法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 23 SEPTEMBER 2013

FCCC ACTIVITIES

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.

China Market Entry: “Challenges and Successes” – Monday 14 October 2013, 15h30 – International Club of Flanders, Ghent

The Flanders-China Chamber of Commerce is organizing a conference: China Market Entry: “Challenges and Successes”. This event will take place at 15h30 on Monday 14 October 2013 at the International Club of Flanders, Sint-Pietersplein 11, 9000 Ghent.

During this event, highly experienced experts and business leaders will share their knowledge and expertise based on their achievements in China.

Programme:

15h30	Registration
16h00	Welcome by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
16h10	“How are the development needs different in the Chinese labour market: Challenges and Opportunities, by Mr Howard Zhu, Managing Director CPM China/Competence@
16h30	Practical experiences on doing business in China: • Mr Maarten Michielssens, CEO, Econation • Mr Filip Goris, Regional Manager Asia, Recticel • Mr Lieven Danneels, CEO, Televic
17h30	Question and answer session
18h00	Networking reception

During this conference participants will receive the publication “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 on their way to success in the largest and most challenging market on earth.

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

Registration online before 9 October. Price members FCCC: €75, non-members: €95.

Lunch session: China in the shop window? A view on new trends in China – Monday, October 21, 2013 – VOKA, Kortrijk

The Flanders-China Chamber of Commerce (FCCC) and VOKA West-Flanders are organizing a lunch session “China in the shop window? A view on new trends in China” on Monday, October 21 from 11h15 till 14h00 at Voka – Kamer Van Koophandel West-Vlaanderen, President Kennedylaan 9a, Kortrijk.
Guest speaker is Mr Etienne Charlier, Managing Director, ProcurAsia.

The China industrial context has drastically changed over the last 10 years. The combination of higher manufacturing costs and a more developed industry has serious impact on sourcing. In this presentation, Etienne Charlier will present this main evolution and highlights the new strength of the country for companies looking for outsourcing manufacturing or sourcing parts and systems. He will also give practical advices and tips for people who want to learn more about how to evaluate Chinese partners, what product to source from China, and how to manage suppliers you buy from.

Price: VOKA & FCCC members: €60, non-members: €90, Ambassador members and members BC Global Sourcing: free of charge. Cancellations up to 5 days before the event in writing (by mail).

More information: Griet Witdouck - 056 26 13 93
Registration at:
https://www.voka.be/west-vlaanderen/opleidingen/inschrijven/?eventId=104426

OTHER ACTIVITIES

VOKA VISTA: 1 October 2013 – China Book presentation

VOKA VISTA: 1 October 2013 – China Book presentation

For further information, go to the following link:
http://www.voka.be/oost-vlaanderen/evenementen/2013/10/voka-vista-succes-in-china-met-geert-roelens,-ceo-beaulieu-international/

PAST EVENTS

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” took place on September 17, 2013 at Business Europe in Brussels.

This seminar was 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. The European Chamber presented its European Business in China Position Paper 2013/2014.

EU Trade Commissioner Karel De Gucht delivered a speech on the current state of EU-China business and economic relations. Mr Davide Cucino, President, European Union Chamber of Commerce in China, presented the European Business in China Position Paper 2012/2013, followed by a Q&A session and closing remarks by Mario Vizzotto, Chairman, BUSINESSEUROPE China.

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) organized a group business trip to West-China, an enormous market. Minister-President Kris Peeters led the trip from 9 till 13 September 2013 to Chongqing and Chengdu.

On September 11, the Flanders-China Chamber of Commerce (FCCC) organized a breakfast seminar in Chongqing. Mrs Gwenn Sonck, Executive Director of the Flanders China Chamber of Commerce, welcomed the participants and introduced the speakers.
Mr Luc Maton, Member of the Board of the FCCC and General Manager Asia Region of Ahlers, introduced the Flanders-China Chamber of Commerce and its activities. He emphasized the publication of newsletters, the organization of seminars and the sharing of guanxi (networks) to exchange experience and knowledge on China's economy and doing business in the country.

Flanders' Minister-President Kris Peeters expressed his support for the Go West policy of the Chinese government. Chongqing is one of the very fast-growing cities in China with still a big margin for further expansion, he said. He said he hoped the seminar would prove to be a great opportunity to expand the ties between the business communities of Flanders and Chongqing.

Mr. Chen Yu, Chairman of the Chongqing Sub-Council of the China Chamber for the Promotion of International Trade, welcomed the delegation to the city and gave a brief introduction of China's Go West policy and of Chongqing, from its origins in ancient times to its modern development. He also covered the priorities for doing business in Chongqing.

Mr Ulrich O.Birch, Chairman of the European Chamber Southwest Chapter and Senior Consultant at Consenec, a joint venture between ABB, Alstom and Bombardier in Switzerland, gave the perspective of European investors in Chongqing. Mr Birch has been based in Chongqing since 2005, so he has experienced quite some dramatic changes in the development of the city. He emphasized that the municipal government was very accessible to help overcome difficulties. The city benefits from preferential policies, such as a lower corporate income tax, but finding qualified personnel is still an uphill battle, the more so as more companies are investing. Chongqing has a strong manufacturing base and is a natural logistics hub.

Mr Claude Gong, Tax Partner, Deloitte & Touche Chongqing, more generally covered the challenges and opportunities for doing business in the West of China, including in Chongqing. His talk was more focussed on investing. China's Five Year Plan emphasizes development in the West of China to narrow the gap with the coastal areas, he said.

A brief Q&A session concluded the seminar.

In Chongqing, Minister-President Kris Peeters also had a meeting with Mayor Huang Qifan.

The Flanders-China Chamber of Commerce is preparing a special report on Chongqing which will be made available to the members.

