法兰德斯中国商会 FCCC VCKK

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

# NEWSLETTER | 28 OCTOBER 2013



---

## FCCC ACTIVITIES

### IPR China and IPR Asean Conference – 29 October 2013 – Agoria, Brussels

Agoria, in cooperation with the Flanders-China Chamber of Commerce (FCCC), is organizing the next IPR Conference to be held at 14:00h on Tuesday the 29 October 2013 at the Diamant Building in Brussels. The conference is held in cooperation with FIT, BIE, AWEX, BCECC, FCCC, Belgian Chambers, CCIBW, CCIBV and EU China IPR SME Helpdesk. This event will include an interactive seminar and an optional individual free advice session after the seminar by the China and Asean IPR experts of the EU China IPR Helpdesk to each of the 12 first registered and individual advices requesting participating company.

The conference will provide updated information on general IPR protection in China plus a focus on trademark registration, protection and litigation in China, as well as information on how to protect IPR in China and in Asean countries, manage intellectual assets and use the Chinese and Asean IP systems to enforce IPR rights effectively. The testimonial speakers will share their experiences of IP protection and enforcement in China, and give practical tips on achieving the results required to do business effectively in China.

Last but not least, at this conference a guide folder will be provided containing the following information:
· Guide to Trade Mark Protection in China
· How to Conduct a Trade Mark Search
· Protection of Online IPR in China - Domain Names
· Guide to Protecting Your Trade Secrets in China

Registration at http://flanders-china.be/eventdetail.asp?id=312&cat=up by 22 October 2013 at the latest.

Programme:

| | |
|---|---|
| 13:30 – 14:00 | Registration |
| 14:00 – 14:10 | Welcome word on behalf of all organizers by Francis Walschot, Director Regulations & Standardization, Agoria |
| 14:10 – 15:40 | Presentation with updated information on IPR protection in China and in Asean countries with a focus on trademark registration, protection and litigation in China by Simon Cheetham and Joao Miranda de Sousa, European Commission IPR China SME Helpdesk experts |
| 15:40 – 16:00 | Coffee & Tea Break |
| 16:00 – 16:20 | Testimonial by Fred Liu, Lawyer, Barco China |
| 16:20 – 16:40 | Testimonial by Marc Messely, Group Industrial Property Manager, Bekaert |
| 16:40 – 16:50 | Closing Word by René Branders, President of Agoria International IPR Work Group |

| | |
|---|---|
| 16:50 – 18:00 | Networking drinks |
| In parallel | |
| 16:50 – 19:00 | Free individual 'Clinical' advice session with the two IPR China and Asean experts - 20 minutes for each of the pre-registered companies with one specialist. Attention – Policy for the free individual 'Clinical' advice: First In, First Served – this individual 'Clinical' advice is available only to the first 12 earliest registered companies who request for free 'Clinical' advice session. Pre-questions for the clinical sessions are requested together with registration for this conference participation. |

## Doing business with China for SME's – Thursday 7 November 2013 – 15h30 – Gent

The Flanders-China Chamber of Commerce (FCCC) and VOKA East Flanders are organizing the conference: "Doing business with China for SME's". This event will take place at 15h30 on Thursday 7 November at the Voka Box, Lammerstraat 18, 9000 Gent.

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 Flanders-China Chamber of Commerce / VOKA East Flanders |
| 16h10 | "Practical aspects of intellectual property protection and Technology Transfer in China" (40 minutes) by Mrs Sari Depreeuw, Senior Associate, Dewolf & Partners, Brussels Office and Mrs Ava Tu, Associate, De Wolf & Partners, Shanghai |
| 16h50 | "Selling in China: a practical approach" by Kristina Koehler, China Director, Klako Group |
| 17h10 | "Experiences of Nuscience in China" by Patrick Keereman, CEO, Managing Director |
| 17h30 | Question and answer session |
| 18h00 | Networking reception |

Participants to the conference 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 31 October at:
http://flanders-china.be/eventdetail.asp?id=313&id_cat=1&cat=up&lang1=

Price FCCC members: €75; non-members: €95.

# ACTIVITIES SUPPORTED BY FCCC

## EU-China Business Summit 2013 – 21 November 2013 – Great Hall of the People, Beijing

Time: 2013-11-21, 09:00 – 18:00 h.
Venue: The Great Hall of the People, West Chang'an Street, Beijing
Fee: CNY2,500
Type: Seminars

Event info:
The EU-China Business Summit, organized by the European Chamber and CCPIT, under the patronage of the European Commission and MOFCOM, and with the collaboration of EU China Business Association and BUSINESSEUROPE, will take place at the Great Hall of the People in the final weeks of November. The date will be confirmed after discussion with CCPIT and the European Delegation. It is likely to be scheduled for 21st November.

With limited seats available, reserve your place now.

The European Chamber expects European Commission President Jose Manuel Barroso to speak as he did last year, as well as Chinese Premier Li Keqiang. This year's summit will gather around 700 Chinese and European attendees, including global CEOs and board members as well as many China CEOs and VPs.

The final agenda and speakers will be confirmed in the coming weeks, but expect speakers this year to be of the calibre of the 2012 Summit's line-up, with high-level officials representing both Chinese and European ministries, like:

**Mr Wen Jiabao**, Former Prime Minister of the People's Republic of China
**Mr Herman Van Rompuy**, President of the European Council
**Mr Jose Manuel Barroso**, European Commission President
**Mr Yu Ping**, CCPIT Vice Chairman
**Mr Li Tie**, Director of the China Urban Development Center at the NDRC
**Mr JØrgen Buhl Rasmussen**, President and CEO of Carlsberg Group
**Mr Yang Yunsong**, Chair of the APEC Business Advisory Council's SME & Entrepreneurship Working Group and President of XY Group International
**Mr Shi Lirong**, President of ZTE Corporation
**Mr Stefan Doboczky**, President of DSM Sinochem Pharmceuticals
**Mr Xian Wenbo**, President of Sany Heavy Industry Co., Ltd
**Mr Davide Cucino**, European Chamber President
**Mr Stephen Phillips**, Chairman EU China Business Association

For registration, contact Ms. Danni You at dyou@europeanchamber.com.cn or 010-64622066 ext 54. For sponsorship opportunities, contact Ms. Betty Yin at byin@europeanchamber.com.cn or 010- 64622066 ext 23.

