法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 25 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

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

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

The ninth China-EU Business Summit was held in Beijing on November 21, attended by Chinese and European businesspeople. The Summit was 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 – for which the Flanders-China Chamber of Commerce (FCCC) is in charge of the Secretariat General and was represented by Mrs Gwenn Sonck – and BUSINESSEUROPE.

Jiang Yafei, Vice President of Huawei Technologies, said: “China and the EU are important trading partners, but the full potential of two-way investment has yet to be realized. The two have a lot to gain in working together on technology. We hope China and the EU can improve the way they work together in areas such as mobile internet, cloud computing and big data.” Markus Borchert, President of Nokia Solutions and Networks in China, said China is moving away from its image as a country of low costs to a country known for its innovation. In the first 10 months of this year, the EU's direct investment in China's non-financial sectors was USD6.4 billion, an increase of 22.26% year-on-year, the Ministry of Commerce (MOFCOM) said. Between January and October, China's non-financial direct investment in the EU stood at USD3.04 billion, 92.4% higher than in the corresponding period last year. The EU is also an important source of China's technology imports. In the first nine months of this year, China imported USD10.78 billion in technology from the EU, the China Daily reports.

The 16th China-EU leaders' meeting was also held in Beijing on November 21, including European Council President Herman Van Rompuy, European Commission President Jose Manuel Barroso and Chinese Premier Li Keqiang. China and the European Union announced a grand plan for cooperation until 2020 and started talks on an investment agreement, mapping out the blueprint for the key relationship in the coming years. They also vowed to discuss the feasibility of a free trade agreement (FTA) and set the target for the bilateral trade volume in 2020 at USD1 trillion, nearly doubling the USD546 billion recorded in 2012. Premier Li Keqiang said of the China-EU 2020 Strategic Agenda: “The plan is unprecedented in its breadth of content, ranging from aerospace and counter-piracy to urbanization and energy.” President Van Rompuy told reporters that the two sides have made “a substantial step forward by launching negotiations on an investment agreement, covering both investment protection and market access”.

China and the European Union should foster new growth areas in cooperation, President Xi Jinping told EU leaders as they met one day before the China-EU summit. Xi also called on the EU to offer more convenience to Chinese investors. The summit was the first between leaders of the two sides after China's leadership transition in March. Areas singled out by Xi for cooperation include urbanization, innovation, aeronautics and astronautics. The 16th China-EU summit was held as the two sides celebrated the 10th anniversary of the Comprehensive Strategic Partnership.

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

In the framework of the China-EU Summit on November 21, the Urbanization Forum and the EU-China Exhibition on urban development were held in Beijing. About 800 participants attended the forum, among which 500 from the Chinese side and 300 from the EU, including representatives from the Chinese central government, local governments, businesses, experts and media, and from the EU side, officials from the European Commission, representatives from EU missions in China and the business community. Several sub-fora were also held.

During the forum, 12 cities from Euope signed cooperation agreements with their Chinese counterparts. The cities of Ghent and Weihai signed a cooperation agreement in the presence of Premier Li Keqiang, President Barroso and President Van Rompuy.

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.

PUBLICATIONS

FCCC publishes "FCCC Members' Portraits in China Vol.2"

See FCCC Members' Portraits on the FCCC website.

FINANCE

PBOC to end regular interventions in forex market

China's central bank is to cease regular intervention in the foreign exchange market, allowing it to play a basic role in the formation of the exchange rate. The government will widen the yuan trading band in an "orderly" manner as it seeks to promote a more flexible currency under a managed floating exchange rate regime, Zhou Xiaochuan, Governor of the People's Bank of China (PBOC), wrote in a guide book on reforms. Currently, the central bank sets a daily central parity rate for the yuan against the U.S. dollar, allowing the yuan to be traded within 1% on each side of the reference rate. The trading limit was doubled in April last year after having been increased from 0.3% in 2007. The central bank will "basically" quit daily guidance on the yuan exchange rate, Zhou said, without giving a timeframe. The Party's Third Plenum earlier this month pledged to make the yuan exchange rate more market-based and to push ahead with interest rate liberalization. Zhou said China will accelerate the establishment of a deposit insurance system to prevent risks and ensure financial stability. Analysts expect the bank to unveil a deposit insurance system as soon as the end of this year to pave the way for freeing up bank deposit rates. Zhou said that China would quicken the pace of realizing yuan convertibility under the capital account while improving financial regulation. Investment quotas under the Qualified Domestic Institutional Investor (QDII) and Qualified Foreign Institutional Investor (QFII) programs will be increased.

People's Bank of China (PBOC) Deputy Governor Yi Gang said the country does not benefit any more from increases in its foreign currency holdings, adding to signs policymakers will rein in U.S. dollar purchases that limit the yuan's appreciation. China's foreign exchange reserves surged USD166 billion in the third quarter to a record USD3.66 trillion, more than triple those of any other country and bigger than the gross domestic product (GDP) of Germany, Europe's largest economy.

China's fifth futures exchange set up in Shanghai FTZ

The Shanghai International Energy Trade Center, officially unveiled in the city's pilot free trade zone (FTZ) last week, will be a platform for the long-awaited crude oil futures trading. With a registered capital of CNY5 billion, the center is the largest financial company set up in the FTZ so far. It is jointly funded by the Shanghai Futures Exchange and the Shanghai Futures Information Technology Co. The new center will become China's fifth national futures exchange after the Shanghai Futures Exchange, the Zhengzhou Commodity Exchange, the

Dalian Commodity Exchange and the China Financial Futures Exchange. “China plays an important role in balancing the supply and demand of the world’s energy market,” Assistant Commerce Minister Wang Shouwen said.