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).

MEMBERS' NEWS

Huawei completes acquisition of Caliopa

Huawei announced its continued investment expansion into Europe through its acquisition of Caliopa from Baekeland, Fidimec, Ghent University, PMV, and other individual shareholders. The deal, which was supported by Woodside Capital Partners, opens the door for research efforts to be boosted in the area of silicon photonics and represents a further step in Huawei’s European R&D strategy. The acquisition is part of Huawei's strategy to enhance its European research and development (R&D) capabilities, in particular in the silicon photonics-based optical solutions space. Huawei will integrate Caliopa into its existing R&D center in Belgium. The deal, which was completed on 6 August 2013, will give Huawei full ownership of Caliopa. Caliopa is based in Ghent (Belgium) and will continue its strong partnership with UGent and imec following this acquisition.

Caliopa is a spin-off company from the Photonics Research Group of imec and Ghent University founded in 2009. It develops and markets silicon photonics based optical transceivers for the data and telecommunications markets. Huawei is China's leading global information and communications technology (ICT) solutions provider.

Ghent University concludes several partner agreements

In the framework of the mission of Minister-President Kris Peeters to China, Ghent University has taken the opportunity to conclude several agreements with partner institutions. As the result of the good cooperation between Prof Claus Bachert (Faculty of Medicine and Health Sciences) with Capital Medical University in Beijing, a new agreement has been concluded, which will further support research projects, training of joint PhD students, and exchange of students and staff.

Next to the existing cooperation with Sichuan University in the field of Political and Social Sciences, the Faculty of Engineering and Architecture (Prof Ludwig Cardon and Dr Kim

Ragaert) has also concluded an agreement with Sichuan University.

Finally, Prof Hendrik Van Landeghem and Dr Veronique Limère (Faculty of Engineering and Architecture) successfully organized a summer school on “Advanced Trends in Manufacturing Organization” at Southwest Jiaotong University. During the closing ceremony of this summer school, an MoU was signed, in the presence of Minister-President Kris Peeters.

EXPAT CORNER

Shanghai Magnolia Silver Awards announced

53 foreigners were honored with the Shanghai Magnolia Silver Award for their outstanding contributions to Shanghai. Among the recipients were Pierre Bertholat, former Vice President of Carrefour (China) Management & Consulting Service Co, Robert Earl Socia, President of General Motors (China) Investment Co, and Jeffrey Sean Lehman, Vice Chancellor of New York University Shanghai. Li Mingjun, Director of the Shanghai Foreign Affairs Office, presented citations and medals to the winners. The Shanghai Magnolia Award was established in 1989.

FINANCE

Government pushing banks to raise private capital

The Chinese government is pushing banks to bolster their balance sheets by enforcing new international bank capital requirements known as Basel III. But some analysts say fears of an impending crisis are overdone. “We've done some stress test analyses, which find that even under fairly stressed scenarios, the banks – especially the larger banks – will still be making a marginal profit,” said Grace Wu, China Bank Analyst at Daiwa Capital Markets in Hong Kong. Twelve of China's 17 listed banks have already announced plans to raise about CNY425 billion largely through subordinate debt. The China Securities Regulatory Commission (CSRC) said banks and other listed firms could also issue non-tradable preferred shares to bolster their balance sheets. Whether that will be necessary depends on how big the bad debt pile really is. This is a matter of guesswork, given that analysts think the official non-performing loan (NPL) ratio of less than 1% is a considerable understatement. Most put it in the 3% to 6% range. Much of the potential risk lies outside the official banking system. Goldman Sachs has said that in a worst-case scenario, credit losses for the entire system could reach USD3 trillion, or a fifth of the forecast gross domestic product (GDP) in 2016, comparable to bad loans estimated at 16% of GDP in 1999 that Beijing cleared from the balance sheets of its top banks between 1999 and 2008 in preparation for their stock listings. Former PBOC Vice Governor Wu Xiaoling said another bailout on that scale was unlikely.

Those who fear a crisis point to a rapid rise in off-balance sheet lending, or shadow banking. Charlene Chu, China Bank Analyst at Fitch Ratings, said banks were involved in 75% of all non-traditional lending, so they were more exposed to shadow credit than their balance sheets suggested. “A 1% non-performing loan ratio has little signaling value when 36% of all outstanding credit resides outside Chinese banks' loan portfolios,” Chu said, as reported by the South China Morning Post. To moderately widen market access to the banking sector, the Chinese government would support the establishment of private banks, boost the development of micro-credit companies and encourage internet and mobile-phone banking, People's Bank of China Governor Zhou Xiaochuan said in an article in the Communist Party's Seeking Truth magazine.

Local governments face CNY20 trillion debt

An audit of local government debt may find that provincial and municipal authorities owe more than CNY20 trillion, Liu Yuhui, Researcher at the Chinese Academy of Social Sciences (CASS), said. That would be “way higher” than the level of debt at the end of 2010, Liu said at a briefing to announce that the Academy and China Credit Rating would jointly develop credit ratings for the country's local governments. The National Audit Office (NAO) said in a 2011 report that local authorities owed CNY10.7 trillion at the end of 2010. The central government ordered a nationwide audit of local government debt in July because of concerns that slowing growth may leave some local authorities unable to repay borrowings. Local governments have sidestepped rules barring them from direct bank loans and selling bonds by setting up thousands of local government financing vehicles (LGFVs), raising funds to build roads, bridges and sewage systems. The current system did not meet their funding needs, Liu said, and as a result “the issue of local government debt is in a situation of getting out of control”. Trials that began in 2011 to allow provinces and cities to directly sell bonds were expanded this year. The provinces of Jiangsu and Shandong were added to the trial in July, joining the provinces of Zhejiang and Guangdong and the cities of Shanghai and Shenzhen. The partnership to develop ratings marks a step forward in Beijing's preparations for allowing local governments to sell debt, CASS Vice President Li Yang said. China Credit Rating was set up in August 2010 by a body under the People's Bank of China (PBOC). The audit of local debt will be completed this month, according to Vice Finance Minister Zhu Guangyao. Finance Minister Lou Jiwei told CCTV this month that the scale of local government debt was controllable and that the pace of borrowing was slowing. He said that while some local governments faced “relatively big” debt problems, the risk of default was “not great”, the South China Morning Post reports.

