法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 18 NOVEMBER 2013

FCCC ACTIVITIES

China Information Session: Getting access for funding – Friday, 13 December – 10h00 – Brussels

The Flanders-China Chamber of Commerce is organizing an information session focused on getting access to funding from the EU, Belgium and China. This session is organized in cooperation with Agoria, Flanders Investment & Trade and the EU SME Center in Beijing. This practical information session will take place on Friday 13 December at 10 am at the Diamant Building, Bd A. Reyers Ln 80, 1030 Brussels.

The session focuses both on Flemish companies wishing to expand in China as on Chinese companies investing in Belgium.

The programme is as follows:

09h30	Registration
10h00	Introduction by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
10h05	“Developing your SME Business: Accessing Funding from the EU and China” by Mr Stephen de Pretre, EU SME Center Expert, EU SME Center in Beijing
10h35	“Update on China-Belgium Investment Funds” by Mr Rik Daems, Senator, Chairman

China-Belgium Investment Fund

10h55 "Financial support for Flemish small and medium-sized companies" by Mr Yves Roekens, Expert Financial Support to Companies, Flanders Investment & Trade

11h10 "Access to Funding in China" by Mr Luc Nouwen, Head Corporate Business Development Corporate Banking Network Services, KBC Bank

11h25 "Access to funding via PMV" by Mr Roals Borré, Business Manager, PMV

11h40 "Case study: Punch Powertrain from a European to a Chinese Focus" by Mr Bart Cauberghe, Partner, GIMV

11h55 Question and answer session

12h30 Networking lunch in the presence of Chinese and Belgian banks

Register online before 9 December:

The participation fee for members of the FCCC is €125. The fee for non-members is €165.

ACTIVITIES

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 on 21st November.

With limited seats available, reserve your place now. 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.

Confirmed speakers
Mr Li Keqiang, Premier of the People's Republic of China
Mr Jose Manuel Barroso, European Commission President
Mr Herman van Rompuy, President of the European Council
Mr Davide Cucino, European Chamber President
Mrs. Emma Marcegaglia, BUSINESSEUROPE President

Agenda
09:30 Registration
10:30 Three Workshops (run in parallel)

Topic 1: An innovation driven economy
The speakers will share their insights on business' role in achieving China's target of building an innovation driven economy by 2020.

Topic 2: Investment in society
The speakers of this workshop will address the question on how foreign investment serves people and society in general.

Topic 3: The Role of Business in Global Economic Integration
Speakers in this workshop will present how business models contribute to a greater economic integration between EU and China and how MNCs can support the development of SMEs.
13:00 Networking Lunch
15:00 Two Plenary Sessions (Auditorium, 3rd Floor)
- Business Leaders Plenary Session
- Political Leaders Plenary Session

18:00 Close of the Business Summit

Reserve your space now and include which workshop you would be interested in attending.

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

Documentary and dinner: “A bite of China” – 21 November 2013 – Brussels

Viewing of documentary and dinner “A bite of China” on Thursday, 21 November 2013 at 18:30 h. at Hotel Silken Berlaymont, Boulevard Charlemagne 11, 1000 Brussels.

It is a documentary series introducing the story behind the different flavors and foods of China. Importance is given to the variety of spices and natural ingredients that people use in order to create those magnificent dishes which are part of the culinary richness of the country. A dinner will follow the projection based on the dishes of the documentary.

More information at: http://www.lamourfood.be/

Province of West-Flanders Networking Event China – 29 November 2013 – Brugge

The Province of West-Flanders is organizing a networking event on Friday, November 29, 2013 at the Confucius Instituut – Howest, Sint Jorisstraat 71 in Brugge. The Province of West-Flanders is stimulating international internships, studies and research of students and lecturers at West-Flanders institutes of higher learning Howest and VIVES, Ghent University – Campus Kortrijk, KU Louvain Kulab and Kulak; also to China. The Province is organizing the networking event to strengthen the network between companies of West-Flanders active in China, the aforementioned institutes and the student interns.

Programme:

19:00 h.	Welcome and introduction of the Confucius Institute by Mr Lode Degeyter, General Director Howest
19:10 h.	Introduction to the international strategy for higher education of the Province of West-Flanders by Mr Jean de Bethune, Vice Governor
19:25 h.	Studying in China by Mr Glenn Andries (Howest) – studying at Gongshang University (Hangzhou)
19:40 h.	Internship in China by Mr Hannes Dekeyser (VIVES) – Travelling Link Marketing (Beijing) and Mr Zeger Sierens (KU Leuven Kulab) – research at the Zhejiang University of Science and Technology (Hangzhou)
20:00 h.	Why companies are accepting internships in China by Mr Guy Verrue, Beaulieu International Group
20:15 h.	Network drink

The networking drink is an opportunity for all participants to get in touch. This is an unique opportunity for institutes of higher learning to get to know dynamic companies from West-Flanders which are active in China, and offers and introduction to the companies of the educational opportunities and innovative research of West-Flanders knowledge institutes. Former interns will be happy to exchange experiences with students who will be interns in 2014.

Info and registration by 25 November 2013: Kristien Vandamme, Provinciebestuur West-

Vlaanderen, T: 050-403359, E: kristien.vandamme@west-vlaanderen.be

Interactive and inspiring panel discussion: China, a sea of opportunities also as export market – 5 December 2013, 19h00 – Groot-Bijgaarden

UNIZO International and Flanders Investment & Trade (FIT), supported by the Flanders-China Chamber of Commerce (FCCC) and BCECC, are organizing an interactive and inspiring panel discussion on opportunities in China as an export market. The event will be held on December 5, 2013 at the Salons Waerboom, Jozef Mertensstraat 140, 1702 Groot-Bijgaarden.

During the panel discussion, fellow entrepreneurs will inspire you with their Chinese experience. Why did they go to China? How did they take the first steps? What are the mistakes they committed? What differences are there in this large country? The discussion will provide crucial and practical information.

Programme:

19h00	Registration
19h30	Welcome by Mr. Gijs Kooken Attaché, UNIZO International
19h35	"Efficient communication with China" by Mr. Wim Polet, Director of the Confucius Institute
20h05	"Interactive entrepreneurs discussion: China, a sea of opportunities also as export market", moderated by Mrs. Annemarie Van de Walle, Advisor IO, UNIZO International • Philippe D'heygere, President, Lapauw International • Filip Goossens, Sales Director BeLux, DHL Express • Stefan Verheyen, CEO, Dôme Deco • Marc Evrard, Market Development, Belgische Fruitveiling • Chantal Saelen, Managing Director, Moderna Products
21h10	"How to get lucky on the Chinese market" by Mr. Dirk Van Steerteghem, Department head International Entrepreneurship, Flanders Investment & Trade
21h25	Q&A
21h35	Conclusion and networking reception

Registration: free for members of UNIZO, FCCC, BCECC, non-members: €30 excl. VTA. Register at http://www.unizo.be/internationaal/viewobj.jsp?id=415578

Group booth at "Domotex Asia/Chinafloor – Shanghai" – 25~27 March 2014 – Shanghai

This exhibition is already for many years the most important one on flooring in the Far East. Companies can present themselves at the booth in the Flemish pavilion, organized by FIT in cooperation with "Fedustria – Interieurtextiel". More information is available at the website of Flanders Investment and Trade. Registration by 13 November 2013.