- Local governments' CNY9.7 trillion in bank borrowings are a major obstacle to the freeing up of interest rates in the country, according to BNP Paribas and Capital Economics. The financing arms of municipal authorities owed lenders 14% of all loans in the middle of this year, according to China Banking Regulatory Commission (CBRC) figures. Moody's Investors Service said in a report this month that only 53% of 388 such firms it surveyed in June had enough cash to cover estimated debt payments and interest this year without refinancing. If rates were liberalized and advanced quickly, “it will make it very difficult for the government to roll over debt as the cost of doing that will be rising fast”, said Chi Lo, Senior Strategist at BNP Paribas Investment Partners.
- The world's shadow banking sector grew USD5 trillion last year to USD71 trillion, helped by a 42% expansion in China, according to the latest annual figures from the Financial Stability Board. The United States accounts for USD26 trillion or 37% of the USD71 trillion total, followed by the euro zone at USD22 trillion, Britain at USD9 trillion and Japan at USD4 trillion. China still only accounts for 3% of shadow banking despite being the world's second-biggest economy.
- The Australia and New Zealand Banking Corp (ANZ) has won approval from the Chinese authorities to set up a sub-branch in the new Shanghai free trade zone (FTZ). The bank plans to open the sub-branch next year. “We look forward to contributing to its success by supporting cross-border trade and investment flows, as well as promoting the development of the renminbi financial markets,” Charles Li, Chief Executive of ANZ China, said. Australia's third-largest bank by market value follows Deutsche Bank, Citibank, DBS, Hang Seng Bank, HSBC and Bank of East Asia (BEA) in receiving approval to start operations in the FTZ.
- The central government, including state-owned banks, will provide USD1 trillion of financing to Africa in the years to 2025, said Zhao Changhui, Chief Country Risk Analyst at Export-Import Bank of China (Eximbank). Eximbank will account for 70% to 80% of the USD1 trillion, which will include direct investments, soft loans and commercial loans. Zhao said Eximbank was looking to participate in infrastructure projects in Africa, including transnational highways, railways and airports. He estimated it would cost USD500 billion to build a continental rail network.
- Chinese regulators have opened a back door to firms to move capital in and out of the country in the form of inter-company loans. The loan lets firms bring in money raised offshore for use onshore, and it lets multinational firms release profits “trapped” in China for use offshore. The inter-company loans happen behind the scenes, undisclosed to investors, but it is increasingly the engine that moves capital in and out of China. Issuers started using inter-company loans in 2010 when the People's Bank of China (PBOC) and the State Administration of Foreign Exchange (SAFE) opened the dim sum bond market to foreign issuers.
- Relaxation of controls over how and where Chinese insurers may invest their funds will lead to increased competition in the finance sector and force insurers to improve their performance, said Wang Xujin, Insurance Professor at the Beijing Technology and Business University. More autonomy for insurers over where to invest their funds would be an important area of the sector's reform to improve investment returns, he added. The China Insurance Regulatory Commission (CIRC) would raise caps on investment in equities to 30% of total assets from the current 25%, and real estate and infrastructure investment to 30% from 20%.
- China Development Bank (CDB), one of the three Chinese policy banks, sold CNY8 billion of asset-backed securities (ABS) in line with the government’s plans to further expand China’s asset securitization market. The capital is part of the total amount of CNY20 billion in securities backed by CDB’s loans to the state railway operator. The CNY8 billion will be issued in three batches. CDB was the first lender to issue ABS in China in 2005.
- The Industrial and Commercial Bank of China (ICBC) has become the first Chinese bank to operate in New Zealand. ICBC NZ is the 23rd registered bank in New Zealand. ICBC has a network in 40 countries and regions on six continents.

- Thirty-six privately-owned banks have received the approval of the State Administration for Industry and Commerce (SAIC) to commence business since July 5.
- A comprehensive credit investigation system will be established in the China (Shanghai) Pilot Free Trade Zone to better serve the private economy and pave the way for bigger steps in financial reform, said Ma Lixin, Deputy Director of the Shanghai Banking Regulatory Commission. It will integrate the systems of the central bank, commercial banks, as well as other information relative to a company's integrity.
- The Blue Book on Financial Leasing for the first three quarters of 2013 shows that as of September 30, there were 746 financial leasing companies in China, up from 560 at the end of last year. Financial leasing is only involved in 4% of overall economic activity in China, while the number is 30% to 40% in developed countries.
- Yu Guorong, 67, former Manager of the Jiulongpo branch of the Bank of China in Chongqing, wanted in connection with CNY2.8 billion bank fraud, has been sent back to China from Thailand after Beijing deployed special teams to search for her and issued an Interpol alert, the Ministry of Public Security (MPS) said.
- Hong Kong should consider pegging the Hong Kong dollar (HKD) to a wider basket of currencies to better safeguard its status as a trading hub, says Nobel laureate Joseph Stiglitz, who also advocates a new global reserve currency to replace the U.S. dollar.
- China has made some of the best improvements to its corporate tax regime in the world but still ranks low in terms of ease of tax payments, according to a report by PricewaterhouseCoopers (PwC) and the World Bank. In the Asia-Pacific region, China, along with Fiji, Pakistan, Sri Lanka and Timor Leste, is among the five countries that have reduced their corporate profit tax rates by more than 10 percentage points in the past nine years, said the report.
- Zurich Insurance is raising USD943 million through offloading its entire remaining 9.4% stake in New China Life's H shares, exiting from the country's third-largest life insurer, in which it made its first investment in 2000. The share sale is expected to be completed on November 25.
- China is expanding a trial program that allows private capital to invest in consumer finance companies which provide loans to retail goods buyers. The China Banking Regulatory Commission (CBRC) has expanded the trial scheme to 14 cities, with 12 more new companies approved to be set up. Domestic non-financial companies with annual revenue of more than CNY30 billion in the past one year are allowed to invest in the consumer finance companies. The minimum shareholding threshold is also cut from 50% to 30%, the CBRC said. Individuals will be allowed to borrow up to CNY200,000 from consumer finance companies, compared with a previous limit of five times their monthly income.
- Wenzhou's financing management regulation, the first local legislation covering private lending, was adopted at a meeting of the Standing Committee of the Zhejiang provincial People's Congress. It is viewed as a breakthrough to monitor and regulate private financing activities, as well as a model for other parts of the nation. The goal of the regulation, which takes effect in March 2014, is to ease the funding problems of small and medium-sized enterprises by establishing a more regulated financial system in the city.

