Shaanxi Provincial Work Safety Administration, was sentenced by the Xian Intermediate People's Court to 14 years in jail for corruption. He was nicknamed "Brother Watch" because of his taste for expensive watches.

ANNOUNCEMENTS

China IPR SME Helpdesk Webinar Invitation – "How to Protect Your Trade Secrets While Doing Business in China", 11 September 2013

Trade secrets are a valuable and highly useful form of intellectual property rights. It is strongly recommended that you take the adequate steps to protect them because trade secrets can ensure your business advantage over competitors. China IPR SME Helpdesk expert Benjamin Bai will introduce the most effective steps to protect your trade secrets in China, including unique enforcement issues in China, updates on recent trade secret litigation in China and case studies. The presentation will be followed by a Q&A session, where SMEs can get expert answers to their questions. Space is limited. Reserve your Webinar seat now at: https://www3.gotomeeting.com/register/385425886

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