In 2103, more than 1,100 companies from 36 countries participated in the exhibition, which received 42,165 visitors on 130.000 m² of exhibition space in 10 halls. 42,165 professional visitors attended the exhibition in 2013 (up 5.8% on 2012), mainly from China (73%) and overseas territories (27% from 107 countries). In the coming 15 years, China will build 40 billion square meters, equal to 10 times New York City. China's urban middle class is expected to number 612 million people by 2025, offering numerous opportunities to the flooring sector.

PAST EVENTS

Doing business with China for SMEs – 7 November 2013 – Gent

The Flanders-China Chamber of Commerce (FCCC) and VOKA East Flanders organized the conference: "Doing business with China for SME's" on 7 November at the Voka Box in Gent.

During this event, highly experienced experts and business leaders shared their knowledge and expertise based on their achievements in China. The speakers included Mrs Sari Depreeuw, Senior Associate, Dewolf & Partners, Brussels Office and Mrs Ava Tu, Associate, De Wolf & Partners, Shanghai; Mrs. An Lettens, Tax Manager, Moore Stephens Verschelden; Mrs. Kristina Koehler, China Director, Klako Group; and Mr. Patrick Keereman, CEO, Managing Director Nuscience. The event was concluded by a Q&A session and a networking reception. Participants to the conference 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 was organized with the support of Flanders Investment & Trade.

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

Agoria, in cooperation with the Flanders-China Chamber of Commerce (FCCC), organized an IPR Conference on 29 October 2013 in Brussels. The conference was held in cooperation with FIT, BIE, AWEX, BCECC, FCCC, Belgian Chambers, CCIBW, CCIBV and EU China IPR SME Helpdesk.

The conference provided 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 shared their experiences of IP protection and enforcement in China, and gave practical tips on achieving the results required to do business effectively in China. An info folder was also distributed. Following a welcome word on behalf of all organizers by Francis Walschot, Director Regulations & Standardization, Agoria, speakers included Simon Cheetham and Joao Miranda de Sousa, European Commission IPR China SME Helpdesk experts; Fred Liu, Lawyer, Barco China; and Marc Messely, Group Industrial Property Manager, Bekaert. René Branders, President of Agoria International IPR Work Group, made the closing remarks. The event was concluded by a networking drink.

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”

See FCCC Members' Portraits on the FCCC website.

MEMBERS' NEWS

UGent inseminates Chinese cows with sperm of Belgian White Blue bulls

The Department of Veterinary Medical Science of the University of Ghent has for the first time succeeded in inseminating Chinese cows with sperm of Belgian White Blue (BWB) bulls. Five parties worked together on the project:

- The Chinese agricultural administration of Hebei province
- The Agricultural Chamber of the Province of East Flanders
- The French administration
- A Walloon selection center of BWB-bulls, which is selecting bulls for the international market
- Members of the Department of Veterinary Medical Science of the University of Ghent

This is a nice example of cooperation between organizations of different regions in Belgium, European cooperation and cooperation between scientists and economic players. At a time when the world is becoming a village, it is better to build bridges than to retreat into oneself. On November 13 a large Chinese delegation visited the Department of Veterinary Medical Science in Ghent. This is the next step in the ever closer cooperation on BWB between university departments and companies, research centers and administrations in the Chinese province of Hebei.

Rising living standards in China are leading to a rising demand of animal products. By mixing a local variety with the BWB, more meat can be obtained per animal, and more of the meat will be tender meat, which requires a shorter preparation time and the use of less energy. A negative characteristic of the BWB is a higher percentage of caesarean sections at birth. Since a few months, Chinese veterinarians are studying the technique of caesarean section on cattle and a Flemish veterinary doctor will probably attend the first births in China.

SOS International opens its 5th China clinic in Shenzhen

Upholding its commitment to follow clients into new growth areas, International SOS has opened a new clinic in Shenzhen – its fifth in China to date. As International SOS expands its footprint in China, the company’s new clinic in Shenzhen, just north of Hong Kong, represents a major strategic development. Delivering vital medical care to client employees, the clinic bridges a gap in service delivery in the south and signals a shift into new growth areas. Located in Guangdong province, Shenzhen is widely regarded as the cradle of China’s economic rebirth and industrial transformation. Once a sleepy fishing village, it is now one of the fastest-growing cities in the world and an enduring symbol of the “economic miracle” witnessed in China over the last three decades.

“Shenzhen has offered a strategic foothold for many foreign companies”, says John Williams, Managing Director for Partnership & Government Affairs for International SOS in China. “And as you might expect, many of these companies have turned to International SOS for support.” Indeed, International SOS has been operating in China since 1989, and the major international corporations coming into Shenzhen fit the company’s client profile perfectly, as John Williams observes: “The companies setting up in Shenzhen require exactly the kind of services we deliver – expert medical and clinical services for expatriates and business travelers.”

Following the same operational guidelines and quality standards as all International SOS clinics, the Shenzhen facility is run by a team of expert multi-lingual doctors and support staff. “The clinic operates a membership subscription plan,” explains John Williams. “Clients pay in advance for the services they may require over the course of a year. Subscriptions are generally made on behalf of entire corporations or nominated groups of people – employees and their families.”

The clinic has a GP surgery, on-site pharmacy and X-ray facilities, plus a laboratory where tests can be turned around quickly and accurately. It also offers family care services and a referral network providing access to medical professionals in mainland China and Hong Kong. What’s more, the clinic’s doctors are on call for out-of-hour emergencies, with additional support and medical evacuation capabilities provided by regional International SOS Assistance Centers. “The fact that we’re so close to Hong Kong,” says Clinic Manager Sandra Fuld, “means we are well positioned to coordinate transfers to more extensive facilities if needed. We have an excellent emergency stabilization area on site, so if a patient is in a serious condition we can provide a range of medical treatments before moving them on.”