FOREIGN INVESTMENT

FDI up almost 6% in first 10 months

China’s foreign direct investment (FDI) grew 1.24% from a year earlier to USD8.42 billion in October, the ninth month of growth, the Ministry of Commerce (MOFCOM) said. In the first 10 months, China’s inbound FDI amounted to USD97 billion, up 5.77% on an annual basis. Foreign investment flowing into China’s service sector jumped 13.93% year-on-year to USD40.8 billion in the first 10 months, while investment in manufacturing lost 5.25% and in agriculture 2.61%. 10 Asian countries and regions raised their investment in China by 7.18% to USD83.6 billion during the January-October period, of which Thailand’s input surged nearly five times from a year earlier. Investment from the United States jumped 12.4% to USD3.03 billion during the period, and European Union investors increased their input by 22% to USD6.4 billion. China’s outbound direct investment (ODI) surged 20% to USD69.5 billion in the first 10 months. China became the world’s third-largest investor in 2012, with its outbound investment increasing 17.6% annually to USD87.8 billion last year while global investors reduced their investments by 17%. Outward investment in the real estate sector soared 95% to USD1.7 billion while outflows into construction surged 426% to USD5.1 billion in the first 10 months.

MOFCOM Spokesman Shen Danyang said the Ministry will improve the management of FDI reforms in four ways:

1. Speed up the standardization of laws and regulations on overseas investment and Chinese investment to keep FDI policies steady, transparent and predictable;
2. Lift controls on services including finance, education, culture and medical care and open up sectors such as infant and elder care, architectural design, accounting and auditing, logistics and e-commerce;
3. Bring in high-end talent and highly experienced technical managers;
4. Establish a scientific FDI evaluation system, with a shift from considering the mere scale of investment to the improvement of quality and comprehensive benefits.

Fosun Group to invest in U.S. oil and gas sector

Privately-owned Shanghai Fosun High Technology (Group) Co plans to invest in the United States' oil and natural gas sector as a strategic move amid China's growing energy demand. "In five to eight years, any industry in the world related to China's middle class will find big opportunities", Chief Executive Officer Liang Xinjun said, as three major sectors – culture, travel and medical services – will see "huge growth" as a result of the country's growing middle class. During the first half, Fosun invested in three foreign companies: U.S. high-end women's knitwear producer St John Knits International, where it invested USD55 million for a 33.3% stake; U.S.-based Saladax Biomedical (USD22.5 million); and Israel-based cosmetic and medical lasers provider Alma Lasers (USD221.6 million). The company also invested in French resort operator Club Méditerranée, putting in €44 million in 2010, as well as Greece-based high-end retailer Folli Follie Group in 2011. Liang said the company only invests in foreign projects where about 30% of the profit will come from the Chinese market within three to five years, to achieve better control. Fosun prefers not to be the biggest shareholder in a project, which sends a signal of strong trust in the local management team and avoids conflicts with local communities, said Liang.

Mongolia expecting Chinese investment boom

Mongolia's new investment law is expected to encourage billions of dollars of Chinese investments, said speakers at the Mongolia 2013 Investment Summit in Hong Kong. Chinese companies were interested in investing in railway and highway projects in Mongolia, said Javkhlanbaatar Sereeter, acting Director General of the Invest Mongolia Agency of Mongolia's Ministry of Economic Development. "Chinese companies are very competitive in terms of price. I expect Chinese investment volume will increase in the next two years." Mongolia has planned USD50 billion of mega projects in the next 10 years. China is the biggest foreign investor in Mongolia, accounting for 30% of Mongolia's foreign direct investment (FDI). China accounts for the largest number of foreign-controlled companies in Mongolia, with about 5,000, and is also the biggest trading partner and export market for Mongolia, whose exports are mostly commodities such as coal. In October, Mongolia's parliament approved an investment law that canceled different rules for domestic and foreign private investors, and lessened government approval requirements. The law will enter into force on January 1. The 2012 law was in large part responsible for the failure by Aluminum Corp of China to acquire 60% of SouthGobi Resources last year.

- Cosmetics group L'Oréal has completed a CNY200 million expansion of its production facility in Hubei province. The 70,000-square-meter Yichang Tianmei plant is now the company's largest manufacturing facility in Asia with an annual capacity of 250 million units of make-up products. China is the third-biggest market for L'Oréal behind the U.S. and France. L'Oréal's other factory in China is in Suzhou in Jiangsu province. Earlier this year, L'Oréal agreed to buy Chinese skincare company Magic Holdings International for USD840 million.
- About 700 domestic and foreign companies have been approved in the free trade zone in Shanghai's Pudong New Area since it opened on September 29. Around 60% are trading enterprises while 30% are service companies. Financial institutions only account for 1% of the companies. The newly-established companies include around

50 from abroad.

FOREIGN TRADE

Information technology tariff talks break down

China, for the second time this year, has thwarted negotiations to expand the scope of a global pact to remove tariffs on a wide range of information and communications technology products, the South China Morning Post reports. The talks in Geneva were suspended after the Chinese delegation refused to make concessions on the number of products it wanted excluded from the Information Technology Agreement (ITA), a tariff-cutting scheme established in 1996. An official from the Office of the United States Trade Representative said that China had "chosen against progress in this key area of the global economy." There was no indication when the talks would resume. "This obviously leaves the other negotiating teams with a decidedly sour taste in their mouths. Negotiators from all over the world were here and ready to close the deal this week," said John Neuffer, Senior Vice President for Global Policy at the Information Technology Industry Council, a U.S.-based advocacy group. China had been holding out for the exclusion of 57 different information and communications technology products from the scope of the ITA, which seeks to abolish import tariffs to stimulate trade. The country's list included multi-component semiconductors and organic light-emitting diode panels. The ITA talks had tabled about 250 products for duty-free treatment, while China had about 140 on its "sensitivities" list, which included items for longer tariff phase-out periods. At a technical working group meeting, the Chinese delegation said it did not have a mandate to make any more cuts to the country's sensitivities list. "As the biggest tech exporter in the world, China naturally wants to see tariffs on those products in other markets eliminated. But it also wants to use tariffs to protect its industries from imported products," Neuffer said. The latest round of talks, which started last week, was expected to lead to a final agreement at the World Trade Organization (WTO) ministerial conference in Bali, Indonesia, next month.