## Urbanization Forum & EU-China Exhibition on urban development – 20~22 November 2013 – Beijing

In the framework of the China-EU Summit in November, the Urbanization Forum and the EU-China Exhibition on urban development will be held in Beijing. A total of 800 participants are expected to attend the forum, among which 500 from the Chinese side and 300 from the EU. Representatives from Chinese central government, local governments, businesses, experts and media are welcome. On the EU side, officials from the European Commission, representatives from EU missions in China and business community are welcome. The Forum plans to invite Premier Li Keqiang and leaders of the European Commission to deliver speeches at the opening ceremony. Several sub-fora will also be held. The Forum will take place at the Great Hall of the People in Beijing on November 20 and the Exhibition will be held on November 20~22 at the Beijing Exhibition Center.

For more information, contact the Flanders-China Chamber of Commerce at info@flanders-china.be

# PAST EVENTS

## Lunch session: "New trends in China sourcing: Evolution and Practical Tips" – October 21, 2013 – Kortrijk

The Flanders-China Chamber of Commerce (FCCC) and VOKA West-Flanders organized a lunch session "New trends in China sourcing: Evolution and Practical Tips" on October 21 at Voka in Kortrijk. Guest speaker was 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 his presentation, Etienne Charlier presented this main evolution and highlighted the new strength of the country for companies looking for outsourcing manufacturing or sourcing parts and systems. He also gave practical advice 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.

## Meeting with Zhaoqing delegation – 16 October 2013 – Brussels

On 16 October, the Flanders-China Chamber of Commerce, Mrs Gwenn Sonck, Executive Director, participated in a meeting with a high-level delegation of Zhaoqing City, located in Guangdong Province. The Mayor of Zhaoqing city and his delegation were invited by the EU-China Friendship Association of the European Parliament. The aim was to promote Zhaoqing to foreign investors.

To date, the city has attracted 1,300 foreign-funded businesses and now has a committed foreign investment of USD8.88 billion. Overseas businesses with facilities in the city now include Wal-Mart and Leggett & Platt from the United States, Honda and Toyo Aluminum from Japan, SK and Hyundai from South Korea, as well as Asia Aluminum from Hong Kong and ABB from Switzerland. Neighboring Guangzhou and Foshan to the east and the Guangxi Zhuang autonomous region to the west, Zhaoqing has both rich natural resources and considerable allure for tourists. The city has also nurtured a number of key industries, including electronics and information technology, biomedicine, foodstuff and beverages, metal processing and automobile components. As a result, Zhaoqing has become one of the nation's most important centers for the electronics and IT industry, the die-casting industry and the building and hardware industries. Its tourism, real estate, commerce and logistics sectors have also demonstrated consistent growth.

More information, an investment guide and contact details can be obtained at the FCCC secretariat: info@flanders-china.be.

## China Market Entry: “Challenges and Successes” – 14 October 2013 – Ghent

The Flanders-China Chamber of Commerce organized a conference: China Market Entry: “Challenges and Successes” on 14 October 2013 at the International Club of Flanders in Ghent. Highly experienced experts and business leaders shared their knowledge and expertise based on their achievements in China. Mr Howard Zhu, Managing Director CPM China/Competence@ talked about how development needs are different in the Chinese labor market. Mr Maarten Michielssens, CEO, Econation; Mr Filip Goris, Regional Manager Asia, Recticel; and Mr Lieven Danneels, CEO, Televic; introduced practical experiences on doing business in China. The event was concluded by a question and answer session and a networking reception. Participants received the publication “FCCC Members’ Portraits in China” with 17 portraits of member companies active in China. The event was organized with the support of Flanders Investment & Trade.

# 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

### Financial innovation advancing in Shanghai

Financial innovation advanced in Shanghai in the first half of the year. The indicator that measures the development of the financial industry rose 8.4% from the end of last year to

3,076 points by the end of June, according to a joint report by the Shanghai Financial Association and Munich-based consultants Roland Berger The indicator for the growth of Shanghai's financial industry, however, fell 3.2% from the end of 2012 to 1,084 points by the end of June. The total assets of foreign banks in Shanghai accounted for 11.3% of the total assets of the local banking industry, down from 17.9% in 2012. Premium income of foreign insurers accounted for 14.6% of the local insurance market in the first half, up from 12.9% by the end of last year. The premium income of all foreign insurance companies accounted for only 1.2% of the industry's total in the same period nationwide. Shanghai's cross-border yuan trade settlement soared to CNY377 billion in the first half compared with CNY359 billion for the whole of 2012.

## Overall debt level under control, says Premier Li

China's overall debt level is in a safe and controllable range, Premier Li Keqiang said in a speech at the opening ceremony of the 21st International Congress of Supreme Audit Institutions, pledging to continually strengthen the auditing of loans by local governments to limit potential risks. The fiscal deficit-to-GDP ratio in China is 2.1% so far this year, lower than the internationally accepted alarm level of 3%. The National Audit Office (NAO) is now carrying out a survey of local government debt, and its results are due to be released in the next few weeks. The International Congress of the Supreme Audit Institutes is held every three years and is the highest authority of the International Organization of Supreme Audit Institutions, which was founded in 1953 and consists of the top auditing bodies of United Nations' member states. A total of 686 representatives from 160 countries participated in the international congress.

## Loan Prime Rate published

China started publishing loan rates based on quotes from banks as it takes a further step toward establishing a market-based interest rate system. Nine banks, including China's five largest state-owned commercial banks, submit the lending rates they charge their best clients on a daily basis, and the country's interbank funding center will calculate and publish a weighted average rate based on the submissions, the People's Bank of China (PBOC) said. The rate, known as the Loan Prime Rate, can be used as a reference for banks to set lending rates and will gradually replace the current benchmark set by the PBOC. The first reading was 5.71% for one-year lending, lower than the benchmark rate of 6%. The biggest banks will have the most clout in deciding the prime rates. The five biggest state lenders had combined assets of CNY63.8 trillion at the end of June, accounting for 44% of the industry's total. The central bank said it would continue to publish benchmark lending rates to guide banks in setting reasonable rates during the transition period.

- The growth in individual income tax and property transaction tax has contributed to a faster rise in China's tax revenue in the first three quarters of this year despite weak import tariffs, the Ministry of Finance said. During the January-September period, the government collected tax revenue of CNY8.44 trillion, up 9% from a year earlier, 0.4 percentage point faster than in the same period of last year. Individual income tax, accounting for 6% of the total tax revenue, rose 10.8% in the first nine months to CNY506.7 billion from a year earlier. In the same period of last year, it fell 8.4%. A robust property market helped business tax in the sector to jump 37.4% from last year, up 37.6 percentage points from the same period of last year. With tariffs cut on 780 types of products and an appreciation of the yuan, import duties fell 10.8%, down from a 5.2% increase last year.
- Singapore and China will launch direct trading between their currencies. Financial institutions in Singapore will get a CNY50 billion quota to invest in the Chinese securities market through the Renminbi Qualified Foreign Institutional Investor (RQFII) program, the Monetary Authority of Singapore, said in a statement. Instead of using the U.S. dollar as an intermediary, the two countries will allow direct trading between their currencies. Chinese institutional investors will also be allowed to use the yuan to invest in Singapore's capital markets.
- Zhao Ju, China co-head for Swiss bank UBS, will take a sabbatical of up to 12 months from the end of this year to become a visiting fellow at Harvard University's prestigious John F. Kennedy School of Government. The move is seen as a bid to prepare him to join a Chinese government administration or state-owned enterprise. Before joining

UBS, Zhao was the head of investment banking at Galaxy Securities. During Zhao's leave, his colleague Wei Cai will remain as China co-head for UBS, based in Hong Kong.