- Alibaba Group formed a strategic alliance with China Minsheng Banking Corp to provide financial services to online shoppers. The bank will open a special section on Taobao, Alibaba’s consumer-oriented shopping site, to offer direct banking services for online shoppers. Users will be allowed to link their banking and Taobao accounts.
- Shanghai should build up its expertise in asset management and insurance because these are two sectors that are the most relevant to the city, the Lord Mayor of the City of London, Roger Gifford, said. He is optimistic that the central government’s plan to launch a pilot free trade zone (FTZ) in Shanghai will accelerate financial reforms and raise the city’s competitiveness. Jim Yong Kim, President of the World Bank, said that Shanghai’s free trade zone is a “positive and critical” development as China commits to reforms.
- Shanghai Pudong Development Bank (SPDB) looks set to spearhead a move by domestic and foreign peers to secure a foothold in Shanghai's planned free trade zone (FTZ), after announcing a plan to open a branch in the zone, which is expected to be launched on September 27. “In the long term, the free-trade zone may be developed into an offshore financial sector onshore”, JP Morgan Economist Zhu Haibin said. Although Pudong Bank did not say what businesses the branch would be involved in, analysts said it would facilitate clients' cross-border investments and asset-management arrangements.
- Hang Seng Bank is to launch its first A-share exchange-traded fund (ETF) next month or in November after receiving a renminbi qualified foreign institutional investor (QFII) quota of CNY1 billion, Executive Director Andrew Fung said. He expected local financial firms would enlarge the scope on RQFII products by focusing on active management of bonds or stocks rather than index tracking, or form private funds targeting institutional investors only. Hang Seng's ETF would track the Hang Seng China A Industry Top Index. Bank of China (Hong Kong), HSBC and Bank of East Asia (BEA) have also won RQFII licenses, but they have yet to launch products.
- The yuan is expected to appreciate 5% against the U.S. dollar by 2015, a more gradual pace than in recent years, amid a slowdown in China’s economic growth and financial reforms designed to allow more two-way fluctuations in the exchange rate, economists say. The yuan is set to reach about 5.80 per dollar, strengthening from the current level of about 6.11, according to the median forecast in a poll of 11 economists conducted by the South China Morning Post. The currency has appreciated nearly 38% over the past three decades.
- In November, Hong Kong will mark the 10th anniversary of the approval of yuan business for local lenders. In 2003, an agreement was signed between the Hong Kong Monetary Authority (HKMA) and the People's Bank of China (PBOC) which allowed banks in Hong Kong to offer yuan deposit, remittance, exchange and credit card services from early 2004. Beijing allowed Hong Kong to conduct cross-border trades in yuan in 2010. A year later, Beijing allowed yuan transfers from individual and financial firms' accounts, enabling Hong Kong firms to issue bonds, funds, shares or insurance policies in yuan.

FOREIGN INVESTMENT

FDI growth slows sharply

China's foreign direct investment (FDI) growth slowed sharply in August, the Ministry of Commerce (MOFCOM) said, attributing the slowdown to a high comparative base last year. Inbound foreign direct investment expanded 0.62% from a year earlier to USD8.37 billion last month, moderating from the jump of 24.1% in July. China attracted USD8.36 billion of foreign investment in August last year, USD780 million more than the previous month. "China's foreign investment has maintained a positive growth for a seventh straight month by August, indicating global investors' confidence in China's economy," Ministry Spokesman Shen Danyang said. "Against the background of the international economic slowdown, it is no easy job for China to sustain such a growth momentum," he added. He expected China to attract more foreign investment this year than last year's USD111.7 billion, with stable growth over the next four months. Foreign direct investment reached USD79.7 billion in the January-August period, up 6.37% on an annual basis. Li Maoyu, Analyst at CITIC Securities Co, said capital flight could also have played a role in slowing down investment. In the first eight months, investment from the EU rose 24.2% to USD5.4 billion, while capital from the U.S. increased 18% to USD2.5 billion. Meanwhile, China's outbound direct investment (ODI) surged 18.5% to USD56.5 billion.

FOREIGN TRADE

FTZ proposed for Hong Kong, Macao and parts of Guangdong

A proposed free trade zone covering Hong Kong, Macao, and parts of Guangdong may focus on services, finance and commerce, Guangdong Governor Zhu Xiaodan said, adding that the proposed zone would attract more high-end service industries to the region. He confirmed that the plan was to bundle Hong Kong and Macao with three special development zones in Guangdong – Qianhai in Shenzhen, Hengqin in Zhuhai and Nansha in Guangzhou – pending approval from Beijing. That would make it more than 1,000 square kilometers, much bigger than the proposed Shanghai FTZ's 28.78 sq km. Governor Zhu suggested making services a priority. "The free trade zone that we are thinking of would touch on service trade liberalization, more convenient investment, commodity trade liberalization, financial innovation and cooperation, as well as managerial and institutional innovations," he said. Unlike the Shanghai zone, which was international in nature, Guangdong's proposal would have a regional setting. Hong Kong Chief Executive Leung Chun-ying said his government would help in the planning process. Both sides signed eight cross-border agreements during Governor Zhu Xiaodan's visit to Hong Kong, including pacts on services liberalization, tourism cooperation and movie-making.