Chinese Commerce Minister Gao Hucheng denounced the United States as irresponsible after Washington accused China of "jeopardizing" the agreement. "It is irresponsible for the U.S. to discard the consensus that has been agreed by most of the countries only because the deal cannot meet its own requirement for several products," Gao said in a statement. China, he said, had pushed forward negotiations to expand the Information Technology Agreement and proven its willingness to improve its offer several times during the talks. Gao said U.S. demands far exceeded what was acceptable to Chinese companies. He said the different levels of development of the countries involved in the negotiations should be taken into account.

- Foreign players occupy about 80% of China's high-end vegetable seed market and have driven up prices although yields from foreign seeds are higher compared to domestic ones. The commercialization of scientific research achievements by domestic institutes needs to improve, Fu Runting, Party Secretary of the Tianjin Academy of Agricultural Sciences, said. He added that support should be given to private companies, and intellectual property rights needed protection. If foreign companies continue to dominate the country's seeds sector, it could endanger China's food security, Chinese analysts said.

HEALTH

Debate about GMO safety continues

China's state media is trying to persuade the public that genetically-modified food (GMO) is safe. Imported GMO soybeans are already used as feed for animals, but winning acceptance for the more widespread use of GMO may be a hard sell in a country frequently in the grip of food scares. GMO food faces opposition even at the top levels of China's bureaucracy. Zhang Qifa, known as China's "father of GMO rice", recently criticized the Ministry of Agriculture for refusing to approve strains that have cost billions of yuan in research to develop over the past decade. Beijing granted safety certificates for its first genetically modified rice in 2009 but has so far refused to authorize commercial production until public opinion is more favorable to GMO. The certificate for Zhang's pest-resistant "Bt" rice will expire next year, meaning researchers have to reapply, a process that could take years. "Right now, China's GMO rice production has ground to a halt. I personally think we have missed opportunities to develop," Zhang said. He added that GMO commercialization should begin without delay. "We have not seen any signs of progress, only the continuation of the debate," said Huang Dafang, Researcher with the Biotechnology Research Institute of the Chinese Academy of Agricultural Sciences. Scientists have been at pains to show that GMO is already part of the food chain: China is the world's top importer of GMO soybeans, used as feed, and also imports GMO corn from the United States and elsewhere. Researchers say China is facing a growing food gap that can only be properly addressed through the use of GMO, the South China Morning Post reports.

- China will have the largest number of lung cancer patients in the world by 2025. There will be around a million sufferers by then and lung cancer will have become the top killer of all Chinese cancer patients. Experts said smoking is to blame for about 80% of cases in China but air pollution is also playing its part. The incidence of lung cancer is 53.57 per 100,000 people in China, and the death rate 45.57 per 100,000.
- Ten people received jail terms ranging from three to 13 years in food safety cases in Shanghai. Offenses included using expired ingredients in mooncakes, adding addictive poppy shells to hotpot and crayfish dishes, running an illegal abattoir and passing off industrial tallow as fit for human consumption. The courts imposed longer jail sentences and the average fine was more than 13 times the previous figure of CNY283,300.

IPR PROTECTION

IP violators to be made public

The central government said that local authorities should publish cases of infringements of intellectual property rights and producing fake products as part of efforts to ensure market order. Local authorities must publish news about IP violations in a timely and active manner, said the statement released after an executive meeting of the State Council presided over by Premier Li Keqiang. The move is intended to further improve product quality and encourage innovation, to ensure fair play within the market economy. Cases that involve commercial secrets and personal privacy could be excluded from the information disclosure, the statement said. The disclosure should include the major facts, the category of punishment, the basis of the punishment and the verdict. In addition, information on the administrative penalty imposed by authorities should be included in the social credit system in order to ensure violators would be penalized for poor credit records. Local authorities who fail to publish such information in time or who collect fines illegally will be held accountable, the statement said. The government organs in charge of cracking down on cases of infringement of intellectual property rights and producing fake products are the State Administration for Industry and Commerce (SAIC) and industry and commerce authorities at different local levels. Disclosure would put more pressure on violators, especially listed companies.

More Hong Kong patent lawyers pass mainland exam

While Hong Kong may still lack the systems and manpower required to become the region's trading hub for intellectual property (IP) assets, a booming demand for patent agents and lawyers in mainland China is helping the city's professionals, industry analysts said. The pass rate for the practical examination to become a patent lawyer on the mainland is said to have jumped to more than 50% from just a few percent a year ago. "In the past, only a handful of our local patent lawyers passed the practical test on the mainland, but now it's getting easier," said Lewis Luk, President of the Hong Kong Institute of Patent Attorneys. "I think they are really short of people, in light of the booming IP demand." China remained the world's No 1 patent granter last year, approving 1.26 million applications for domestic protection – a year-on-year jump of 31% – amid Beijing's efforts to upgrade its manufacturing sector through research and development (R&D) in technology. The State Intellectual Property Office (SIPO) said it is set to grant two million patents a year by 2015. Mainland inventors are also increasingly seeking patent protection outside China. The number of overseas patent applications they filed last year jumped 13.6% to 18,627. China is poised to overtake Germany, which had only 228 more applications than China did last year, as the world's third-largest filer of overseas patents, after Japan and the United States. One disadvantage for Hong Kong is that it does not have a system to grant original patents, which Singapore has had for years. At present, patent applicants in Hong Kong must have their applications examined by patent offices in places such as Britain, mainland China or Europe, the South China Morning Post reports.