3rd Plenum of the 18th CPC CC

3rd Plenum advocates deepening of reform

The 3rd Plenary Meeting of the Central Committee elected at 18th Congress of the Chinese Communist Party was held in Beijing from 9 to 12 November. This Plenary Meeting was attended by 204 Central Committee Members, 169 non-voting Alternate Members and invited delegates. The meeting decided to further deepen reform and let “the market play a decisive role in the allocation of resources, while letting the government play its part better”. The Communiqué issued after the meeting laid down broad policy directions, but contained few particulars. Detailed measures will be prepared by a newly-created Leading Group for Comprehensively Deepening Reform and some measures were detailed in a decision document issued a few days later. The Communiqué said that the core of economic reform is the proper relationship between government and market. It mentioned the word “market” 22 times. The role of the market has been taken to an unprecedented level in China since it adopted a socialist market economy in 1993, when the Party tentatively defined the market's role as “basic” in allocating resources. The function of the market has now been upgraded to “decisive”.

Zhang Zhuoyuan, Economist at the Chinese Academy of Social Sciences who attended the meeting, regards the “decisive role of the market” as the most important reform mentioned in the Communiqué. Businesses should be allowed to operate independently and compete fairly while consumers should be free to choose and spend, and merchandise traded freely and equally. Further development of the non-public sector of the economy will be encouraged. Investment restrictions in free trade zones (FTZ) will be relaxed and they will be further expanded. State-owned enterprises will be made to adhere to modern corporate practices, but the Communiqué also confirms that the dominance of public ownership will be maintained.

Professor Xie Chuntao with the Party School of the CPC Central Committee said setting up the leading group was necessary because reform will be both unprecedented in scale and degree. A goal had been set to “achieve decisive results in the reform of key sectors by 2020. The reform would involve not only government institutions but also those of the Party, legislature and judiciary. Overall design of the reform at the top level would be combined with pragmatic experiments in the spirit of “crossing the river by feeling the stones”, a famous dictum of former leader Deng Xiaoping. China will “push forward land reform and give farmers more property rights”, including having one market for development land in both cities and the countryside, the Plenum announced. But it only obliquely addressed the divisive hukou residency system, which denies people who have migrated from the countryside to the cities equal access to social security. It would be able to better coordinate the handling of security problems between several organizations. Observers said the leading group would include representatives from the diplomatic, military, intelligence and commerce agencies, with a view to avoiding the implementation of policies becoming fragmented.

The meeting also decided to set up a state security committee to better protect the country's national security, and to prevent and end social disputes. The Communist Party leadership said it was “rejecting both the old and rigid closed-door policy and any attempt to abandon socialism and take an erroneous path”. A law-based and service-oriented government would be established, it said. Wang Zhengxu, Lecturer at the School of Contemporary Chinese Studies at the University of Nottingham in Britain, said the reform plans will make the Chinese economy more dynamic, more efficient, more innovation-driven, consumption-driven and service-oriented. “Foreign companies with the technologies and know-how in helping China to achieve these goals will enjoy a wide range of opportunities in China,” he said.

As the Party Plenum promised to foster trading of rural land, Anhui announced it would let some farmers in 20 districts and counties sell the land they live on and allow villages to sell or lease the land earmarked for construction purposes that farmers collectively own, or transfer ownership to a company that would develop the land. Land destined for farming is still not allowed to be sold. Ownership certificates will be issued by the end of 2015 for collectively owned rural land. Analysts remained skeptical that the Party would take substantial steps to end the privileged market monopolies of state-owned enterprises (SOEs), despite its pledges to implement bold reform. SOEs contribute approximately 30% to China's GDP. The Party put the private sector on the same footing as SOEs, but also said the state sector would remain the “mainstay” of the economy. “The biggest disappointment is the lack of commitment to weaken the role of state-owned enterprises in the economy – long the centre of political debate – and which poses a test of the leadership's determination to build a true market economy,” said Zhang Ming, Professor of Political Science at Renmin University. Shen Jianguan, Chief Economist with Mizuho Securities, said the apparent playing down of SOE reform likely “reflected pressure from vested interests”. Even the Global Times, an sister publication of the People's Daily, warned of the risk some SOEs posed to market-based reform.

Plenum's “Decision” document lists detailed measures

The “Decision” document issued a few days after the Plenum lists several measures to be implemented in the coming years, including:

- Lifting of restriction on foreign investment in services for children and the elderly, architectural design, accounting and auditing, commerce, logistics and e-commerce, and the gradual opening up of financial services, education, culture and medical care;
- Accelerating negotiations on mutual investment treaties with other countries and regions;
- Opening up more free trade zones (FTZ);
- Perfecting the market pricing mechanism and leave price setting to the market;
- Allowing private capital to set up small- and medium-sized banks;
- Accelerating interest rate liberalization and capital-account convertibility;
- Giving private companies access to the research, production and maintenance of military equipment;
- Encouraging private investment in the medical sector and supporting non-profit hospitals run by private investors;
- Giving more property rights to farmers;
- Implementing a trading system for pollution discharge, carbon emissions and water rights;
- Better attracting foreign talent and overseas Chinese to develop their careers in China;
- Canceling the need for government permission for private companies’ investment projects, unless they relate to national or ecological security, the strategic distribution of industrial development or strategic resource development, or are of “key public interest”;
- Requiring state-owned enterprises to submit 30% of their profits to the central government treasury by 2020 – to be spent on social welfare – up from 5% to 20%;
- Loosening of family planning rules that limit many couples to a single child in the first substantial change to the policy in more than three decades, as leaders seek to

address a rapidly aging population;

- Accelerating of the reform of household registration to help farmers become urban residents and including all rural residents into the affordable housing system and the social security network;
- Moving from the college examination system to a multi-evaluation system in which the exam will be less important;
- Abolishing the re-education through labor camps, in which offenders could be sent by police for up to three years without a court order;
- Reducing the interference of local governments in local court proceedings and strictly banning the extraction of confessions through torture and physical abuse;
- Reforming the petition system for hearing public complaints;
- No longer treating University Presidents and other top academics as the equivalent of government officials;
- Postponing of the retirement age to be studied;
- Reducing the number of criminal charges that may lead to death sentences;
- Preparing a scheme for Party and government leaders to move into official residences to prevent them from accumulating real estate.

Open statement from the President of the European Union Chamber of Commerce in China, Davide Cucino, on the Communiqué

Davide Cucino, President of the European Union Chamber of Commerce in China issued an open statement on the Plenum's Communiqué. It was issued before the more detailed "Decision" was published. "The third plenum Communiqué does not seem to represent a paradigm shift or suggest urgency for meaningful reforms. The document falls short of providing a roadmap for reform and may miss important opportunities, but it does provide a malleable framework that acknowledges a fundamental need for government control to be ceded to market forces and so could still lead to meaningful changes during practical implementation, according to the European Union Chamber of Commerce in China. The vague and ambiguous wording of the Third Plenum Communiqué means that the document alone is not determinative. This alone is concerning at a time when European business believes that a clear and comprehensive set of reforms needs to be laid out. However, this is not surprising given the vested interests but nonetheless does not preclude the possibility of meaningful reforms actually taking place. Indeed, the significance of the landmark third plenums of 1978 and 1993 were only apparent in hindsight. Much will now depend on the more detailed plans that are expected in the "Decision" and in forthcoming policies from the State Council, as well as on the ability of the leading small group on comprehensively deepening reform that is to be established, Cucino said.