- Li Ka-shing, Chairman of Cheung Kong and Hutchison Whampoa, said the establishment of the free trade zone (FTZ) in Shanghai would have a negative impact on Hong Kong, which would lag behind if it did not accelerate the pace of its development. His comments were published on the front pages of many local newspapers. Beijing plans to allow Shanghai's new zone to pioneer wider convertibility of the yuan and freer, market-oriented interest rates. Both innovations could threaten Hong Kong's position as Asia's leading financial center. Chinese state media has compared the importance of the free-trade zone in Shanghai to that of the Shenzhen special economic zone (SEZ), established under the personal supervision of Deng Xiaoping in 1979.

HEALTH

Scandal hits China drug sales

A crackdown on corruption in China's pharmaceutical sector has hurt the sales of international and local firms, with many doctors at hospitals refusing to see drug company representatives for fear of being caught up in the widening scandal. With its health-care spending forecast to nearly triple to USD1 trillion by 2020 from USD357 billion in 2011, according to consulting firm McKinsey, China is an attractive market for makers of medicines and medical equipment. Corruption in the health-care industry is fueled in part by low salaries for doctors at the country's 13,500 public hospitals, the main buyers of drugs. Pharmaceutical sales staff said their hospital visits had been slashed – both because sales representatives are struggling to get access to doctors and because firms are playing it safe. The cutback in promotional activities has forced a number of drug companies to scrap monthly or quarterly sales quotas. Simon Li, General Manager at health-care information firm Kantar Health, said the probes led to a substantial sales decline, especially in August. “Multinational companies have cut back on almost all their marketing activities,” Li said. “Some companies have told their sales reps to stay at home or take a vacation.” A distributor suggested the overall growth rates of overseas drug firms had slowed to 8% to 10%, down from about 20% last year.

- Tufts University has acknowledged that one of its researchers broke ethical rules while conducting a study on genetically modified “Golden Rice” in Hunan province. The study sparked controversy in China over the ethics of using children to determine the nutritional value of the rice, and led to the sacking of three Chinese officials. Greenpeace said researchers fed the rice to 25 children between six and eight years old in Hunan. The rice was modified to be rich in beta carotene to test the prevention of vitamin A deficiency among children, but the parents of the children were not told that the rice was genetically modified.

MACRO-ECONOMY

NDRC investigates monopoly practices

The National Development and Reform Commission (NDRC) is investigating industries where excessive profits are being made, such as eyeglasses, but it had not yet opened a probe into the auto industry, although a Chinese automotive association said it was collecting data on the price of all foreign cars sold in the country. “We hope that our investigations will bring prices down in industries in which they are high,” said Xu Kunlin, Director of the NDRC’s Anti-monopoly Bureau. Its current focus was on spectacle frames and lenses, as prices are “many times higher” in China. Leading eye care products maker Alcon is alleged to have given doctors bribes disguised as research fees or grants through post clinical trial research programs in China in order to boost intra-ocular lens sales. Alcon is a wholly-owned unit of Swiss-based pharmaceutical giant Novartis. Xinhua news agency has also said that foreign carmakers are reaping exorbitant profits selling imported luxury cars in China and should face an antitrust investigation. China has become a key market for luxury carmakers, with 2.7 million vehicles expected to be sold each year by 2020, overtaking the United States as the world leader in the segment. The NDRC has launched nearly 20 pricing-related probes into domestic and foreign firms in the past three years. In particular, authorities are paying attention to whether manufacturers are forcing retailers to set minimum prices for products, which would contravene the anti-monopoly law, the Shanghai Daily reports.

Aviation hub and industrial zone clusters planned

More than 50 cities in China have answered the government’s call for cleaner economic growth with plans for aviation hubs clustered with industrial zones. The cities hope the projects will attract investment in areas like logistics, high-technology and finance. But critics argue the projects will exacerbate the problem of debt-fueled construction and lead to overcapacity. Developing an aviation hub is more than simply building an airport, said Wang Xiaohua, Senior Consultant specializing in the aviation industry at Kent Ridge Consulting in Fujian province. It first of all requires minimum annual passenger flows of 10 million and cargo volume of 200,000 tons, she said. Only Beijing, Shanghai, Guangzhou, Chengdu, Shenzhen and Kunming met those criteria at the end of 2012. China does need more airports: the country has 19 airports per million square kilometers compared with 57 in the United States. However, of China’s 183 airports, 143 are loss making, suggesting that more than 60 of the 80 new airports planned in China’s economic plan for 2011-2015 will end up in the red. A third of all passengers and half of all cargo are channeled through just three aviation hubs of Beijing, Shanghai and Guangzhou, according to the Civil Aviation Administration of China (CAAC).

Plans made to improve urban infrastructure

The Chinese government unveiled detailed plans to boost urban infrastructure, especially underground facilities, such as subways, drainage facilities and utilities, in support of the nation's urbanization drive. Cities are being asked to give priority to public transport, with the goal of extending subways and light rail systems by 1,000 kilometers nationwide by 2015. The plan also calls for all bridges that are deemed deficient or dangerous to be repaired by 2015. By 2015, up to 80,000 km of gas pipelines and 92,800 km for heating will need to be improved.

Cities will also need to improve their flood-control systems. The plan says 36 large cities should collect and properly dispose of all waste water and household garbage by 2015. Nationwide, up to 85% of urban sewage, 70% of sludge and 90% of urban waste should be properly treated. Yuan Chongfa, Urbanization Specialist at the China City Development Academy, said the plan to upgrade urban infrastructure was designed to drive economic growth as the leadership struggled to find ways to avoid a slowdown. He added that investment in urban rail networks could increase links between cities and promote the formation of city clusters.