- Copyright contracts worth a total value of nearly CNY6 billion were signed at the first Northeast Asia Copyright Creativity Fine Products Exhibition & Trade Fair in Qingdao earlier this month. The fair attracted more than 90,000 visitors and 390 exhibitors, nearly 70 of which were from overseas. The exhibits included books, audio and video products, industrial designs and traditional handicrafts.
- The 2013 China-U.S. Intellectual Property Seminar was held on November 14 in Hangzhou. Co-hosted by the Chinese and U.S. branches of the International Association for the Protection of Intellectual Property, the seminar was aimed at helping Chinese entrepreneurs better understand the IP protection systems in the United States. Experts called for closer cooperation between the two countries because the U.S. is the world's largest IP creator, while growth in this sector is fastest in China.

MACRO-ECONOMY

China has 157 U.S. dollar billionaires

China has 157 U.S. dollar billionaires, up from 147 last year, the second-largest billionaire population in the world after the United States, according to a report jointly released by Wealth-X and UBS. Their average age is 53, nine years younger than the global average and the youngest in the world. The average net worth of China's billionaires reached USD2.4 billion this year, compared with USD3 billion for the world's average. About 39% of Chinese billionaires live in three major cities: Beijing, Shanghai and Shenzhen. Nearly 90% of the country's billionaires made their own fortunes, the highest percentage of self-made billionaires among all the countries analyzed. Compared with the world's average, the relatively younger Chinese billionaires prefer investments with higher returns and higher risks, they especially favor high-growth industries such as IT and the financial sector. Globally, the number of billionaires rose to 2,170 this year from 2,160 last year, compared with the low point of 1,360 in 2009 after the global financial crisis, the report said. Total billionaire wealth in the world increased to USD6.5 trillion this year from USD6.2 trillion in 2012 and USD5.4 trillion in 2011.

- Economic growth in Hong Kong has slowed for the first time in six quarters. Output was up 2.9% in the third quarter from a year ago, compared with expansion of 3.2% in the second quarter. The official forecast for full-year growth was cut to 3% from the original forecast of 2.5% to 3.5%. Exports of goods rose 6.2% in the third quarter from a year ago. Exports to the mainland and Europe saw growth of 2.8% and 2.7%, respectively, while exports to the United States declined 1%. Real estate prices rose just 1% in the third quarter from a year ago. Inflation for the third quarter was 4.3%, up from 3.9% in the second quarter.
- China’s annual economic growth is likely to accelerate to 8.2% in 2014 from an expected 7.7% this year, driven by stronger domestic demand, the OECD said. “With the economy recovering, there is now a favorable window to push forward with structural reform, in particular financial liberalization, encouraging labor mobility and tax reform,” the OECD added.
- Publicly-funded organizations in China will gradually be removed from the system of administrative rankings that has kept some of the groups on par with higher levels of government, according to Wang Feng, Deputy Director of the State Commission Office for Public Sector Reform. For example, the Deans of prestigious universities usually have an administrative rank of vice-ministerial level. Such rankings can facilitate operations, as well as add prestige and possibly bring a host of benefits also available to government employees. Some publicly-funded organizations will be transformed into enterprises or social organizations. As of August 2012, there were more than 1.1 million publicly-funded organizations in China, employing more than 30 million people.
- Christopher Pissarides, the 2010 Nobel Prize winner in economics, said that the reforms that China is committed to have sent “a positive signal” and will benefit the country’s economy. “But perhaps China should take one step at a time, because of the large size of the country,” Pissarides told a forum during the 15th China Hi-Tech Fair in Shenzhen. He added that the change in the one-child policy will benefit China's labor market, as China is losing its demographic dividend.
- China is planning to overhaul the GDP accounting system to bring it in line with the 2008 United Nations system of national accounts, the National Bureau of Statistics

(NBS) said. The country's economic data has been widely criticized as being unreliable. The new system, if implemented, would come online by the end of next year at the earliest. Spending on research and development (R&D) would be counted as a form of fixed capital and therefore would be included into GDP calculations.

- The Flash Markit/HSBC purchasing managers index (PMI) fell to 50.4 from last month's final reading of 50.9, but for a fourth consecutive month remained above the 50 level that demarcates expansion of activities from contraction. "China's growth momentum softened a little in November, as the HSBC Flash China Manufacturing PMI moderated due to weak new export orders and slowing pace of restocking activities," said Qu Hongbin, Chief China Economist at HSBC. "The muted inflationary pressures should enable Beijing to keep policy relatively accommodative to support growth," he said in a comment accompanying the PMI. The final HSBC PMI for this month is due to be published on December 2.
- Profits at China's state-owned enterprises (SOEs) grew 10.1% from a year earlier in the first 10 months of this year, a slight slowdown from the 10.5% increase in the first three quarters, the Ministry of Finance said. Net earnings totaled CNY1.97 trillion during the January-October period, and the growth was led by centrally-administered SOEs whose net incomes jumped 13.9%. SOEs in electronics, power generation, construction, transport and vehicles posted a bigger rise in profits while those in the non-ferrous metals, chemistry, coal and machinery sectors reported a loss in profits.
- China's industrial capacity utilization rate stood at 78% in the first half of this year, the lowest since the final quarter of 2009. Li Zhongjuan, an official at the Industrial Coordination Division of the National Development and Reform Commission (NDRC), also said 21 industries of 39 that had available data reported capacity utilization of below 75%. The utilization rate in sectors such as photovoltaic products was even below 60%. The Chinese government has said that it will not approve new projects in industries facing oversupply.

MERGERS & ACQUISITIONS

China to become Asia's leader in outbound corporate M&As

China is set to become Asia's leader in outbound corporate acquisitions this year, ending Japan's two-year reign, as the country's appetite for overseas targets expands beyond natural resources and into areas such as food and banking. China's biggest companies were expected to boost the volume of merger and acquisition (M&A) deals next year as they sought new sources of revenue growth and more global brands to expand their reach into other markets, investment bankers said. So far this year, Chinese companies have launched USD56.2 billion of overseas acquisitions, led by Shuanghui International's USD7.1 billion purchase of Smithfield Foods. While that is below last year's USD62.1 billion, it is far ahead of the USD40.7 billion of deals done by Japanese firms this year. Energy and power still dominate China's outbound deals in value terms, although their share of overall acquisitions fell to 44.1% from 52.3% five years ago, as the proportion of financials rose two-thirds to 14.4%. Barclays leads the league table for China's outbound deals this year, followed by Morgan Stanley, Goldman Sachs and Citigroup.