- China's biggest banks tripled the amount of bad loans written off in the first half, cleaning up their books ahead of what may be a fresh wave of defaults. Industrial and Commercial Bank of China (ICBC), the world's most profitable lender, and its four largest rivals expunged in the first six months CNY22.1 billion of debt that could not be collected, up from CNY7.65 billion a year earlier. That did not pare first-half profits, which climbed to a record USD76 billion, as provisions were set aside.
- The latest efforts to expand the pilot scheme for value-added tax (VAT) reform nationwide have resulted in a tax cut of CNY13.01 billion so far, the State Administration of Taxation (SAT) said. The expansion of VAT reform has included replacing the turnover tax with VAT in the transport industry and six service sectors since August. The widening VAT reform has benefited 2.22 million taxpayers so far, with 762,000 taxpayers from the newly added sectors, SAT said.
- The People’s Bank of China (PBOC) allowed cash to drain from the financial system for a second straight week, sparking a jump in short-term rates. The move occurred as Beijing boosted efforts to curb surging property prices in the capital and also widened the funding options for local governments and property companies by giving them access to the interbank bond market. The PBOC has drained more than CNY157 billion from money markets since the week of September 30.
- The New Sunshine Charity Foundation, a leukaemia foundation established by an individual, has become the first non-official charity in Beijing to win permission to raise money directly from the public. It is one of two operators of bone marrow banks in China; the other, the Chinese Marrow Donor Program, is run by the official China Red Cross Foundation. The Beijing Municipal Bureau of Civil Affairs awarded New Sunshine its public foundation status on the basis of its high degree of transparency, sound finances and ability to carry out its services.
- Yue Xiu Group, an investment arm of the Guangzhou city government, is to acquire Chong Hing Bank, the smallest of Hong Kong's four remaining family-controlled banks. Yue Xiu Group is offering to buy 75% of Chong Hing Bank for HKD11.6 billion.
- China Life’s net profit for the first three quarters of this year reached CNY23.7 billion, more than double what it was in the same period last year. Third-quarter net profit totaled CNY7.5 billion. Investment income in the first nine months increased 23.8% to CNY72.4 billion. Premium income rose 5.4% to CNY277.2 billion. Hong Kong and Shanghai-listed Ping An Insurance said its net profit for the first nine months rose to CNY23.3 billion from CNY16.1 billion in the same period last year. Investment income more than doubled to CNY41.8 billion from CNY19.2 billion. Gross premium income grew 13.7% to CNY204.5 billion.
- China Construction Bank (CCB) posted a 9.4% annual growth in net profit for the third quarter as it benefitted from rising interest income and fee revenue during the period. Net profit rose to CNY56.8 billion between July and September, from CNY51.9 billion in the same period a year ago. Net interest income gained 8.2% year-on-year to CNY98.9 billion by the end of September, while fee and commission revenue added 18.8% to CNY24.6 billion. The bank’s non-performing loans (NPLs) rose to CNY82.1 billion from CNY80.3 billion during the third quarter, but its non-performing loan ratio eased 0.01 percentage point to 0.98%.

## FOREIGN INVESTMENT

### Coca-Cola opens new bottling plant in Shijiazhuang

Coca-Cola Company opened a new bottling plant in north China as part of a USD4 billion investment plan to underscore its confidence in the growth of the Chinese beverage market. The USD106 million plant, Coca-Cola’s 43rd in China, is the company’s first facility in Shijiazhuang, Hebei province. With a population of more than 72 million and a per capita GDP of USD5,259, it is one of the most important growth markets in the country for the company, Coca-Cola said in a statement. The company’s volume sales in China grew 9% in the third quarter, led by an 8% increase in sparkling beverages. The beverage maker now has five plants, including the new one, in all five provinces in north China. The 170,000-square-meter new plant began bottling with both sparkling and still beverage lines producing Coca Cola, Sprite, Fanta, and Minute Maid. Three additional lines will be added to the facility over the next few years. The new plant in Hebei provides 2,000 jobs and generates 20,000 indirect job opportunities in the local community, Coca-Cola said. It is the largest of the 12 bottling plants in China operated by the joint-venture COFCO Coca-Cola. In the past five years, Coca-Cola has built eight bottling plants in China, including facilities in Urumqi, Nanchang, Wuhan, Luohe, Hohhot, Sanshui, Yingkou and Shijiazhuang.

- The Hinkley Point C project in England, the first new European nuclear plant to be built since the Fukushima crisis, is expected to start producing power from 2023. An EDF-led consortium would build two Areva-designed 1,650-megawatt European Pressurized Water Reactors (EPRs) that would produce about 7% of British electricity, EDF said. Its long-time Chinese partners, China General Nuclear Corp (CGN) and China National Nuclear Corp, will take a combined stake of 30% to 40% in the consortium. British Finance Minister George Osborne said Chinese nuclear firms could hold majority stakes in British plants in the future.
- The United States faces a massive USD8 trillion infrastructure investment bill, and is courting Chinese investors since many of its own local governments are in financial difficulties, according to a U.S. Chamber of Commerce report. “The U.S. is poised to undertake the most significant expansion and modernization of its infrastructure since the 1950s,” the Chamber said, adding that “the pressing need for capital to modernize U.S. infrastructure is creating substantial new opportunities for Chinese investors.”

## FOREIGN TRADE

### Australia keen to conclude free trade agreement

Australia is “very keen” to conclude a free-trade agreement with China, the country's new Foreign Minister, Julie Bishop said during her first visit to Hong Kong as Australia's Foreign Minister since her government was elected on September 7. One sticking point in the new government's plan to deepen trade ties with Beijing is its proposed policy to increase scrutiny of foreign investment. Foreign investment, especially from China, is a point of contention in Australian politics. Australian Prime Minister Tony Abbott's coalition vowed during the election to lower the amount at which foreign investment from certain countries triggers an automatic review.