Country Garden heiress China's richest woman

Yang Huiyan, 32, heiress to property developer Country Garden, has retaken the title of the richest woman on the Chinese mainland from Wu Yajun, 49, of Longfor Properties, now ranked third in the 2013 Hurun Research Institute's Richest Women in China list. As of August 15, Yang's wealth had risen 60% to CNY51 billion compared to last year when she ranked 11th. Wu Yajun's wealth dropped 26% to CNY28 billion after her husband and business partner Cai Kui was said to have taken some CNY20 billion worth of her assets last November in a divorce settlement. Second on the list this year is Chen Lihua of Fu Wah International, the richest self-made woman in China. Hurun said that more than half of the world's richest women entrepreneurs, those with more than USD1 billion in assets, are from China this year, and three of the top five and six of the top 10 are from the mainland. Hurun said 66.7% of the women on the list made their money from self-started or co-founded businesses. The cut-off point for China's richest women list rose 28.5% this year to a record CNY3.6 billion. Guangdong province, birthplace of five women on the list, is the biggest cradle for China's female billionaires. Beijing ranks second and Shanghai third, the Shanghai Daily reports.

- China will plough billions of yuan into farmland in Ukraine that will eventually become its biggest overseas agricultural project. Under the 50-year plan, Ukraine will initially provide China with at least 100,000 hectares – an area almost the size of Hong Kong – of high-quality farmland in the eastern Dnipropetrovsk region, mainly for growing crops and raising pigs. The produce will be sold to two Chinese state-owned grain conglomerates at preferential prices. The project will eventually expand to three million hectares. The agreement was signed in June between the Xinjiang Production and Construction Corps and KSG Agro, Ukraine's leading agricultural company.

MERGERS & ACQUISITIONS

Shuanghui closer to Smithfield approval

Shuanghui International is close to securing shareholder approval for its USD4.7 billion offer for Smithfield Foods – which would be the biggest purchase of a U.S. company by a Chinese firm. The shareholder vote on September 24 will be a key milestone that also raises pressure on shareholder Starboard Value, which opposes the transaction, to come up with an alternative plan. The deal needs the approval of just over 50% of Smithfield shareholders. Hedge fund Starboard, which has a 5.7% stake in Smithfield, has criticized the deal and has been working on lining up an alternative proposal. Analysts have expressed skepticism about Starboard's ability to line up a new bidder for the firm in time.

- CDH Investments, one of the largest homegrown Chinese private equity firms, is a few months from completing fundraising for its USD2 billion fifth fund. Founded in 2002, CDH Investments, a spin-off unit of Beijing-based investment bank CICC, manages about USD8 billion in assets. Apart from raising funds from existing investors, much of the new money comes from an influx of Asia and U.S.-based institutional investors who are willing to take a lock-up period of 10 years, reflecting their commitment to China's growth story.

PETROCHEMICALS

Sinochem's bid on Brazilian oilfield blocked

Oil & Natural Gas Corp (ONGC) of India and Royal Dutch Shell will increase their ownership of a Brazilian oilfield, blocking a bid by China's Sinochem. ONGC, which owns 15% of the

Parque das Conchas field, will acquire a further 12% from Petroleo Brasileiro, insiders said before an announcement was made. Shell, which operates and owns 50% of the offshore block, exercised its right to buy a further 23%. Petrobras said last month it would sell its 35% stake in the offshore project to Sinochem for USD1.54 billion, but the existing partners in the field had the right of first refusal.

- A corruption investigation into PetroChina has included Chinese entrepreneur Hua Bangsong and the links that his company, Wison Engineering Services, had with the oil firm. Wison got most of its revenue from PetroChina in recent years. Hua founded the company in 1997 and built it into China's largest private petrochemical contractor. Between 2009 and 2011, Wison booked CNY8.1 billion in revenue from PetroChina, accounting for the majority of its revenue over that period. Wison has a market value of USD1.04 billion.

REAL ESTATE

Private equity firm KKR to invest in property

KKR, one of the world's largest private equity firms, is looking to make property investments in China. Henry Kravis, one of the three co-founders of KKR, said in Hong Kong that the firm would make minority investments rather than buy out companies. KKR, formerly known as Kohlberg Kravis Roberts, recently launched a USD6 billion private equity fund for deals in Asia, its second Asia-dedicated fund. "Years ago, we typically would ask a CEO if the company was for sale, but today, it is more about what the management of any particular company wants and how we can be helpful to them", Kravis said, adding that most of KKR's investments in Asia were minority investments. The exit from the property market globally by some traditional real estate holders, including many major banks, since the 2008 financial crisis had created opportunities for private equity funds to put money into the sector. Besides property deals, the company was also interested in sectors which the government wanted to improve, such as businesses related to food safety and water treatment.

Zhejiang city ready for land sales reform

Haining, a county-level city in Zhejiang province, has been designated as a pilot city to implement a reform that would encourage sales of collectively owned rural land for residential use, an unprecedented development in China since 1949. Under existing laws, urban residents are barred from buying residential properties in rural districts where the land is collectively owned by farmers in the villages. Some local authorities have expropriated such land to sell to developers or manufacturers for construction and industrial projects while relocating the farmers. In a first phase, farmers in a limited number of villages would be allowed to sell houses to developers or urban residents freely. Haining, with a population of nearly 700,000 and known for its leather industry, covers an area of about 700 square kilometers, or about the size of Singapore. Allowing farmers to sell their houses would enable them to collect enough cash to move to cities, boosting urbanization. The liberalization would also allow the market to set prices for rural land. Zhou Qiren, Professor with the National School of Development at Peking University, said China had a total of 164,000 square kilometers of rural land for farmers' residential use, providing a vast market for developers and urban residents to tap. If the reform of rural land were to expand nationwide, it would largely bolster transactions of home ownership and help the country better allocate land, the South China Morning Post reports.