EXPAT CORNER

Police warn to be alert for telecom-related scams

Following a series of telecom-related scams which have also targeted expatriates, overseas Chinese and executives, police are advising people to be alert while also launching a campaign against scammers. Last week, two expatriates from the Pudong New Area were swindled out of CNY24 million. One of them lost more than CNY19.9 million within a week, making it the largest scam case in Shanghai in recent years. Swindlers previously targeted seniors or those with low education who were easy prey. But off late, they have turned their attention to expats and Chinese returnees as most of them do not have a good understanding of the Chinese law. Managers and company executives are also being marked out as they are usually confident about their judgment. In the recent case, the expatriate told Pudong police that a swindler claiming to be a Shenzhen Telecom staff told her that a number registered in her name had logged up a huge bill for making international calls. Next, she got a call from a man claiming to be from Guangzhou police, who told her a bank account that was registered in her name was involved in illegal money transfers. She followed the "policeman's" advise and transferred CNY19.9 million into a "safe account." With the help of software, swindlers can decide what numbers to show to the person they are making the call to. Police have warned that people should be alert when receiving calls and short messages from numbers that start from 400 – usually used by big companies and banks and other social service departments. The frauds include winning lotteries, unspecific transfer requests, unsecured loans, credit card overdrafts and extremely low prices for products, the Shanghai Daily reports.

FINANCE

ICBC added to list of “too big to fail” banks

The Industrial and Commercial Bank of China (ICBC) was added to the Basel-based Financial Stability Board’s list of “too-big-to-fail banks” for the first time and now has to meet higher requirements due to the risk it poses to global financial markets. The bank is required to have 1 percentage point of extra capital, or maintain a minimum core tier-1 capital of 8% and a total capital adequacy ratio (CAR) of 11.5%. ICBC said its overseas expansion is one of the reasons why the regulator considered it important to the global financial system. Its overseas assets were worth USD182.2 billion at the end of June, accounting for 6% of the total assets of the group. The Bank of China (BOC), the country’s biggest foreign exchange bank, is in the same category as ICBC. Of the 29 too-big-to-fail banks, 16 are from Europe, eight are U.S. lenders, and five are in Asia. The revised list leaves only JPMorgan Chase, the largest United States bank by assets, and London-based HSBC, Europe's biggest by market value, in line to face the top 2.5% surcharge. Citigroup and Deutsche Bank must meet a 2% target after previously being in the top category. ICBC's surcharge is 1%, the same as Bank of China. The surcharge represents the amount of capital a bank must have beyond the minimum already set by international regulators to fortify banks against their own losses or an external economic shock. Officials decided in 2010 to more than triple thresholds for the core capital that banks should keep to absorb losses. ICBC said it would not need to raise more capital because its ratios exceeded minimum regulatory requirements. The lender had a core tier-1 capital ratio of 10.48% at the end of June, while BOC's was 9.27%. Those levels were higher than the 8.5% China's banking regulator requires them to hold by the end of 2018.

- Industrial and Commercial Bank of China (ICBC) launched a yuan bond that was mainly distributed in Britain. ICBC's latest deal gives British investors access to yuan investment and and allows them to earn income on their yuan holdings. Bankers expect more such bonds aimed at the London market, putting London in competition with Hong Kong as the center for yuan bonds. ICBC's latest yuan bond was launched at a “benchmark” size, implying a deal in excess of CNY500 million. Investor demand for the bond was robust, said bankers.
- China’s total fiscal revenue growth accelerated for three months in a row in October. Revenue climbed 16.2% year-on-year to CNY1.2 trillion last month, the Ministry of Finance said. The revenue grew 13.4% in September and 9.2% in August. In the first 10 months of this year, the fiscal revenue of the central government increased 5.7%, missing the official target of 7% due to a decline in import tariffs. Property and land-related taxes boosted the fiscal revenues of local governments in October by 15.5%. For the first 10 months, China’s total fiscal revenue rose 9.4% to CNY11 trillion, and spending climbed 10% to CNY10 trillion.
- Outstanding non-performing loans (NPLs) at Chinese banks rose CNY24 billion from the end of June to CNY563.6 billion at the end of September, the biggest quarterly rise since the fourth quarter of 2005. The bad loan ratio edged up from 0.96% to 0.97%, the China Banking Regulatory Commission (CBRC) said. Rural commercial lenders had the worst asset quality among the banks, with an average NPL ratio of 1.62%. The ratio at foreign banks improved 3 basis points to 0.57% to rank top among all lenders in China again.
- Hong Kong fund managers are preparing to accept yuan subscriptions for their funds as speculation mounts that the daily limit on converting Hong Kong dollars into yuan may soon be scrapped. Amundi Asset Management, which manages USD1.02 trillion worldwide, has gained approval from the Securities and Futures Commission (SFC) to add a yuan share class to its Hong Kong-domiciled fund. The new structure will allow retail investors with yuan deposits to subscribe to the fund directly, saving them the cost of swapping into other currencies such as the U.S. or Hong Kong dollar.
- The Bank of England is ready to help create a clearing bank for yuan in London as the City seeks to become an offshore hub for trading the currency, said Chief Cashier Chris Salmon, who is responsible for issuing British banknotes. While Britain did not “absolutely” need such an institution for yuan transactions, there was a “will in the market for a London clearing bank to be established”, Salmon said. British Prime Minister David Cameron plans to lead a trade delegation to China next month, after Chancellor of the Exchequer George Osborne announced in Beijing last month that China and Britain would introduce direct trading between the yuan and the British pound.

- China, the world's top rice producer and consumer, started trading futures on November 18 for short-grain rice on the Zhengzhou Commodity Exchange. The benchmark price for Japonica short-grain rice contracts has been set at CNY3,050 per ton for contracts for the months of March, May, July, September and November. The country's Japonica rice output stood at 64.44 million tons last year, largely grown in the northeast provinces and accounting for 31.5% of China's total rice production. Early-season rice is already traded on the exchange.
- Singapore's United Overseas Bank (UOB) has received preliminary approval to open a new branch in the pilot free trade zone (FTZ) in Shanghai, becoming the seventh overseas lender to be allowed to set up a branch there, following Citi, DBS, HSBC, Bank of East Asia, Hang Seng Bank and Deutsche Bank. UOB currently operates 13 outlets in China. A new branch also opened on the Bund, targeting customers with net assets above CNY1 million.
- Citibank China Co plans to expand its wealth management business in China as the country's affluent population increases. It now offers some 20 mutual fund products from five fund companies. 23 new outlets were added to Citi China's network in the past couple of years, some in major traffic hubs, including subway stations and airports, to reach clients and bring them innovative services.