- Following the opening of the Shanghai Free Trade Zone (FTZ) on September 29, Tianjin is also applying for an FTZ of its own, according to Zong Guoying, Director of the Tianjin Binhai New Area and Vice Mayor of Tianjin. The proposed Tianjin FTZ will be centered on the Tianjin Dongjiang Bonded Area, which covers 10 square kilometers.
- Shanghai Mayor Yang Xiong said the city will push liberalization efforts in the free trade zone (FTZ), maintain a tight stance over soaring home prices, and ensure affordable housing to retain the attractiveness of the city. He made the remarks at the 25th International Business Leaders’ Advisory Council (IBLAC) for the Mayor of Shanghai. Yang said more than 30,000 individuals had sought information and advice from free trade zone staff and about 8,124 corporate deals were registered. Construction of the FTZ will be the main topic for the next IBLAC, which will be held on November 2, 2014.

## HEALTH

### Sellas Clinicals Holding and Fosun to develop diabetes and lung cancer drugs

Greek-Swiss pharmaceutical and clinical research group Sellas Clinicals Holding and Chinese pharmaceutical firm Fosun Pharma signed an agreement in Athens worth over USD500 million for the development and marketing of two drugs for treating diabetes and lung cancer. Sellas, created by Greek scientist Angelos Stergiou, will pay Fosun Pharma’s drug discovery subsidiary, Fochon Pharma, €388 million for the development of two novel molecules for diabetes (fotagliptin benzoate) and lung cancer (Pan-HER inhibitors) and to get them to the stage of health approval and commercialization for global market rights (except China). Fochon-Fosun, an expert in drug discovery and one of the top five domestic pharmaceutical firms in China, will also get a 10% royalty on sales. The global diabetes pharmaceutical market today is worth €25 billion, while lung cancer is the most common cause of death from cancer. The drugs could reach the market over the next five years. Greek Deputy Minister of Development and Competitiveness Notis Mitarachis said the agreement paves the way for further joint projects among Greek and Chinese companies in the healthcare field and other sectors.

- GlaxoSmithKline's (GSK) drug sales in China slumped 61% in the third quarter, hit by a bribery scandal that damaged its ability to market products in the country and pushed some sales to competitors. Chief Executive Andrew Witty said GSK's China business had suffered most where other drug options were available. The fall in Chinese sales was steeper than investors expected, and Witty said it was too early to say when business might recover. GSK could face hefty fines, but Witty stressed there was "absolutely no question" of GSK pulling out of China. Although Britain's biggest drugmaker generates under 4% of its sales in China, it has invested heavily in the country, where it employs 7,000 staff and has five factories and a research center.

## IPR PROTECTION

### Qingdao copyright exhibition to be held

The first Qingdao-Northeast Asia Copyright Creativity Fine Products Exhibition is set to kick off on November 7. The four-day event will showcase the latest achievements in the fields of publishing, animation, art and design while promoting copyright cooperation in Northeast Asia. Organizers said the exhibition will be held every two years, and will attract more than 350 exhibitors from China and overseas this year.

- Online shopping portal Taobao recently signed an agreement with French luxury company Louis Vuitton in Paris to fight counterfeiting on the e-commerce website. Louis Vuitton is popular among producers of fakes.
- Enforcement officials in Urumqi recently cracked down on a group making fake Adidas and Nike sport shoes. After examining a warehouse in Tianshan district, they seized more than 800 pairs of counterfeit Adidas and 380 pairs bearing Nike's trademark. The warehouse owner could not produce a trademark license or other certificates.

## MACRO-ECONOMY

### Industrial profits rise 13.5% in first three quarters

Major Chinese industrial firms saw their profits rise 13.5% year-on-year in the first three quarters. Industrial firms with annual revenues above CNY20 million posted total profits of CNY4.05 trillion. In September, profits of the firms surveyed grew 18.4% from a year ago to CNY558.89 billion. He Ping, Analyst with the National Statistics Bureau (NSB), cited growing sales, rising manufacturers' prices and falling unit costs as the drivers behind the steady growth in industrial profits. The investment returns of the companies gained 9.5% year-on-year in September. Among the 41 industries surveyed, 36 posted year-on-year profit growth in September, while five saw their profits decline. Some analysts were still concerned about softening growth momentum as indicated by slower expansion in industrial output, fixed asset investment and retail sales.The HSBC Flash China Manufacturing Purchasing Managers' Index (PMI) rose to 50.9 in October from September's final index of 50.2. "This momentum is likely to continue in the coming months, creating favorable conditions for speeding up structural reforms," Qu Hongbin, Chief Economist for China and co-head of Asian Economic Research at HSBC said. The component indices showed that domestic demand continued to improve. Output increased further to 51 in October from last month's 50.2, new orders rose from 50.8 to 51.6, and new export orders also ticked up 0.1 points to 50.8.

- China's central government called for greater efforts in revamping the economy because a recovery is not yet solid, seeking quicker progress on industrial restructuring and increasing consumption while guarding against risk and protecting people's livelihoods. It reiterated in a statement that the country could meet its economic targets for this year, including growth of 7.5%, although the domestic and international situation remains complex.

- Yu Zhengsheng, Member of the Standing Committee of the Political Bureau of the Party's Central Committee, said the Third Session of the 18th Central Committee would "principally explore the issue of deep and comprehensive reforms," which he said would be "unprecedented". Yu made the remarks at the opening ceremony of a cross-Strait trade and cultural forum in Nanning, capital of Guangxi. Yu's comments on the reforms are among the first from China's leaders about the plenum.
- The Chinese government announced that requirements for the minimum registered capital for limited liability companies, one-person limited liability firms, as well as joint-stock companies with limited liability, will be scrapped. Requirements on the site registered for business operation will also be relaxed. The current annual inspections on registered companies will be replaced by annual reports open to public inquiry, while companies that commit aberrant behavior will also be made public.

## MERGERS & ACQUISITIONS

### Chinese firms favor big U.S. acquisitions

Chinese companies are stepping up the pace of acquisitions in the U.S., favoring big-ticket deals to offset the steep legal and regulatory costs that come with takeovers in the country. While such costs are high in the U.S., which has a history of aggressive anti-trust scrutiny of M&A transactions, Chinese companies see advantages in U.S. acquisitions, compared with Europe. China's outbound investment into the U.S. reached a record USD11.2 billion, up 94% from the first nine months of last year, according to Thomson Reuters. The consumer sector posted the strongest growth. The pursuit of pricey deals in the U.S. also reflects the financial muscle of China's corporates, and their ability to compete with deal-savvy domestic rivals for attractive opportunities in the capital-intensive areas of consumer goods, advanced heavy equipment, and auto parts. David Wu, Head of Corporate Finance in China for Netherlands-based ING Bank, said: "The mainland acquirers' preference for making the so-called USD1 billion investment in consumer-related American companies was well supported by positive sentiment, after two high-profile deals in the first half – Dalian Wanda's acquisition of AMC Entertainment, and Shuanghui's USD4.7 billion takeover of U.S.-listed Smithfield." A preference has emerged for Chinese firms to consider buying U.S. public companies outright, rather than acquiring a division of a company or private American companies, which would add more complexity and pose greater challenges to closing a deal. China's food safety concerns are also accelerating the country's overseas investment in food and beverage companies and agriculture, according to Ernst & Young. It represented 15% of all Chinese outbound direct investment (ODI) in the first half of this year compared with 4% in 2009. The value of major Chinese outbound M&As in food and agriculture exceeded USD9 billion from 2010 to September this year, according to an estimate by the Economist Intelligence Unit (EIU).