But China Real Estate News said the policy to make more non-farming land in rural areas tradable and thus available for building apartment blocks, shopping malls, roads and airports, would likely remain at the consultation stage and would not be formally adopted at the Third Plenum of the Communist Party's 18th Central Committee, which is expected to be held in November. The Chinese government has enacted strict laws banning the encroachment on farming land for urbanization purposes. Thousands of disputes arise in rural China each year as local governments or village officials collude with developers to forcibly take land from farmers for lucrative housing or commercial development projects.

- Home prices in China's major cities rose again in August although at a slower pace. They increased in 66 of the 70 cities monitored by the National Bureau of Statistics

(NBS). In the existing housing market, 58 cities registered rises. New home prices in 19 cities rose more than 1% in August. Shanghai and Guangzhou prices rose 1.7%. In Beijing and Shenzhen, new home prices climbed 1.1% and 1.4%, respectively. “According to our rough calculations, on a month-on-month basis the pace of new home price increase in the 70 cities fell to an average 0.8% in August from a 1.7% growth in March,” Senior Statistician Liu Jianwei said.

- China's biggest property developers are sitting on USD25 billion in cash as they prepare for a possible credit crunch and another round of crackdowns on real estate speculation. Companies including Shimao Property Holdings and Greentown China Holdings raised more than USD16 billion in offshore bonds and loans over the first eight months of this year – about 36% more than in all of last year, but they have turned more cautious about investing, leaving much of the money on their balance sheets.
- Shanghai reported robust residential property sales during the three-day Mid-Autumn Festival last week with transactions of more than 93,000 square meters, the second highest three-day volume during the festival since 2008. Analysts predict purchases in the city may hit 1.2 million sq m this month. A mid to high-end residential project in the Pudong New Area was the best-seller in the city with 53 units sold for an average of CNY37,401 per sq m.

RETAIL

Sales of mooncakes plummet due to anti-corruption drive

Sales of high-end mooncakes have suffered during this year’s Mid-Autumn Festival due to the anti-corruption drive launched by President Xi Jinping. Expensive mooncakes were frequently used to bribe officials. Last year, pastries stuffed with gold flakes, shark's fin and abalone sold for more than USD1,000 made headlines. “This year some government officials are less willing to accept a lavish or high-priced box of mooncakes, or in some cases, any mooncakes at all,” said Eric Carlson, Beijing-based Partner at law firm Covington & Burling. Carlson said he had heard that some government agencies had told mailroom staff to filter out mooncake packages before delivery. The Communist Party's Central Commission for Discipline Inspection (CCDI) urged people to report cases of party members and government or state-owned enterprise officials spending public funds on gifts, banquets, travel and luxury goods during the Mid-Autumn Festival (September 19-21) and the National Day holiday (October 1-7). “Political developments this year have had a definite impact on sales of high-end mooncakes,” said Qian Qiliang, who has run a state-owned mooncake factory in Shanghai for two decades, adding that sales had fallen 20%. Qian said he adjusted his production goals when he heard about the crackdown, predicting demand for pricier pastries would decline. Demand for lower-cost cakes with traditional fillings had increased 20%, he said.

China now second-largest diamond market

China’s diamond market, now the world’s second largest after the United States, has more than tripled to USD22.8 billion over the last five years, according to data from market research firm Euromonitor. Its growth rate far outstripped that of China’s CNY465 billion jewelry sector. Diamonds have steadily increased their share of China’s overall jewelry market, accounting for just under one third now from one quarter five years ago. Tiffany’s says that over the last 20 years, the number of people buying diamond engagement rings has risen from less than 1% to more than 50% in urban China. Even traditionally gold-focused jewelers, such as China’s Chow Tai Fook, are raising their exposure to diamonds. The world’s biggest jewelry retailer by market value, recently struck a deal with Russian miner AK Alrosa OAO to ensure its diamond supply. “Going forward China will be the engine for growth in global retail diamond jewelry consumption,” said Jean-Marc Lieberherr, Managing Director of Rio Tinto’s Diamonds and Minerals Division. He forecast low double-digit growth in China and said the firm was directing more of its production into the Chinese market.

JDB Group aims to become top seller of canned drinks

JDB Group aims to unseat Coca-Cola to become the top seller of canned beverages in China. Most of its success comes from a single product – a traditional herbal tea. JDB, formerly known as Guangdong Jiaduobao Drink & Food, was founded by Hong Kong businessman Chan Hung-to in Guangzhou in 1995 after he acquired the licensing rights to Wong Lo Kat, a herbal tea brand established in Guangzhou more than 150 years ago. In 2007 JDB surpassed Coca-Cola as the biggest seller of canned drinks in China, with annual sales of CNY17 billion. JDB launched its second drink, Kunlun Mountain – high-end bottled mineral water – in 2009. JDB faced its most severe challenge in April 2011, when state-owned Guangzhou Pharmaceutical, the holder of the Wong Lo Kat brand, applied to the China International Economic and Trade Arbitration Commission to terminate JDB's right to use the Wong Lo Kat trademark. Guangzhou Pharmaceutical's former General Manager, Li Yimin, who had agreed to extend JDB's licensing rights to Wong Lo Kat to 2020, was jailed in 2005 for taking bribes, including HKD3 million from JDB. Guangzhou Pharmaceutical took back the trademark and started to produce its own red-canned Wong Lo Kat herbal tea. JDB's product was renamed Jiaduobao, but it retained its market position. Last year, JDB had sales of more than CNY20 billion, capturing more than 70% of the herbal tea market. A number of lawsuits between JDB and Guangzhou Pharmaceutical are still ongoing.