- Hong Kong's biggest electricity provider, CLP Power, and state-owned China Southern Power Grid (CSG), will each pay HKD12 billion to acquire Exxon Mobil's 60% stake in Castle Peak Power Company (Capco). The deal strengthens CLP's presence in Hong Kong and brings a mainland player into the city's closed electricity market for the first time. A strengthened partnership between the largest power suppliers in Hong Kong and southern China could help CLP meet a new 2020 emissions target that may require more clean energy to be imported from the mainland.

PETROCHEMICALS

Shanghai Futures Exchange hopes to set oil benchmark price

China will increasingly dominate the global oil trade with a fuel import bill worth USD500 billion a year by the end of the decade and would therefore like to set benchmark prices. There is no dominant Asian contract to value the 30 million barrels of oil consumed on the continent every day – a third of global demand. Much of the world's oil supply is priced against futures contracts based on North Sea Brent and West Texas crude. Exchanges in Shanghai, Dubai and Atlanta are vying for dominance in Asian oil pricing, with crude from Oman and Siberia among contenders to unseat North Sea Brent. One of the biggest complaints by Asian consumers is that the price of Brent reflects the balance of supply and demand in Europe. The Shanghai Futures Exchange plans to launch a contract to price crude delivered to China. Further reform of the oil market would be needed for the contract to succeed, traders and analysts said. State oil giants PetroChina and Sinopec buy almost all of China's crude imports. A deeper pool of buyers and importers was required for a futures contract, traders said.

Oil pipeline explosion kills 52 in Qingdao

A massive explosion of a Sinopec oil pipeline in Qingdao, Shandong province, killed 52 people in one of the most deadly industrial accidents this year. Eleven people are still missing and 136 others are in hospital, 10 still in critical condition. 18,000 people were evacuated and a 3,000 sq m area of Jiaozhou Bay was contaminated by oil leaks. The explosion occurred near the Lidong Chemical Plant in the city's Huangdao district. An underground oil pipeline ruptured, causing an oil spill, the Qingdao municipal government said. The emergency repair work that followed led to a fire and caused the explosion. President Xi Jinping ordered a large-scale production safety check and visited the injured in Qingdao hospitals.

- PetroChina’s U.S. operations – PetroChina International America (PCIA) – plans to expand its trade in oil products and acquire its own refining facilities. In March the company moved its headquarters from New Jersey to Houston and increased the staff to more than 50. PCIA is mostly doing business in midstream and downstream sectors involving refining, pipeline and storage tankers in the entire Americas region. Its business has achieved an average yearly growth of 27%. The daily trade volume of petroleum products is about 1.5 million barrels.

REAL ESTATE

Home prices rise the fastest in Shanghai

Shanghai saw the largest yearly increase in new home prices last month, according to the National Bureau of Statistics (NBS). Excluding government-funded affordable housing, prices for new residential properties rose year-on-year in 69 of the 70 cities monitored by the Bureau. In Shanghai, new home prices surged 21.4% from the same period a year ago, the fastest pace in the country. It was closely trailed by Beijing, Guangzhou and Shenzhen, where new home prices rose 21.2%, 20.7% and 20.6%, respectively. Wenzhou in Zhejiang province was the only city recording a decline. On a month-on-month basis, 65 of the 70 cities saw rises in new home prices, averaging 0.7%, slowing 0.2 percentage points compared with September. In the existing housing market, 62 cities registered monthly growth. Driven by rapid urbanization and speculation, China’s property market has become a major headache for the authorities as more people are priced out of the market. There are hopes the government may seek a more market-oriented mechanism to build a healthy house market following the reform decisions taken at the Communist Party’s Third Plenum this month.

China to establish unified real estate database

The Chinese government has announced plans to consolidate various real estate registration offices into one body, establishing a single information-sharing platform. The planned reforms are aimed at providing better protection for the property rights of citizens, while establishing the foundation for a property tax. The Ministry of Land and Resources will supervise the registration of real estate nationwide, including housing, forests and sea, according to an official statement. The move is expected to end the inefficiencies of the existing system, by which various kinds of real estate are registered under different government agencies. Under the new plan, real estate approval, transactions and registration information can be shared by different agencies. “This move is also conducive to the building of a unified market economy, because clear property rights are the bedrock of the efficient running of a market economy,” said Liu Weimin, Real Estate Researcher at the Development Research Center of the State Council. Who owns which property needs to be clarified. The new system could lay the foundation for a property tax but would also allow owners to mortgage their properties.

- The government plans to create a nationwide system of accommodation specifically for officials to increase transparency and save on public spending. However, few details were given about when or how the official residence system would be implemented. The idea was originally floated by the China Society of Administration Reform, an official think-tank, in a report submitted to the CPC Central Committee in July, according to Wang Yukai, the report's lead author. The system is intended to provide accommodation for chief officials at county level and above, as well as officials who are transferred from different places. Official places of residence would be constructed by the government and provided free of charge to incumbent officials, but the officials should move out once their term in office ends.
- Chinese real estate tycoon Wang Jianlin, Chairman of Dalian Wanda Group, was named Forbes Asia's 2013 Businessman of the Year. He is foremost among a rising crop of Chinese tycoons who are beginning to reshape global business, an article announcing the decision on the Forbes website said. Last month, Wang's USD14 billion fortune earned him the top spot on Forbes China Rich List.