FOREIGN INVESTMENT

China, EU to launch investment treaty talks

China and the European Union are expected to start negotiations on a landmark bilateral investment treaty during the upcoming China-EU summit, Markus Ederer, Ambassador of the EU Delegation to China, told China Daily in an interview ahead of the summit on November 21. "Investment conditions in member states differ and sometimes the laws differ, but it will set a few basic rules that will apply to all member states, so that will also improve the investment climate for Chinese companies", he said. A new agreement will streamline existing bilateral investment protection agreements between China and EU member states into a single, coherent text to improve the protection of bilateral investments and increase investment flows. With goods and services worth more than USD1.34 billion traded between both sides every day, trade flows between China and the EU are impressive, but the flow of bilateral investment remains relatively low. China's direct investment to the EU comprises only 2.2% of the whole, while bilateral foreign direct investment (FDI) represents less than 3% of both sides' total outflows in 2012. The proposed agreement also would be more comprehensive than the bilateral agreements from the member states, including investment protection, market access and national treatment. This year marks the 10th anniversary of the China-EU comprehensive partnership. Ambassador Ederer said he is optimistic about the future for both sides, seeing huge opportunities for Europe in China.

Wuhan First City attracting foreign companies

Property prices in Huashan town under the administration of Wuhan, capital of Hubei province, have been rising after IBM said it would move its operations there. Behind the move is Dalian Software Park Co (DLSP), whose expertise is providing solutions in business park management and creating the right office space for companies like IBM. DLSP in 2006 started to invest in Wuhan's East Lake High-Tech Development Zone, also known as Guanggu, or Optics Valley. In just two years, the number of enterprises in Optics Valley increased from some 30 to more than 110, with staff growing from fewer than 2,000 to 12,000. The local government also established Wuhan First City, a short drive away. Hubei United Investment Group, DLSP and Wuhan East Lake High Technology Group Co jointly invested in Wuhan First City. DLSP is in charge of development, operations and management. With a planned investment of more than CNY20 billion and an area of about 3.4 square kilometers, the new city will house nine industrial parks, each with a specific positioning in sectors such as mobile internet, cloud computing, industrial design, electronic commerce and financial service outsourcing. It will also have an international R&D area, mainly for operations of Fortune 500 companies. The goal is to have 100 leading companies with operations in the new city and 1,000 technology-driven startups, said local officials. They estimate that the total number of employees in the new city will eventually reach 200,000 and its annual output value will surpass CNY50 billion, the China Daily reports.

Chinese investment in the U.S. remains limited

As of the end of September, Chinese businesses' cumulative direct investment in non-financial sectors in the U.S. exceeded USD10 billion, accounting for 2.9% of China's total outward direct investment (ODI), which wasn't in line with the huge markets in both countries," said Wang Chao, Vice Minister of Commerce, during the High-Level Forum (Beijing) on Sino-U.S. Investment Promotion. M&A deals accounted for 80% of the total value, with greenfield projects taking up just 20%, according to Wang Xu, Deputy Director General of American and Oceanian Affairs at the Ministry of Commerce (MOFCOM). "Chinese investors are more interested in buying companies than establishing companies in the U.S.," said Wang. State-owned enterprises are more active in the U.S. than private companies. In terms of sectors, manufacturing is still the most prominent, Wang added. New trends in Chinese investment in the U.S. are emerging. Investors' goals are evolving from accessing resources and market share to branding and technology acquisition, and consolidating value chains.

- Hungary sees food and agriculture as new growth areas to enhance trade and investment with China, according to Peter Szijjarto, Hungary's State Secretary for Foreign Affairs and External Economic Relations. Last year, China was the fifth-biggest foreign investor in Hungary, with most of the investment in the information technology, electronics and chemical industries. Wanhua Industrial Group, Huawei Technologies, ZTE and the Bank of China (BOC) are among the big Chinese investors in Hungary.
- German drugmaker Merck has invested €80 million in a manufacturing plant in Shanghai. The plant will come online in 2017, producing drugs to treat China's fast growing number of diabetics as well as cardiovascular and thyroid disorders. Spending in the country's healthcare sector is forecast to nearly triple to USD1 trillion by 2020 from USD357 billion in 2011, according to McKinsey.
- China Three Gorges and Energias de Portugal (EDP) plan to jointly invest USD2 billion in Africa by 2020. Both companies would equally share the investment, which would mostly be in dams that Three Gorges would help build. The Portuguese government sold 21.35% of EDP to Three Gorges for €2.69 billion in May last year, making the Chinese firm the largest shareholder in the formerly state-owned company. After the transaction, EDP got €1.8 billion of loans from Chinese banks, which plan to enter Portugal for the first time. Three Gorges also agreed to invest €2 billion until 2015 in EDP's renewable energy projects.

FOREIGN TRADE

"Negative list" not to be implemented nationwide in near future

The "negative list" policy being tried out in the China (Shanghai) Pilot Free Trade Zone won't be expanded nationwide immediately as modifications are needed, Liu Dianxun, Director of the Investment Promotion Agency at the Ministry of Commerce (MOFCOM), said. The "negative list" specifies bans or restrictions on certain types of foreign investment, covering 1,069 businesses in 89 divisions within 18 main categories. Any sectors not on the list are open to foreign investors. The list will be revised annually. Experts also said that the FTZ in Shanghai is just the start of a reform process intended to facilitate the entry of foreign investors.

- Top Hong Kong officials and businesspeople are calling for a Guangdong free trade zone (FTZ) to help the city maintain its competitiveness against rivals like Shanghai and Singapore over the next 10 years. Antony Leung, the city's former Financial Secretary who now serves as Blackstone's Greater China Chairman, urged Hong Kong to join forces with the Pearl River Delta to create future growth opportunities for the city.
- Trade representatives from around the world are back at the negotiating table for the ninth time this year to expand the product coverage of the Information Technology Agreement (ITA), a tariff-cutting scheme established by a group of World Trade Organization (WTO) members in December 1996. John Neuffer, Senior Vice President of the Information Technology Industry Council, said China's stand was the major obstacle for reaching an agreement. An expanded ITA could cut tariffs on an estimated additional USD800 billion in the information and communication technology trade

globally, a 20% increase over the USD4 trillion now covered annually. China promised to trim the list of sensitive items it wants excluded from the agreement to 140.

HEALTH

Metal contamination of noodles denied

Instant noodles on sale in Shanghai are safe to eat, officials from the Shanghai Food Safety Office said. They issued the reassurance in response to a report of heavy metal contamination in products sold in Taiwan, including popular brands Master Kong and Uni-President.