- Shanghai posted a 30% jump in merger and acquisitions, whose transaction value almost tripled between February and June. The general index that measures mergers and acquisitions in Shanghai surged 29.9% between February and June to 1,299 points, the Shanghai Financial Association and Shanghai United Assets and Equity Exchange said.

## PETROCHEMICALS

### CNOOC and CNPC join bidding for Libra field

China National Offshore Oil Corp (CNOOC) and China National Petroleum Corp (CNPC) were among 11 companies bidding to operate the giant Libra field in Brazil, which could become one of the world's two largest deepwater fields, requiring an estimated USD185 billion investment over the 35-year concession. Libra holds as much as 12 billion barrels, or three years of China's consumption. Only one successful well has been drilled at Libra, part of subsea prospects known as pre-salt that contain the biggest oil discoveries this century. Winning the license shifted strategy for Chinese state producers to one of drilling and developing new deposits, after years of buying into operating fields and more advanced exploration projects in Latin America. China's state-controlled companies have less experience drilling in deep waters and would work in partnership with Petroleo Brasileiro (Petrobras), the world's biggest producer in waters deeper than 300 meters. Brazil requires state-run Petrobras to take at least a 30% stake in concessions for the deposits that lie beneath a layer of salt below the Atlantic seabed. Following the bidding, the contract was awarded to the consortium of Petrobras (40%), CNOOC (10%), CNPC (10%), Royal Dutch Shell (20%) and Total (20%).

## Oil deal signed as Russian Prime Minister visits China

Russia and China signed a series of agreements during Prime Minister Dmitry Medvedev's visit to China. The deals included a USD85 billion agreement for Rosneft to supply 70 million barrels of crude oil a year for 10 years to China. The two governments also agreed to jointly construct an oil refinery in Tianjin. Russian energy companies operate two pipelines to move oil to China and one to deliver gas. China imported 170 million barrels of oil from Russia in 2012. The Tianjin refinery will have an annual capacity of 110 million barrels, Medvedev said. It will be built by state-owned China National Petroleum Corp (CNPC), which will own 49%, and Rosneft, which will own 51%. In a separate deal, Novatek agreed to supply 3 million tons per year of LNG to CNPC, one of the partners in its USD20 billion project on the Arctic Yamal peninsula. The deal covers a period of 15 years, with pricing linked to the so-called Japanese crude cocktail, a benchmark based on oil prices. Yamal LNG, being developed by Novatek, Total and CNPC, is scheduled to start producing LNG in 2016 and supply 16.5 million tons per year of the tanker-shipped fuel by 2018. Gazprom said that it had reached an agreement on a price formula to supply 38 billion cubic meters per year of gas by pipeline to China, but final price terms were not agreed, the Shanghai Daily reports.

- China's imports of propane, butane and isobutane jumped 23% in August from a year earlier. The Panama Canal expansion, slated for completion in 2015, will allow the transit of large tankers and put costs to ship U.S. gas liquids to Asia on a par with deliveries from the Middle East, according to Sanford C. Bernstein & Co.
- China has announced a range of policies to support its shale gas reserves, potentially the world's largest. New technologies known as horizontal drilling and hydraulic fracturing, or "fracking," have successfully unlocked deposits in the U.S. In China, shale gas would be managed separately from conventional natural gas. Smaller energy companies would be allowed to develop the resource upon receiving licenses. The government has set a production target of 6.5 billion cubic meters of shale gas by 2015 and 60-100 billion cubic meters by 2020. To date, there has been little commercial production in China.
- CNOOC's third quarter sales gained 16% from a year earlier on higher production and crude prices. Oil and gas sales, making up almost all of CNOOC's income, rose to CNY56.1 billion in the quarter. Net oil and gas production climbed 18% to 103.4 million barrels of oil equivalent (BOE) in the third quarter, following the purchase of Canadian rival Nexen earlier this year. CNOOC's capital expenditure jumped 49% to CNY22.4 billion in the quarter due to more development projects and the consolidation of Nexen.

# REAL ESTATE

## Housing prices largely stable month-on-month

Housing prices in major cities remained largely unchanged in September from a month earlier. Prices of new apartments rose month-on-month in 65 of the 70 cities monitored, compared with 66 in August. In the existing housing market, 63 cities registered monthly growth. The number of cities seeing annual price gains, meanwhile, stayed at 68 last month, unchanged from August. The majority of the country's second and third-tier cities continued to see rather moderate month-on-month price increases, while larger ones, including the four gateway cities of Shanghai, Beijing, Guangzhou and Shenzhen, continued to record notable gains. New home prices in Shanghai climbed 1.6% from August, the biggest growth among the four first-tier cities. Guangzhou and Shenzhen advanced 1.4%, while Beijing gained 1.2%. In comparison, 31 second-tier cities, including Tianjin, registered an average monthly increase of 0.7% while 35 third-tier cities, such as Tangshan, saw an average gain of 0.6%. In September, new home purchases around the country jumped to CNY691.1 billion, up from CNY514.6 billion in August. By volume, new home sales totaled 119.27 million square meters, compared to 86.59 million square meters a month ago. Prices in 69 of 70 monitored cities rose on a year-on-year basis. Beijing, Shanghai, Guangzhou and Shenzhen had the largest year-on-year increases, with gains of 20.6%, 20.4%, 20.2% and 20.1%, respectively. Wenzhou in Zhejiang province was the only city to show a decline, with new home prices down 1.8%.