- French infant formula maker Dumex is launching an investigation into claims that parents in some hospitals are being forced to feed their newborn babies the company's products. A China Central Television (CCTV) report alleged that Dumex staff bribed Chinese hospital officials to provide its products to newborns. Parents are not given the option of breastfeeding and are not told which brand of formula is being used, neither are they allowed their own choice of brand, according to the program.
- Luxury Italian fashion house Prada said it feels confident about China, its biggest market, even though sales slowed in the first half. The Hong Kong-listed group, whose first-half net profit fell short of expectations, said appetite for its colorful €1,500 leather handbags in China, particularly in second-tier cities where it was opening shops, was showing no sign of abating. "Growth is still very high," Chief Financial Officer Donatello Galli said. Sales growth in Greater China, including Hong Kong, slowed to 20% in the first half from 35% a year ago. Greater China, including Hong Kong, makes up 21% of Prada's revenue.
- Chinese milk powder makers, including Inner Mongolia Yili Industrial Group Co and China Mengniu Dairy Co, are set to get CNY30 billion in government funds to support sector consolidation and help them to compete with international rivals who dominate the lucrative premium end of China's USD12.4 billion infant formula market. The government plans to reduce the number of firms in the sector over the next five years to 50 from about 200 at present. Yili and Wondersun were the leading Chinese milk powder producers by retail value last year.

SCIENCE & TECHNOLOGY

China's wealthy attracted to Britain's elite secondary schools

Britain's elite secondary schools are seeing rising demand from the growing pool of high-net-worth individuals from China who want to get their children into schools once reserved for British and continental European aristocracy. Sofie Liao, Director of educational consultancy Gabbitas in China said the biggest challenge was to lower parents' expectations. There are about ten professional boarding school agencies in China. Students from China, including Hong Kong, make up by far the largest group of foreign students studying at British independent schools, according to a census in January this year surveying more than a thousand schools by the British Independent School Council. Among the 25,912 foreign secondary school children in Britain, 9,623 or 37.1% came from China.

Peking and Tsinghua universities to offer online courses

Peking and Tsinghua universities will start offering six Chinese-language courses over the internet through the U.S.-based EdX provider. Peking University is making four courses, including on electronic circuits and the study of folklore, available to students around the world this week. Tsinghua University offers two courses – the history of Chinese architecture and principles of electric circuits, starting on October 18. Li Xiaoming, an online and information systems Professor overseeing the web offerings at Peking University, said the University planned to offer about 100 courses through EdX within five years. EdX, a major provider of massive online open courses (MOOC) was founded by Harvard University and the Massachusetts Institute of Technology (MIT) in the United States. It has signed up 29 global universities – including Harvard, MIT and the Hong Kong University of Science and

Technology – as partners. Its competitor Coursera, which was founded in April last year by two computer science Professors at Stanford University and which has more than 60 partner schools, signed up two Chinese institutions, Fudan University and Shanghai Jiao Tong University, in July. Exams can be taken for a fee at official testing centers.

- The Ministry of Education has formally approved the establishment of Duke Kunshan University in Jiangsu province. It was jointly created by Duke University in Durham, North Carolina, the city of Kunshan and Wuhan University in Hubei province. The university will enroll its first batch of students in the fall of 2014, offering master's degree programs in global health, medical physics and management studies. The city of Kunshan is constructing a campus on a 200-acre site within Kunshan Yangcheng Lake science park.
- Nasa Administrator Charles Bolden will visit Beijing this week to take part in the last day of the International Astronautical Congress (IAC). He did not say whether he would meet his Chinese counterparts. The U.S. Congress opposes cooperation between the U.S. and Chinese space agencies. In 2010, Bolden led a small delegation to China and spent six days visiting facilities, such as the Jiuquan Satellite Launch Center, and held discussions with national space authorities.

STOCK MARKETS

Stock lending program expanded

The China Securities Regulatory Commission (CSRC) has expanded a pilot program that facilitates the ability of brokerages to lend stocks to clients for short selling. A new group of 19 brokerages has been allowed to participate in the program. The CSRC also tripled the number of underlying shares for stock re-lending from the original 87 to 287, the total value of which accounts for 64% of the A-share market's capitalization. The expansion, which raises the total number of participants from 11 to 30, brings more small-cap stocks, including those traded on China's Nasdaq-style ChiNext board, into the program as the CSRC strives to diversify portfolios for investors. The changes came after China increased the pool of selected shares for margin trading and short selling from 494 to 700 earlier this month. Data from Orient Securities show the aggregate balance of margin trading and short selling accounts at listed brokerages at the end of June was CNY109.7 billion, a 134% surge from a year earlier. Income from margin trading and short selling totaled CNY3.4 billion in the first half, accounting for 9% of the revenue of listed brokerages.

Huishan Dairy's offer oversubscribed

China Huishan Dairy looks set to raise almost all of the HKD10.1 billion it is seeking in its initial public offering (IPO), giving it muscle to build on a strong position in the dairy industry. The offering, the second-biggest in Hong Kong this year, was covered multiple times with demand from hedge funds, sovereign wealth funds and other asset managers. Huishan is China's largest integrated dairy firm, with control over grass planting, dairy processing and product development – giving it more oversight on quality. Demand from retail investors had also been good given the large size of the offering, boding well for the stock's debut on September 27, said Jasper Chan, Corporate Finance Officer at Phillip Securities, which offers margin loans for small investors looking to buy into the stock. Of Huishan's global offering of 3.78 billion shares, 10% was earmarked for Hong Kong. "The price will go up, because this is the only company in China that does everything in the milk industry," Chan said. Sales of dairy products in China are worth about USD45 billion a year and expected to grow rapidly to USD89 billion by 2017, according to a Frost & Sullivan report prepared for Huishan. China's per capita dairy consumption rate is less than half that of its Asian neighbors, according to Macquarie, but the industry is highly fragmented. Although Huishan owns the country's second-largest herd of dairy cows and fields of alfafa for hay that are as large as Hong Kong Island, it represents only a fraction of China's total market. The top five dairy farming firms account for just 2.4% of the 18.3 million cows, but the government is pushing for the industry to consolidate. Beijing wants the number of domestic infant formula producers to fall to 50 by 2018 from about 200 now. It expects the top 10 local firms to account for 80% of the domestic market by 2018, the South China Morning Post reports.