IPR PROTECTION

Guangdong No 1 in international patent applications

Guangdong province remains No 1 in intellectual property. Over the first nine months of the year, companies and organizations in Guangdong filed 8,211 international patent applications through the Patent Cooperation Treaty, more than half of the national total. The province also has 445 well-known trademarks, enabling it to lead the nation for seven consecutive years.

- Microsoft and Tsinghua University recently established a research center for innovation and intellectual property that will focus on research into the patent system, software copyright protection, innovation policies and IP litigation procedures. Chen Shi, IP Director at Microsoft China, said "it will play an important role in encouraging innovation".

MACRO-ECONOMY

Shanghai tops nation in urban disposable income

Shanghai is No 1 in urban disposable income among 31 provinces in China with CNY40,188 a year, equal to 234% of Gansu province, which comes last on the table with only CNY17,157 per year. The average disposable income for China's urban residents was CNY24,565 in 2012, according to the National Bureau of Statistics (NBS). The 2012 level increased by 71 times since 1978, an average growth of 13.4% a year. Over the same period, China's gross domestic product expanded 142 times, while government revenue swelled 103 times.

- The Ministry of Land and Resources will reject applications for land acquisition by companies in sectors with low capacity utilization ratios. Those industries are steel, cement, electrolytic aluminum, plate glass and shipping. "The Ministry will clear the land used by projects involved in industries with excess capacity and launch a long-term, efficient system to prevent illegal land use by related companies," Minister of Land and Resources Jiang Daming was quoted as saying by the China Securities Journal.

MERGERS & ACQUISITIONS

Carlsberg considering take-over of Tsingtao or Yanjing breweries

Carlsberg's pursuit of faster growth in Asia may make take-over targets out of Tsingtao Brewery and Beijing Yanjing Brewery. The USD15 billion company was eyeing about six potential candidates, especially in Asia, including Tsingtao and Yanjing, for a possible purchase, said a person with knowledge of the matter, who declined to be identified. The Chinese companies produce some of the most popular beer brands in China, the world's biggest beer market. Carlsberg holds a distant fourth place in the global beer market by volume after a wave of consolidation led by Anheuser-Busch InBev, SABMiller and Heineken. In the past five years, Carlsberg largely held back while its bigger rivals took part in deals valued collectively at almost USD110 billion. The controlling Carlsberg Foundation said it would drop the requirement that it hold at least 25% of the share capital in the brewer, but would continue to control at least 51% of voting rights.

- Sinopharm Group, the biggest drug distributor in China, hopes to buy one hospital this year and several next year following the central government's recent liberalization of the hospital sector, said Wei Yulin, Chairman of the Hong Kong-listed company. Acquiring one hospital would cost CNY300 million to CNY500 million. Sinopharm, a subsidiary of state-owned China National Pharmaceutical Group, does not own any hospital at present. Acquiring hospitals would enable Sinopharm to diversify from drug sales into health-care services, Wei said.

PETROCHEMICALS

CNOOC may build LNG plant and terminal in Canada

CNOOC is considering building a liquefied natural gas (LNG) plant and terminal to export the fuel from Canada's Pacific coast to Asia. Nexen Energy, CNOOC's wholly-owned Canadian unit which it bought for USD15.1 billion earlier this year, has been awarded exclusive rights by the provincial government of British Columbia to proceed with the proposed project with two Japanese partners. The Aurora LNG project at Grassy Point, near the port city of Prince Rupert, is one of at least 10 proposed LNG plants on Canada's western coast. The Canadian government aims to transform the region into a major hub for LNG exports to challenge existing LNG hubs such as Australia and the Middle East. "LNG export is the most attractive option for maximizing the value of our Canadian shale gas business," CNOOC Chief Executive Li Fanrong said. CNOOC said the project will proceed if the joint venture partners are satisfied with its financial attractiveness, which depends on construction costs, fiscal terms offered by the local government, and success in obtaining "acceptably priced" sales agreements. CNOOC owns 60% of Aurora while Japan's Inpex Corp and JGC Corp split the remaining 40%.

- Royal Dutch Shell is hopeful that its project with China's Guanghui Energy Co to invest in an LNG import terminal in east China will facilitate its entry into the distribution business in the future. However, the project in Qidong, Jiangsu province, still needs government approval. The handling capacity of the proposed Qidong terminal will initially be 600,000 tons a year and rise to 1.15 million tons and 3 million tons in stages. Shell also opened its newly expanded lubricant plant in Zhapu, Zhejiang province, last week.
- PetroChina will pay USD2.6 billion to acquire oil and gas interests in Peru. It will acquire a Peruvian subsidiary of Brazilian state-owned Petrobras, which owns two oil and gas blocks in Peru and a 46% stake in a third.
- As more and more power plants are switching from coal to gas, gas supply cannot meet demand. The National Development and Reform Commission (NDRC) said gas demand in the first three quarters of this year increased by 13.5%, while supply saw only a 9.2% increase. "China's gas imports accounted for 32% of domestic consumption, 2 percentage points above the 30% international energy warning line," said Industrial Analyst Ma Ji.
- Last week the Chinese government reduced the gasoline price by CNY160 per ton and that of diesel by CNY155 per ton. That is equivalent to a national average cut of CNY0.12 per liter for the benchmark 90-octane gasoline and a CNY0.13 cut for zero-grade diesel, according to the National Development and Reform Commission (NDRC), which sets energy prices in China. The latest cut is the third under the NDRC's new pricing mechanism.
- China Petroleum and Chemical Corp (Sinopec Group) announced it has officially completed the acquisition of one-third of Apache Corp's Egyptian oil and gas business. Apache has 24 contractual blocks in Egypt, mainly located in the western desert. The transaction marks Sinopec's first entry into Egypt's oil and gas market and will further increase the company's experience and capabilities in overseas oil and gas exploration, Fu Chengyu, Chairman of Sinopec said.

REAL ESTATE

Rental properties to be better supervised

Beijing legal officials said they plan to issue a judicial guideline for housing authorities soon on the registration and supervision of tenants in rental properties, a move aimed at reducing crime in shared housing. In the past two years, the Chaoyang District People's Court in Beijing has handled more than 50 criminal cases involving rental housing. Property-related crimes were the most common, followed by sex and drug-related offenses. “Shared housing has become a major area where criminal cases frequently occur, so it's necessary for our housing authorities to impose greater restrictions”, Jia Liying, Presiding Judge of the Chaoyang Court's Criminal Department said. The situation is compounded by the phenomenon of joint tenancies, where several people live together in a shared room, often in cramped conditions. Jia said the key is for rental agencies to perform stricter and more detailed checks on tenants when they register them, rather than the current procedure, which involves simply checking their ID cards. However, Zhang Kai, an employee at Le'anjia Real Estate, which has branches in many cities in China, said that the current regulations permit agencies to retain nothing but the copies of tenant's ID cards. “We have no right to investigate our clients' backgrounds, unless the new rule gives much clearer requirements for that,” he said.