- China Saite Group, a Jiangsu-based provider of steel structures and pre-fabricated residential buildings, plans to focus on developing affordable housing with a HKD425.8 million Hong Kong listing plan. Investment bankers familiar with the deal said the share offer represented a 25% discount to state-owned industry peers. The firm will use about HKD175.8 million for capital expenditure over the next 12 months, with about 65% to acquire existing factories, land and production facilities. Trading of the shares is scheduled to commence on November 1.
- At the end of September, CNY14.17 trillion in outstanding loans went into real estate, up 19% from a year earlier. Loans for property development climbed 14.9% from a year ago to CNY3.43 trillion in the third quarter. The growth was 3.9 percentage points faster than in the second quarter. But the rise in loans for land development slowed to 13.1% from 17.2% at the end of the second quarter. At the end of the third quarter, outstanding mortgages surged 21.2% from a year ago to CNY9.47 trillion. New home sales in China surged nearly 35% in the first nine months of this year from a year ago.
- A new category of housing for middle-income earners will be introduced, a Beijing Municipal Commission of Housing and Urban-Rural Development official said. These homes will cost more than public housing but will be priced 30% less than normal residential real estate. Seventy thousand homes targeted at middle-income families will be introduced in Beijing this year and next and can be bought by migrant families that meet the government's criteria.
- A U.S. consortium that includes actor Robert De Niro plans to develop a huge property project in a historic area of Shanghai. "Project 179" near the Bund will transform four vacant buildings into an 76,500 square meter complex, including a boutique hotel, retail stores, a cinema and a performing arts center. The complex is set to open in 2016. The four buildings mainly date from the 1920s and 1930s.

## RETAIL

### Walmart to close some stores, expand in smaller cities

Walmart Stores is looking to close 15 to 30 under-performing stores in China over the next 18 months but will continue to expand business in the country, especially in smaller cities. The number of stores to be closed will account for nearly 9% of Walmart's total outlets in China. The retailer will open as many as 110 new facilities in China between 2014 and 2016, adding to the 30 it has already opened this year. Walmart will also develop Supercenter to carry more grocery items, and Sam's Club, the company's warehouse store arm. Hypermarket operators have faced rising pressure in China because consumers shun brick-and-mortar stores in favor of online shopping sites due to cheaper prices of daily necessities and fast-moving consumer goods. Higher labor costs and rent also squeezed their profits. Last year, Walmart bought a controlling stake in yihaodian.com, one of China's leading business-to-consumer sites, in a strategic move to keep pace with the country's booming e-commerce market.

### Amended consumer rights law adopted

Online shoppers can now return goods unconditionally for refunds within seven days of purchase but they have to shoulder logistics cost, according to a revised consumer rights law approved by the Standing Committee of the National People's Congress (NPC). It is the first revision since the law was adopted in 1993. The revision added regulations on online shopping and tightened the liabilities of businesses. The revised law will take effect on March 15 next year. The revision also includes strict regulations on how operators should collect and use personal information. The revised law endorses higher compensation for consumers and imposes heavier fines on business owners who violate consumer rights. If sellers deceive consumers or knowingly sell substandard products, they should not only compensate consumers for their losses, but also pay additional compensation equal to three times the cost of the goods or service, up from double in the old version of the law. If a consumer is killed because of faulty products, the death indemnity alone would be estimated to be CNY491,300 according to current standards, and average total compensation would be at least CNY1.47 million. CNY3.8 billion worth of poor quality goods were sold in China between 2010 and last year, according to the State Administration for Industry and Commerce (SAIC). Beijing will also strengthen the role of the China Consumers' Association, which will be able to represent groups of consumers in class actions against retailers.

- Japanese food and dairy manufacturer Meiji Holdings is pulling out of the dairy formula market in China, blaming intense competition and rising costs of raw materials for its decision. Three of the four products Meiji intends to stop selling in China are for infants while the other is for pregnant and lactating women. Meiji was not in the top-10 milk formula brands in terms of sales volume last year, according to market research firm Euromonitor International. The top three best-sellers – Hangzhou Beingmate Group, Nestlé's S26 and Danone's Dumex – held 27.5% of the market last year.
- Walt Disney plans to open the world's largest Disney retail store in Shanghai's Lujiazui financial zone in 2015. The 5,000-square-meter Disney Store Lujiazui will include a "state-of-the-art" retail space covering 1,000 square meters of various Disney products and an outdoor plaza.
- Mead Johnson Nutrition, the American infant food maker that gets almost a third of its sales from China, is investigating whether bribes may have been paid by its Chinese unit. The internal probe is looking at whether the unit paid bribes in violation of Chinese and United States law to promote the sale of its products. The voluntary investigation was started at the request of the U.S. Securities and Exchange Commission (SEC) and was being handled by an outside law firm.

## SCIENCE & TECHNOLOGY

### English learning to be limited

Beijing education authorities are moving to limit the influence of English, one of the three "major" subjects for college entrance exams. From 2016, the total score for the English test – one of the three majors along with Chinese and mathematics – will be lowered from 150 to 100 in college exams held in Beijing. The Beijing Education Commission also announced that English classes will be dropped for students in Grade 1 and 2. Last month, Wang Xuming, former Spokesman for the Ministry of Education, called for the scrapping of English classes from primary schools to make way for Chinese lessons.

- Hong Kong's University of Science and Technology's joint executive MBA program has topped the Financial Times' 2013 list of global rankings for the fifth year in a row despite new competition in the city and from the mainland. The 15-year-old program, offered in partnership with Northwestern University's Kellogg School of Management in the United States, scored top marks for graduates' average salaries, as well as gender and ethnic diversity, the report found. About 20% of students were from the U.S., 15% from the mainland, and 8% from Hong Kong.
- At least three of the six Chinese researchers who were originally banned from the forthcoming NASA Second Kepler Science Conference on distant planets said they have got security clearance from the space agency and can now attend the meeting. The initial decision to block the six sparked a boycott of the meeting from several prominent American scientists.
- Stephen A. Schwarzman, Founder of the private equity firm Blackstone, helped break ground on a college building on the campus of Tsinghua University in Beijing that will house a USD300 million scholarship program bearing his name that is intended to rival the prestigious Rhodes Scholarships. The first class of Schwarzman Scholars will be held in 2016 to train a new generation of global leaders with better understanding of China.
- Chinese scientists are worried they may become the next target in the graft crackdown following an unusually stern warning by Wan Gang, Minister of Science & Technology, over abuse of research funds. Some scientists said a witch-hunt would only undermine innovation, triggering a flight of talent to the private sector, where the pay was several times higher than what they received from the central government. Minister Wan said that some leading scientists had been held for criminal investigation on corruption charges.
- Taiwan has unveiled plans to dramatically increase its number of Chinese-language centers available to foreigners amid rising global interest in Sinology studies. Both Taipei and Beijing see Chinese-language centers as a means to project a positive global image. In particular, Taiwan has sought to attract foreigners to boost its international profile.