RETAIL

Gome returns to profit

Gome Electrical Appliances Holding returned to profit in the first three quarters as the domestic home appliance market rebounded. Profit in the nine months ended September 30 totaled CNY582 million, with sales up 8% to CNY41.7 billion. Profit in the third quarter was CNY260 million. Comparable store sales, a key measurement for existing stores' performance, rose 8.8% in the third quarter after the retailer optimized its network. By the end of the third quarter this year, Gome ran 1,063 stores in 256 cities nationwide.

- Chinese consumer confidence rose in the third quarter from a year ago, adding 4 points to 110, Nielsen said in the China Consumer Confidence Report. Consumers' purchase intention rose 2 percentage points to 43%, the highest since the second quarter in 2010, according to the survey of 3,500 urban residents and rural area consumers.

SCIENCE & TECHNOLOGY

Chinese scientists discover new cancer biomarker

Chinese scientists announced they had developed a method to measure the concentration of a cell protein that enables the detection of cancer with only a drop of blood. Luo Yongzhang and his team at Tsinghua University identified heat shock protein 90 alpha (Hsp90 alpha) as a "novel tumor biomarker." The team has also developed a quantitative detection kit for clinical use. In 2011, the U.S. National Cancer Institute listed 31 tumor biomarkers for tumor diagnosis worldwide. All were defined by scientists outside China. The protein is the first to be discovered by Chinese scientists. Luo and his team also collaborated with biotech company Protgen to develop the Quantitative Detection Kit for Hsp90 alpha. With the kit, only 10 microliters of plasma are needed to detect the level of Hsp90 alpha for disease monitoring and therapeutic evaluation. This is a much more convenient and cheaper method compared with other traditional means of tumor detection; for example, computer tomography, according to Luo. The kit was used in clinical trials in 2,347 cases in eight hospitals in China. In April, the kit was approved by the China Food and Drug Administration (CFDA) as a third class medical device for disease monitoring and efficacy evaluation. Third class is the most rigorously-tested type of medical device. Later, it received European Conformity certification and ISO 13485 certification. Nobel Prize laureate James D. Watson said Luo and his team had made an enormous step forward toward conquering cancer, the China Daily reports.

- Hong Kong has been named the seventh-best city in the world for students but remains behind Singapore, Asia's top-ranked city. In the second QS Best Student Cities list, Hong Kong rose by 12 places, and Singapore by nine to third overall. Paris and London held their positions at the top, while Beijing and Shanghai came 18th and 35th respectively. Cities were judged in five categories: university rankings, student mix, quality of living, employer activity in recruiting students and affordability.
- Universities, training schools and NGOs are organizing courses to explain the

decisions of the Third Plenum of the Central Committee which concluded on November 12. Tuition costs up to CNY8,800 a day. Major universities like Peking University, Shanghai Jiao Tong University and Zhejiang University are already accepting applications for classes that start early next month. Peking University will hold 12 classes with 12 different experts from December 7-13. The tuition is CNY3,200 per person.

- Competition for government jobs has become fiercer, with the same number of job seekers taking the national civil service exam on November 24 as last year, but with fewer job opportunities. Some 1.12 million applicants took the exam, but only 19,000 will be hired by the central government, according to the State Administration of Civil Service. This year saw a decline of 1,000 job vacancies from the previous year. About 7,200 people competed for the most popular position as a researcher with the State Ethnic Affairs Commission.

STOCK MARKETS

SOEs sell assets to turn a profit and avoid delisting

A number of large State-owned enterprises (SOEs) facing heavy losses are rushing to sell assets to make up for their deficits and avoid getting delisted from the stock market as the end of the year approaches. By the third quarter of the year, seven Shanghai-listed SOEs – China COSCO Holdings Co, Aluminum Corp of China (Chalco), China Shipping Container Lines Co, China Shipping Development Co, China Merchant Energy Shipping Co, China National Erzhong Group and Huadian Energy Co – had completed or were preparing the disposal of assets worth CNY28.4 billion. In China's A-share market, a company will be suspended from trading if it reports losses for three years in a row, and it will be delisted if the deficit continues in the six months following the suspension. Many SOEs are still not certain that the sales could cover their losses. The massive disposal of assets by SOEs comes as 50 companies under the State-owned Assets Supervision and Administration Commission (SASAC) reported losses in the first three quarters, with a total deficit of CNY19.4 billion, according to Wind Information Co. Although the asset-selling moves could help the companies to temporarily retain their listed-company status, analysts said that large SOEs in sunset industries still faced a significant number of challenges, the China Daily reports.

- The central government may reduce the influence of the state on stock markets as part of its reform agenda, including by making it easier for companies to list their stocks and making management of state-owned firms more accountable to shareholders. An early test of the leadership's commitment to reform will be whether it lifts a year-long suspension of new listings in Shanghai and Shenzhen.
- JPMorgan Chase has pulled out of a syndicate of banks working on China Everbright Bank's USD2 billion share sale in Hong Kong. The abrupt withdrawal is unusual. The U.S. authorities are looking into allegations that JPMorgan hired the offspring of Communist Party and business leaders in order to win new business and contracts. At one point JPMorgan hired Tang Xiaoning, the son of China Everbright Group Chairman Tang Shuangning. The senior Tang was Vice Chairman of the China Securities Regulatory Commission (CSRC) before his appointment to Everbright Group.
- Shares of Prince Frog International and China Huirong Financial fell sharply in reaction to negative reports on the companies. Childcare product manufacturer Prince Frog's shares plunged as they resumed trading following a suspension that began on October 16. Prince Frog was named in a report last month by U.S. short seller Glaucus Research that alleged it had faked sales and exaggerated its brand recognition. The share price of Huirong dropped as it announced it was investigating recent internet articles that claimed its controlling shareholder Zhu Tianxiao was "assisting relevant authorities in their investigations". Huirong listed last month in the first Hong Kong initial public offering (IPO) of a mainland pawnshop company.
- The number of violations handled by the China Securities Regulatory Commission (CSRC) in the first 10 months of the year has exceeded the amount for the whole of last year. The Commission dealt with 486 violation cases in the securities and futures markets from January to October, up 44% year-on-year. It launched 286 investigations, 25% more than in the same period last year. Fines collected amounted to CNY148.8 million as of the end of October, twice the amount during the same

period last year. Thirty-four cases were sent to public security organs, an increase of 70% year-on-year.