- Kweichow Moutai, China’s biggest liquor producer by market value, has announced it will invest €8.79 million in real estate in Paris, the first time it is investing in property overseas. The small investment is seen as part of a branding strategy. Moutai began to venture abroad in 2004 by selling its liquor in duty-free shops. The company’s mid-year report shows revenue from abroad was CNY382 million, 4.28% higher than a year earlier, but still only 2.71% of total revenue.
- China Harbor Engineering Co (CHEC) signed a contract to build two hotels and a golf course with investment between USD540 million and USD640 million in the southern Sri Lankan town of Mattala. The company also built the USD209 million international airport in Mattala funded by the Chinese government, which opened earlier this year. CHEC has 50 overseas branches and offices with activities in more than 80 countries and regions.

RETAIL

Complaints follow record-breaking Single's Day

The online shopping spree on Single’s Day has generated an outbreak of complaints. Online retailers drew the ire of consumers for canceling orders after shoppers successfully completed transactions, denying promised discounts or offering the wrong products, according to the Shanghai Consumer Rights Protection Commission. Wang Fang, Deputy Director of the Complaint Consultation Division of the Commission, said it is a major problem that businesses cancel orders seemingly at a whim, claiming that a price is unusual or no products are available. The final sales figure on Single’s Day reached CNY35.02 billion as hundreds of thousands of consumers rushed to buy goods at discount prices.

- Footwear and apparel company Timberland is planning to open 60 to 70 stores in China on an annual basis, mostly in tier three cities.

SCIENCE & TECHNOLOGY

City in Gansu province bans GM crops

The relatively small and remote city of Zhangye, Gansu province, has slapped a ban on genetically modified (GM) crops, products and technology. No GM seeds, from cotton to papaya seed, are allowed to be produced or sold in the city of nearly 1.2 million, according to a new government regulation. China’s central government has authorized the planting of more than a dozen GM crops. Scientists dismissed Zhangye's ban as “illegal” and the result of “ignorance” of basic science, but many environmentalists hailed the city's defiance and encouraged others to follow suit. Chen Kegong, Party Secretary of Zhangye, said GM food could be used by rival countries as a biological weapon to “conquer China without a fight” – an argument long favored by some – and that Zhangye's policy was to ensure food safety. “Science is only a summary of known knowledge, the unknowns may lead to destruction”, he said. Professor Huang Dafang, a plant geneticist at the Chinese Academy of Agricultural Sciences, said local governments must obey the central government in the matter. He said Zhangye was a large center for corn seed production and the government might have imposed the ban to protect local businesses. He added that Zhangye's ban on GM products was illegal. Beijing still bans GM versions of staple grains such as rice and wheat.

- China's first 3D printing center was recently established at a science park in Qingdao. According to the center's Administrative Committee, it will provide tailor-made products using metal, polymers or other materials. Many key components used in the aerospace industry can also be produced at the center.
- A record 235,000 Chinese students were enrolled by United States universities and colleges in the 2012-2013 semester year, a 21% increase on the previous year, said EducationUSA, a U.S. Department of State-supported body working with embassies and consulates to provide information on applying to U.S. colleges. The U.S. Consulate in Shanghai issued some 46,000 educational visas in the year up to the end of last month. Some 95% of applications were accepted. Chinese students currently account for 3.9% of foreign students in U.S. universities.
- The Shanghai Zhangjiang Berkeley Engineering Innovation Center (Z-BEI) in the Pudong New Area has opened. It was set up by the operator of Zhangjiang High-Tech Park and the University of California Berkeley College of Engineering, and aims to become an innovation platform for high-tech research and advanced education in engineering.

STOCK MARKETS

QFII to take up 10% of capitalization in 5 years

Investment quota under the Qualified Foreign Institutional Investor (QFII) scheme will jump to 10% of China's market's capitalization in five years from 1.5% now, says ChinaQFII, a Hong Kong firm that helps foreigners invest in China. Over the same period, the number of qualified foreign institutional investors would more than double to over 500 from 240, said William Kwok, Chief Executive of ChinaQFII. He expects the number of investors under the renminbi qualified foreign institutional investor (RQFII) scheme will also more than double, to more than 100 from 47. The number of QFIIs soared almost 20 times from 12 in 2003 to 237 in August, according to "The China QFII Guidebook – China Deals Review" by ChinaQFII. The approved investment quota for QFII leapt from USD1.7 billion in 2003 to USD46.4 billion in August, the book says. The financial industry is the favorite sector for foreign investors, with 30% of those in the QFII scheme naming it as a top three pick, ChinaQFII's survey of about 200 investors shows. According to Guidebook, the second-most popular sector is the consumer discretionary industry, which includes luxury cars and jewelry, with 16% of QFII investors saying they would invest in this sector. Third is information technology, which is favored by 13% of QFII investors. In the coming years, QFII investors will move more into health care, telecommunications and utilities, as well as small and medium-sized enterprises (SMEs) and companies listed on ChiNext, an exchange on the Shenzhen stock market catering to start-ups, ChinaQFII says. The firm's research found favored picks include Ping An Insurance, Industrial Bank, China Vanke and Renhe Pharmacy, the South China Morning Post reports. By quota, the biggest QFII investor is the Hong Kong Monetary Authority (HKMA) at USD1.5 billion, The China QFII Guidebook says.

CSRC announces penalties for Everbright trading mishap

The China Securities Regulatory Commission (CSRC) announced formal penalties in an insider trading case involving China Everbright Securities Co, levying a fine of CNY523 million and banning four managers from the nation's financial markets for life. On August 16, a flaw in Everbright Securities' trading software generated CNY23.4 billion in erroneous buy orders on the Shanghai Stock Exchange. The brokerage eventually completed CNY7.27 billion worth of transactions. "Until public investors were made aware of the real reasons for the market movement, Everbright Securities should have halted trading, but it immediately began a reverse operation rather than releasing the information. That had a serious impact on the market", said the CSRC Spokesman. In line with laws and regulations, the CSRC confiscated Everbright's illegal earnings from exchange-traded fund trading of CNY13 million and CNY74 million from futures trading. The agency imposed a fine of five times the total trading profits. Xu Haoming, Yang Chizhong, Shen Shiguang and Yang Jianbo, the Executive Managers involved in the insider trading, have been banned for life from the securities and futures industries. Each faces a fine of CNY600,000 as well. Mei Jian, Secretary of the Board at Everbright Securities, was fined CNY200,000 for denying the company's errors to the media before having established the facts of the matter. The CSRC said that it is determined to crack down on illegal trading and maintain an open and fair market to protect the interests of all investors, especially smaller ones, the China Daily reports.