## STOCK MARKETS

### Bank of Chongqing conducts roadshow for IPO

Bank of Chongqing began a shortened roadshow in Hong Kong as it seeks to raise up to USD593 million through an initial public offering (IPO). Old shares held by China's National Social Security Fund (NSSF), or about 5% of the entire deal, are to be included in the share sale. Shares will also be marketed to investors in Singapore but weak demand means the bank may not conduct roadshows in London, New York and Boston. The shares are scheduled to begin trading on November 8. No investors have been willing to accept a six-month lock up period to become a “cornerstone” investor in the Bank of Chongqing deal. The small loans business, which represents about 10% of Chongqing's overall revenue, grew by 28% last year, according to its latest annual report. Bank of Chongqing, 20% owned by Dah Sing Bank, has trimmed the original size of its offering. It is the first Chinese city commercial lender to raise capital in Hong Kong following the virtual closure of the domestic listing market in November last year. Huishang Bank, a lender in Anhui province, also started a weeklong pre-marketing campaign for its USD1.2 billion listing. Lack of interest from foreign institutional investors has made Chinese bank IPOs a tough sell, with the bulk of demand coming from private companies.

### Singapore joins the RQFII party

Singapore has bolstered its credentials as an offshore yuan hub, joining Hong Kong and London as only the third center outside mainland China allowed to use the currency to trade in Chinese stocks and bonds. The city state would obtain a CNY50 billion quota under the renminbi qualified foreign institutional investor (RQFII) scheme, the country's central bank said. The announcement came during a visit by Vice Premier Zhang Gaoli. It will be given consideration to become one of the investment destinations for individual Chinese traders to make yuan investments in offshore markets under the new renminbi qualified domestic institutional investor (RQDII) scheme. Neither London nor Taiwan has been granted such status. Liu Ligang, Greater China Chief Economist at ANZ, said the high-profile announcement of the RQDII scheme distinguished the Singapore agreement from other recent deals. “It will allow Singapore to capture the outbound flow of Chinese wealth,” he said. “With the official clearing facility fully operating, Singapore is now fully equipped to be an offshore yuan business center.” China and Singapore will also introduce direct currency trading between the yuan and the Singapore dollar. Measures are also being studied to allow cross-border flows of yuan between Singapore and the Suzhou Industrial Park and Tianjin Eco-City. Competition between Hong Kong, London, Singapore and Taiwan in yuan business has been intensifying as each strives for more favorable policies from Beijing. Hong Kong accounts for 78.6% of global payments in yuan, followed by Britain with 5.2% and Singapore with 3.4%, the South China Morning Post reports.

- Alibaba is considering a London listing as part of its potential USD15 billion share-sale plan. Senior executives at the firm met UK officials during London Mayor Boris Johnson’s visit to Hong Kong. Johnson's Deputy, Kit Malthouse, said he was open to a secondary listing in London. While company officials insist no decision has yet been taken on where the firm will eventually list, Alibaba did announce that the New York Stock Exchange and Nasdaq had accepted the firm’s partnership structure. Investment bankers said that they believe listing plans are still far from firm and that anything could happen. Jack Ma Yun says he misjudged attitudes towards his company in his failed bid to sell shares in Hong Kong and that he wants to improve the understanding of his business in the city – a fresh sign to some that the potential HKD100 billion Hong Kong IPO may still go ahead.
- Li Ka-shing's Hutchison Whampoa is considering selling shares in its Watson retailing unit in what may become Asia's biggest initial public offering (IPO) in three years, raising as much as HKD98 billion. Watson has more than 11,000 stores operating in 33 markets worldwide, and its brands include health retailer Superdrug in Britain, Rossmann in Germany and namesake stores in Asia. Hutchison has not specified the timing, valuation or listing location of any potential offering.

## TRAVEL

### Chongqing to implement 72-hour visa-free stays

Chongqing will allow transit passengers 72-hour visa-free stays from November in a move aimed at boosting the local economy and tourism. The new policy will apply to visitors from 45 countries, and follows similar decisions taken by Beijing, Shanghai, Guangzhou and Chengdu. Visitors eligible for visa-free stays must have air tickets to a third country with confirmed dates and seats. A service center for transit passengers will be set up at Chongqing airport. In 2012, 22.05 million passengers used Chongqing Jiangbei International Airport, ranking it the ninth-busiest nationwide. More than 1 million passengers entered or left China from January to September through the airport, with the total for the year estimated to reach 1.3 million. The airport is building a third terminal which is to be completed by the end of 2015. Twenty-one international airlines operate from the airport, and a non-stop flight from Chongqing to Sydney is due to be launched at the end of the year. Flights to the 45 countries covered by the new policy, including Russia, Germany and Italy, are being planned. Zhang Xiang, Senior Official at the Chongqing Tourism Administration, said that from January to September the city received nearly 52 million overnight visitors, with 1.71 million coming from overseas. The tourism administration will provide suggested routes for transit passengers, including a Three Gorges tour and a food tour.

- Bombardier agreed to sell up to 30 C-Series aircraft to Chinese leasing company CDB Leasing. The company had “a lot of good conversations going on” with Chinese airlines, Chief Executive Pierre Beaudoin said. It would be a boost to Bombardier, which is depending on the C-Series to almost double its annual revenue towards the end of the decade. The deal includes a conditional purchase agreement for five CS100 and 10 CS300 jets, with options for an additional five CS100 and 10 CS300 planes.
- India is seeking Chinese investment and assistance in projects such as high-speed rail networks, highways and urban infrastructure, according to Indian Urban Development Minister Kamal Nath. “Given their strength in mass rapid transit systems, we would like to benefit from China's experience in this field,” he said. Chinese companies such as Shanghai Urban Construction Group are already involved in a host of infrastructure projects in India, mainly digging tunnels and installing escalators in underground metro projects. Nath said India would like to see Chinese participation in an even wider range of projects, including waste management, water recycling and affordable housing.
- Boeing has secured commitments for about 200 of its 737 Max aircraft, the upgraded variant of its best-selling short-haul planes, from multiple Chinese customers. The deals are worth a combined USD20.7 billion at list prices. Boeing said in a report in August that there are 1,650 single-aisle aircraft in China, with existing orders for another 700. Boeing forecast that China will take delivery of 3,900 single-aisle aircraft over the next 20 years.

## VIP VISITS

### China and India sign agreement on border defense

China and India signed an agreement on border defense cooperation and will continue their efforts to explore a framework for the settlement of the border dispute during Indian Prime Minister Manmohan Singh’s visit to Beijing. “We account for 2.5 billion people on this Earth and when India and China shake hands, the world notices,” Singh told reporters. The two sides also agreed to hold joint counterterrorism training. Delhi and Beijing signed nine agreements in total, including separate memorandums of understanding to strengthen cooperation on trans-border rivers and transport. A Chinese power equipment service center will be set up in India, China will help India with railway construction, and the two sides are also exploring a trade corridor. The two countries have set a target of USD100 billion in bilateral trade by 2015, up from USD61.5 billion last year. The proposed land corridor, dubbed a new “southern silk road,” would pass through Myanmar and Bangladesh to connect Kunming with Kolkata, one of India’s largest cities, the Shanghai Daily reports.