- Forgame, a Guangzhou-based developer of online and mobile games, began institutional book building in a bid to raise as much as USD222 million in its initial public offering (IPO) with an expected price-earnings ratio of between 9.5 and 12 times next year's expected earnings, in line with its U.S.-listed Chinese rivals, including Shanda Games and Changyou.com. Hong Kong Finance, a money lender that focuses on providing mortgage loans, is looking to raise USD13 million through its IPO.

- Fred Hu, Chairman of China-focused private-equity firm Primavera and a former Goldman Sachs Partner, said that Chinese IPOs would resume between now and the year end, allowing private-equity firms that own minority stakes in companies to exit. Hu said China had previously adopted an overly stringent approval regime before listing, “which does not entirely match industry practices”. The new CSRC leadership had been moving away from the “approval” style system and towards Hong Kong's “market disclosure” system.

TRAVEL

Forced shopping ban to reduce mainland visitors to Hong Kong

The number of mainland visitors coming to Hong Kong during the National Day “Golden Week” is expected to fall by as much as 30% following the adoption of a new mainland law against forced shopping. The law, approved in April, bans unreasonably cheap tours where prices cannot cover costs such as airline tickets and accommodation. It will come into effect next month, coinciding with the peak holiday period for mainlanders from October 1 to 7. The law is aimed at combatting forced shopping trips, where agencies offer cheap tours with costs offset by commissions received from shops. 960,000 mainland tourists visited the city during “Golden Week” last year, up 24% from two years ago.

- Only six airplanes were sold during China’s first online aircraft auction. 66 people bid for the Jabiru J160C, whose bidding started at CNY1 and ended at CNY1.91 million on Taobao.com, China’s largest e-commerce platform. But there were no buyers for the other five aircraft put up for auction, including a Eurocopter EC120 Colibri helicopter, and a second-hand Robinson R44 light helicopter.
- The Chinese luxury passenger liner Henna returned to China with 87 remaining passengers after being stranded in South Korea's Jeju Island over a business dispute with Hong Kong shipping firm Shagang Shipping. Most other passengers left earlier on chartered planes. Shagang Shipping had been engaged in a global legal battle to recoup USD58 million in unpaid ship charter fees and ship broker commissions from Grand China Shipping, whose guarantor was HNA Group, the parent company of HNA Tourism which operates the Henna. HNA Tourism said passengers would be compensated about CNY2,000, based on their cabin class. Shares in Shanghai-listed Hainan Airlines dropped as concerns about the financial strength of its parent HNA were raised.
- Shangri-La Hotels and Resorts expects the number of its hotels on the Chinese mainland to account for more than half its global portfolio within the next three years as the company continues its expansion across the country. The Hong Kong-based company currently has 37 hotels on the Chinese mainland and plans to add another 20 in the next five years. A contract signing ceremony for a Shangri-La Hotel in the eastern city of Shaoxing was held last week.
- Two Chinese citizens have been arrested in Paris over the sale of forged tickets for the Louvre Museum. The pair were caught selling tickets to Chinese tourists outside the museum. Dozens of tourists have been caught trying to use forged tickets over the last month. Chinese, French and Belgian police were cooperating in the case. The China National Tourism Administration (CNTA) issued an urgent notice to all of its local offices warning them not to buy forged tickets.

VIP VISITS

Venezuelan president arrives in China

Venezuelan President Nicolas Maduro said he had arrived in Beijing on September 21 after accusing the United States of refusing his plane access to its airspace for the journey. The visit comes amid high tensions between Washington and Caracas, which described as “insulting” the United States' decision to refuse Maduro permission to use its airspace. U.S. authorities said they had been given insufficient notice. Economic cooperation between China and Venezuela has boomed in recent years following the signing of several multi-billion-dollar agreements on investments in oil, energy, construction and high-tech industries.

ONE-LINE NEWS

- A suspect has been detained by police after beverage tycoon Zong Qinghou, owner of Hangzhou Wahaha Group Co, was attacked near his home in Hangzhou about ten days ago. Zong suffered injuries to tendons on two fingers of his left hand. The suspect attacked after Zong rejected his request for a job. Zong, 67, has a personal fortune totaling CNY115 billion.
- Guangdong's Pearl River Delta (PRD) is the third riskiest urban community in the world in terms of the population that would be affected by natural catastrophes, according to the "Mind the Risk" report by Swiss Reinsurance Co, which analyzed data on five catastrophes – earthquakes, storms, coastal storm surges, tsunamis, and river floods – to calculate human exposure to disasters in 616 of the world's largest urban areas. The Japanese metropolitan area of Tokyo-Yokohama topped the list as the riskiest urban community in the world.
- Bo Xilai, 64, former Mayor and Party Secretary of Dalian, Governor of Liaoning province, Minister of Commerce and Party Secretary of Chongqing; and a former Member of the Communist Party's Politburo, has been sentenced by the Jinan Intermediate People's Court to life in prison for bribery, embezzlement and abuse of power. He was also deprived of his political rights for life and had all his personal assets confiscated. He is expected to appeal the sentence.

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Contact:

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

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