- Yuanshengtai Dairy Farm, a Heilongjiang-based producer of raw milk, plans to sell 31.25% of its enlarged share capital in an initial public offering (IPO) in Hong Kong. The shares are scheduled to begin trading on November 26. Joining the hype for new shares, China Cinda Asset Management and Qinhuangdao Port have started pre-marketing for their listings to raise a combined USD3.5 billion. Meanwhile, bankers said China Everbright Bank was still gauging market demand before launching its planned USD4 billion share sale in Hong Kong after pulling back twice in the past several years.
- Shares of Huishang Bank Corp gained 2% on their debut on the Hong Kong stock exchange. The biggest city commercial bank in Anhui province managed to attract six cornerstone investors, including property developer Vanke Property (Overseas) and jewelry maker Chow Tai Fook, for its initial public offering (IPO). Its IPO was the biggest listing of a bank in Hong Kong in three years. Huishang Bank's net income jumped 14% from a year earlier to CNY2.5 billion during the first half of this year.
- China Everbright Bank, which received the go-ahead for a listing from the Hong Kong stock exchange late last month, held a meeting with its syndicate bankers in Beijing, prompting speculation of a year-end listing that would raise up to USD4 billion. The medium-sized lender, based in Beijing, is making its third attempt to complete a long-planned H-share sale by issuing 12 billion shares after Huishang Bank, a newly listed city commercial bank that raised USD1.2 billion, made a positive debut amid solid support from a consortium of cornerstone investors.

TRAVEL

German-made ticketing machines fail in Beijing subway

German-made equipment which collects fares on the Beijing subway is proving incapable of coping with the Chinese passenger flow at peak times. Several times a year, engineers have had to fly in from Germany to deal with various operational glitches, in particular the jamming up of the system. The machines have worked perfectly in Europe for years, but failed in China all the time. In Europe, passengers keep a certain distance from each other and feed their tickets into the machine only after the person in front has passed through. But in China, impatient passengers follow closely behind each other and often insert their ticket before the gate opens for the person in front. “Our German engineers assumed there would be two to three seconds between two tickets, but in China even half a second seems too long,” one engineer said. Engineers had to rewrite software code and redesign parts. So far the foreign technicians have not come up with an effective solution to counter the impatience of Chinese passengers, the China Daily reports.

Pudong Airport has the world's speediest visa checks

Shanghai's Pudong International Airport has the speediest visa checks of any major airport in the world, according to a survey by the Airports Council International (ACI), a trade representative of the world's airports. Terminal 2 of Pudong International Airport has 47 channels and can deal with 70 to 90 passengers a minute. Almost 70,000 passengers use the airport daily, with a record high of 95,000. Second and third in the ranking are Seoul Incheon International Airport and Beijing Capital International Airport. China has two more airports in the top 10 list. Longjia International Airport in Changchun, capital of Jilin province, ranked fifth, followed by Meilan International Airport in Haikou, capital of Hainan. Every quarter, ACI asks a survey institution to determine and review about 100 airports around the world, in a survey based on 36 standards, such as facilities and service.

VIP VISITS

Dutch PM visits Beijing to boost trade relations

Dutch Prime Minister Mark Rutte met Premier Li Keqiang and President Xi Jinping in Beijing last week. “The rubber duck has just concluded its China tour, and that is a great success. I believe it laid a good foundation for your visit,” Li said during their meeting. More than 3 million people visited Hofman's rubber duck during its 52-day stay in Beijing in September and October. Li Keqiang suggested that the two nations expand cooperation in environmental protection, new energy and financing. He expects the Netherlands to expand high-tech exports to China and work with Beijing to fight acts of trade protectionism. Rutte told People's Daily before the visit that issues such as food safety, financial services, city planning and water conservation are “issues of common concern”. Rutte was accompanied by a large delegation of CEOs from major Dutch companies on his two-day visit. The Netherlands has been China's second-biggest trade partner in the EU for 10 consecutive years. According to official statistics, trade between the two countries reached nearly USD68 billion in 2012, the China Daily reports.

- British Prime Minister David Cameron plans to visit China early next month. It would be his first visit to the country since President Xi Jinping took office in March. Cameron last visited China in November 2010, six months after taking office. Cameron said his China visit aimed to “open the way for British companies to benefit from China's vast and varied markets and prepare the way for a new level of Chinese investment into the UK”.

ONE-LINE NEWS

- Vancouver Mayor Gregor Robertson says a flood of Chinese immigrants, tourists and investors is creating new economic development opportunities in the Canadian port city, not driving up property prices, as some city residents have complained. In Hong Kong to wrap up an eight-day China tour, Robertson said Vancouver's property market had been attracting international investors long before the current rush of Chinese buyers. The number of mainland Chinese had been growing rapidly in recent years and now accounted for 10% of the city's 603,000 residents.
- Ping Xing, Chairman of Chengdu Hi-Tech Development Co, has been under investigation since August for corruption. The firm has been responsible for developing two neighborhoods in Chengdu, a city of 14 million people, and has invested roughly CNY33 billion.
- Gambia has broken off diplomatic relations with Taiwan and is expected to establish ties with the People’s Republic of China. It became the first country in more than five years to sever formal ties with Taipei, leaving only 22 countries with diplomatic relations with the government in Taipei. The last country to sever formal ties with Taiwan was Malawi, in January 2008.

ANNOUNCEMENTS

UNIZO survey: Your expectations on China

UNIZO is organizing a survey on the expectations of companies active in China. In the press you read horror stories as well as positive stories about doing business in China. Reporting is strongly polarized, either for or against. What is the opinion of SMEs doing business with China? Through this short survey (10 questions), UNIZO International, FIT (Flanders Investment and Trade), FCCC (Flanders-China Chamber of Commerce) and BCECC (Belgian-Chinese Chamber of Commerce) want to inquire about the expectations of SMEs active in China.

Link to the survey: https://unizo.socratos.net/direct/verwachtingenchinesemarkt

The survey will be closed on Thursday, 28 November 2013.

EU SME Center article: How to close down a business in China

All’s well that ends well – How to close down a business in China. When doing business in China, preparation is everything. As legally winding up a company can be just as time-consuming as establishing one, it is advisable to consider your options and prepare for phase-out well in advance. Keeping the requirements in mind from the beginning will help make this process as smooth and cost-efficient as possible. Legal experts at the EU SME Center have recently compiled a comprehensive guideline on the topic to help SMEs achieve just that. It summarises their advice on the voluntary closure of a company, as this is the most common exit option for foreign businesses. The guideline covers other ways of liquidating a company as well, however, including enforced closure and bankruptcy, so be sure to download it for free on the Center’s website.

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

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