## Vice Premier Ma Kai visits Brussels

Vice Premier Ma Kai and his European counterparts started preparatory work in Brussels to pave the way for a long-awaited investment agreement next month, when leaders from the two sides will hold a summit in China. Ma – the most senior Chinese leader visiting Brussels this year – also chaired the High-Level Economic and Trade Dialogue. The Vice Premier met European Commission President Manuel Barroso, held talks with Belgian leaders, and visited the factory of automaker Volvo in Belgium together with Geely Chairman Li Shufu. Next month, both sides will hold a summit in Beijing, in which they are expected to launch investment agreement talks. Last week, EU member states gave a mandate to the EC to start the investment agreement talks with China. Sources said the two sides are also comparing notes to hold high-level political and strategic talks between State Councilor Yang Jiechi and European foreign and defense chief Catherine Ashton soon in Brussels. Although China's overseas investment potential is generally estimated to be very high, until now it represents only a small fraction of the EU's incoming foreign direct investment (FDI). China's cumulative share of FDI in the EU from non-EU member countries was less than 0.4% in 2011. Fredrik Erixon, Director of the European Center for International Political Economy, said both sides need to team up to boost mutual understanding. “It's a fantasy to believe they have a good understanding. Both sides don't really have excellent knowledge of each other. We know from the European Commission what they want to achieve, but we don't know so much what China wants to do,” he said.

# ONE-LINE NEWS

- Defendants in corruption trials over the past six years were found guilty in 99.9% of cases, China’s judicial authorities said. Almost 200,000 people were investigated for embezzlement or bribery between January 2008 and August this year. The courts only acquitted 1 in 1,000 of those who came before them. A total of CNY37.7 billion was retrieved. Of the people investigated, 32 were ministerial-level officials.
- The Central Committee of the Communist Party of China will soon send out its second batch of inspectors this year, focussing on exposing problems and the deterring of corruption, Chairman Wang Qishan of the Central Commission for Discipline Inspection (CCDI) said. The second batch of inspectors will be divided into 10 groups that will be sent to the Xinhua news agency, Ministry of Land and Resources, Ministry of Commerce, China Three Gorges Corporation, and the provinces of Shanxi, Jilin, Anhui, Hunan, Guangdong and Yunnan.

# QUOTES OF THE WEEK

“China is going to be, what I call it, a core curriculum for any educated person, any person who wants to be the global leader of their field.”

Stephen A. Schwarzman, quoted in the Shanghai Daily, October 25, 2013.

# ANNOUNCEMENTS

## Deloitte Shanghai FTZ webcast

Deloitte held a webcast on October 24 addressing the latest developments of the China (Shanghai) Pilot Foreign Trade Zone (FTZ): “A New Model for Doing Business in China?”. The webcast can be viewed here (login required). As announced in the Deloitte Belgium Tax Times of October 2013, China has officially inaugurated the hotly anticipated China (Shanghai) Pilot Free Trade Zone (“Pilot FTZ”) on 29 September 2013. The potential impact of this Pilot FTZ on the Chinese economy is being compared to the launch of the Shenzhen Economic Zone by Deng Xiaoping in 1980, hence Deloitte believes this development is of paramount importance with requisite business opportunities, particularly those investing into China. The China (Shanghai) Pilot FTZ is expected to be accompanied by radical economic reforms, principally to further open and rebalance the economy. The package of measures under consideration is expected to be rolled out in the China (Shanghai) Pilot FTZ, and if successful, later implemented throughout the country. The success of the pilot measures also will directly inform the position that Chinese negotiators take during free trade agreement negotiations.

## China Brand Products Import Expo 2014

China (Kunshan) Brand Products Import Expo (CIE) 2014, hosted by the Ministry of Commerce (MOFCOM), the China Council for the Promotion of International Trade (China Chamber of International Commerce) and the Jiangsu Provincial People's Government, will open in May 2014 in Kunshan, Jiangsu province.

CIE 2014 is the third Expo since it was held in 2012 for the first time. CIE has got great success for the last two years. For more info, please refer to the official website of the CIE: http://www.importexpo.org/English/

## China's Outbound Foreign Direct Investment Survey (2013)

China's Outbound Foreign Direct Investment (OFDI) Survey (2013), which is conducted by CCPIT and other institutional organizations, has already been issued. An Executive Summary is available by sending an e-mail to info@flanders-china.be

**ADVERTISEMENTS**

FOUNDING MEMBERS

STRUCTURAL PARTNERS

**Your banner at the FCCC website or newsletter**
Companies interested in posting a banner/an advertisement on the FCCC website, FCCC weekly newsletter or bi-weekly sectoral newsletters are kindly invited to contact the FCCC at: info@flanders-china.be

**Organisation and founding members FCCC**
**President:** Mr. Bert De Graeve, C.E.O., NV BEKAERT SA
**Vice-President:** Mr. Stefaan Vanhooren, President Agfa Graphics, Member of the Executive Committee of the Agfa Gevaert Group, NV THE AGFA-GEVAERT GROUP SA
**Secretary and Treasurer:** Wim Eraly, Senior General Manager, NV KBC Bank SA
**Executive Director:** Ms. Gwenn Sonck
**Members of the Board of Directors and Founding Members:**
Mr. Bert De Graeve, C.E.O., NV BEKAERT SA
Mr. Jozef De Mey, Chairman of the Board, NV AGEAS SA
Mrs. Elisabeth Schraepen, Public Affairs Manager, Belgium and Luxembourg, NV AB INBEV SA
Mr. Carl Peeters, CFO, NV BARCO SA
Mr. Kris Verheye, Vice President Corporate Division, NV BELGACOM SA
Mr. Johan Verstraete, Vice-President Marketing, Sales & Services Weaving Solutions, NV PICANOL SA
Mr. Luc Maton, General Manager Asia Region, NV AHLERS SA
Mr. Philip Hermans, Director General, NV DEME SA
Mr. Egbert Lox, Vice-President Government Relations, NV UMICORE SA
Mr. Wim Eraly, Senior General Manager, KBC Bank SA

**Membership rates for 2013:**
- Large enterprises: €975
- SMEs: €385

**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

**Share your story:**
To send your input for publication in a future newsletter mail to: info@flanders-china.be

This newsletter is realized with the support of Flanders Investment & Trade.

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.