- A group of 10 investors, including Norges Bank Investment Management, Norway's sovereign wealth fund, and Och-Ziff Capital Management Group, have committed to invest about USD1.1 billion in China Cinda Asset Management as part of its Hong Kong initial public offering (IPO). Cinda, one of China's four bad debt managers, is seeking to raise USD2.5 billion. Cornerstone investors would buy about 45% of the offering, which is set to be Hong Kong's biggest this year. Pricing of the Cinda offer is set for December 4.

TRAVEL

Small planes no longer need flight permission from PLA

China has loosened military control over its airspace. From next month, small commercial flights will no longer need the approval of the PLA for their flight plans, making it quicker and easier to use private planes. They will only need permission from the regional branch of the Civil Aviation Administration of China (CAAC). This should cut the waiting time for permission to take off from several days to a few hours, giving a boost to the nascent private aviation sector. The change – which applies only to general aviation and will not affect scheduled flights – was announced by the PLA and the CAAC. "Some people regard it as a ground-breaking measure. Others regard it as the dawn of China's general aviation business. It is good news for everyone," said Wu Qing, General Sales Manager with GALink Aviation, a general aviation service provider in Changsha, Hunan. About 1,000 planes were registered for general aviation last year, compared with more than 220,000 in the United States. Certain restrictions will remain. Flights that cross borders, including into Hong Kong, or go through sensitive areas, will stay under the control of military air traffic authorities. Flights operated by holders of foreign passports will still need PLA approval. "It is now very difficult to use a private plane because you don't know if the military will approve a flight," Wu said. "They never give a reason for a rejection or approval. Civilian air authorities are much more transparent and professional. They can approve a flight plan within hours." The change could cut up to 70% of the paperwork for flight approvals. The air transportation law, which gives the military priority, should still be amended.

Pudong Airport to have third terminal

Work on a third terminal building at Shanghai's Pudong International Airport will begin next year. It is expected to be the world's largest satellite terminal when it is completed in 2018, with 105 aircraft gates, according to Li Derun, President of the Shanghai Airport Authority. Passengers would travel to the new terminal using a fast transport system after checking in at the current two terminal buildings. The terminal will be able to handle 30 million passengers a year. The current terminals have 70 gates – 28 in T1 and 42 in T2. Six of the world's major design companies have submitted plans for the satellite terminal, and the airport authority will decide early next year. Pudong Airport is expected to handle 80 million passengers a year and 4.7 million tons of cargo by 2020 to become the world's busiest airport, Li said. The airport currently ranks third for cargo transport after Hong Kong and Memphis. Apart from the new terminal, the airport has finished work on its fourth runway, which will be put into service next year, and is building a fifth. The two runways will cost a total of CNY9.4 billion, the Shanghai Daily reports.

- Shanghai Jinjiang Taxi Co has fitted 10 of its taxis with wi-fi and the free service is expected to be made available to passengers next year. Taxi passengers will be able to browse online and watch videos, while drivers will have access to real-time maps. Wi-fi is also expected to be fitted in the new model of taxis that the city is planning to introduce next year.
- One of Suzhou's two new metro lines will be connected to Shanghai Metro's Huaqiao station on Line 11 in Kunshan at the western end of Shanghai's Jiading district. The new S2 line will also connect to the other four Suzhou Metro lines. The 95.1-kilometer S1 line with 27 stations will connect downtown Suzhou to Yangcheng Lake, Kunshan and Taicang, according to the plan.
- The Commercial Aircraft Corporation of China (Comac) has opened its first wholly-owned overseas subsidiary in Newport Beach, California in the United States. The

company has already received 400 orders for its C919 passenger plane, which still has to make its first test flight, scheduled in 2015. Its other plane – the ARJ21 – has entered the test flight phase and airworthiness certification process.

ONE-LINE NEWS

- Harbin, capital of Heilongjiang province, suffered its worst snowstorm since the city began recording daily weather conditions in 1961. The snowfall occurred from November 13 to 16. Some snowdrifts at roadsides were up to 3 meters high. More than 50,000 people, including residents, police and volunteers, were mobilized to clear snow in the city after the storm ended.
- China Central Television (CCTV) held its annual landmark advertisement auction. The 10-second ad slot for the daily 7:00 pm evening news program was sold for more than CNY3.5 billion for the coming year. All the major automobile brands were present at the auction. Previously, few e-commerce companies spent much on CCTV commercials, but at this year’s auction Tmall threw CNY142 million at TV spots for the 2014 World Cup.
- Lin Chunping, 43, Wenzhou rice trader who invented a fictitious U.S. bank which he claimed to have bought last year, has been sentenced to life imprisonment. He was accused of making 1,266 false value-added tax (VAT) invoices worth CNY520 million and selling them to companies between September 2011 and May last year for profit. Lin charged firms that bought the fake invoices a levy of between 4% and 6% of the invoices' value. The fake tax documents had defrauded the authorities of an estimated total of CNY190 million in tax.
- China-U.S. relations have generally moved in the right direction and yielded fruitful results, despite ups and downs, Chinese President Xi Jinping said during a meeting with former U.S. President Bill Clinton in Beijing.
- Foreign residents in a Jing’an district community in Shanghai can now apply for temporary residence certificates at the complex where they live. Usually, foreigners are required to go to their local police station to get the certificate. Police said if the experiment works well, they will add more centers to other residential buildings in Jing’an district next year, mostly in serviced apartments.

QUOTES OF THE WEEK

“We have made a substantial step forward today by launching negotiations on an investment agreement, covering both investment protection and market access. Both the EU and China believe that it is the right time to go ahead. Our bilateral investment flows are still far too low, given the level of integration taking place between our economies. This agreement will achieve more two-way investments between the EU and China.”

Herman Van Rompuy, President of the European Council, after the China-EU summit in Beijing, quoted in the Shanghai Daily, November 22, 2013.

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