法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 2 DECEMBER 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

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 Union Chamber of Commerce in China 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.

MEMBERS' NEWS

Cooperation between Weihai and Ghent on urbanization

During the EU-China Summit on November 21, a Statement of Intent was signed in the presence of Chinese Premier Li Keqiang between the cities of Weihai and Ghent to promote cooperation on urbanization projects. Weihai is a coastal city in Shandong province. The Statement was signed by Mr Zhang Hui for Weihai and by Mr Daniël Termont, Mayor, and Mr

Paul Teerlinck, City Secretary, for Ghent. Both cities agree to cooperate to find solutions to challenges posed by urbanization. The cooperation will be carried out in the framework of the Joint Declaration on the China-EU Urbanization Partnership signed on May 3, 2012. The cooperation will help the partners to promote cultural, green, smart and innovative cities. It will help advance urban development strategies, urban layout, and sustainable development of urban industrial economies.

Weihai and Ghent will establish a comprehensive partnership including in the fields of urban construction and renewal, environmental protection, energy efficiency and climate action, hi-tech industry and cultural tourism. A short video on the cooperation between Chinese and European cities can be viewed at the following link: http://news.cntv.cn/2013/11/22/VIDE1385119322971790.shtml.

The City of Weihai has located its Weihai EU Office in Ghent and works closely together with the Flanders-China Chamber of Commerce.

EXPAT CORNER

Shanghai most attractive city to expats

Shanghai is the most attractive city to visit, according to an annual survey among expatriates. The survey, “Amazing China – The Most Attractive Chinese Cities for Foreigners”, was first conducted in 2010. It is a joint project by the International Talent Monthly and the China Society for Research on International Personnel Exchange and Development. This year's survey, conducted in July and August, gathered 1,663 signed votes from foreign experts, and more than 70,000 online votes from foreigners. Beijing was second.

FINANCE

Financial reform zone set up in Yunnan-Guangxi border area

A financial reform pilot zone will be established in Southwest China to strengthen ties with South and Southeast Asian countries, it was announced. The Yunnan-Guangxi border pilot zone for comprehensive financial reforms was approved by the People's Bank of China (PBOC). It will include nine cities and prefectures in Yunnan province and six cities in Guangxi, covering an area of 317,700 square kilometers with a population of 44 million. Seven of the Yunnan cities and prefectures in the pilot plan share a border of more than 4,000 km with Vietnam, Laos and Myanmar, while the pilot cities in Guangxi neighbor Vietnam. The pilot zone aims to cultivate innovation in cross-border renminbi settlement and improve local financial systems. The zone will be devoted to the regionalization of the renminbi, and Southeast Asian financial institutions will be encouraged to set up branches in Yunnan and Guangxi. At least five Southeast Asian banks are interested in setting up branches in Kunming. Financial institutions will directly exchange yuan with the currencies of neighboring countries. As of November, the volume of cross-border renminbi settlement exceeded CNY40 billion. The China Securities Regulatory Commission (CSRC) also will provide technical assistance to Vietnam and Laos to establish securities markets, the China Daily reports.

- Police have vowed to crack down on illegal fundraising. An average of more than 2,000 cases has been handled by the police each year since 2005, involving about CNY20 billion annually. More than 16,000 cases have been cracked since 2008, saving economic losses of nearly CNY50 billion. The number of illegal fundraising cases handled in 2012 was 79% higher than in 2011. In the latest case, the Supreme People’s Court approved the death penalty for Zeng Chengjie for cheating more than 24,000 people out of CNY829 million after raising more than CNY3.45 billion.
- Xiao Suining, former Chairman of Shenzhen Development Bank – which was renamed Ping An Bank following its takeover by Ping An Insurance – recently joined PAG (formerly Pacific Alliance Group) as China Chairman and Partner in charge of the company's private equity business. In China, it is uncommon for top executives of leading domestic commercial banks to join the private equity world, since most would rather opt for senior jobs in the government or enjoy a comfortable retirement.
- People’s Bank of China Governor Zhou Xiaochuan said China will not ease monetary policies but will speed up reforms in liberalizing interest rates and realizing capital account convertibility. He did not give a time frame. Other reforms include setting up a

negative-list system as well as raising the cross-border investment quotas which will be scrapped “when the time is ripe.” China will also allow private firms to form small and medium financial institutions.

- The proportion of private capital in China's joint-stock banks has jumped from 11% in 2002 to the current 42%, while the percentage in urban commercial banks has surged from 19% in 2002 to 54% currently, according to Yan Qingmin, Assistant Chairman of the China Banking Regulatory Commission (CBRC). The CBRC hasn't yet released further details on the requirements for investors planning to set up private banks. “We're still working on a detailed document on how to allow private capital into the financial industry,” said Zhang Bocheng, an officer at the Publicity Department of the CBRC.
- The U.S. Justice Department is probing Morgan Stanley for its hiring practices in China, following an investigation to determine whether JPMorgan Chase’s Hong Kong office hired the children of powerful heads of state-owned companies in China with the express purpose of winning underwriting business and other contracts. Morgan Stanley purchased a stake in a Chinese investment bank in 1995 and now has more than 20 dedicated China investment bankers, the most among foreign banks.
- Ailing small and medium-sized enterprises (SMEs) in Wenzhou, Zhejiang province, are struggling to pay back loans, which led to a 28-month peak of the non-performing loan ratio at local banks in October. The ratio increased from 0.37% in June 2011 to 4.31% in October 2013. In October, the total amount of NPLs stood at CNY31.1 billion, an increase of CNY19.6 billion in the past 10 months.
- Dai Chunning, Deputy General Manager of the China Export and Credit Insurance Corp (Sinosure), has been put under investigation for corruption. In 2009 the head of the company at the time, Tang Ruoxin, was sacked amid allegations that he accepted huge bribes and caused hefty losses of state assets.
- Taiwan has allowed the Bank of Communications (BoCom), China’s fifth-largest lender by assets, to issue CNY1 billion of so-called “Formosa bonds”, the first time a mainland bank has been allowed to issue bonds in Taiwan. Yuan deposits in Taiwan totaled CNY123.2 billion in October while outstanding Formosa bonds stood at CNY3.9 billion. BoCom priced the yield for its five-year tranche at 3.7%, higher than China Development Bank's five-year tranche in Hong Kong that was priced at 3.6%, reflecting the demand for the notes in Taiwan.

FOREIGN INVESTMENT

China to set up “negative list” for foreign investors

China will create a new administrative model and a “negative list” for foreign investors, Commerce Minister Gao Hucheng said. The government will treat foreign and domestic investors equally in admitting and establishing their investment projects, he added. There also will be a “negative list” telling foreign investors what they cannot do. It will replace an investment guideline catalog that tells them what they are allowed to do. “Foreign investors will enjoy equal treatment with their Chinese counterparts in the fields not listed,” Gao noted. Analysts believe the new model will bring about big changes in China's administration system of foreign funds and further improve its investment environment. The first regional negative list in China was released in late September in the China (Shanghai) Pilot Free Trade Zone. Experts believe the Shanghai list will be a model for the national version to be jointly issued by the Commerce Ministry (MOFCOM) and the National Development and Reform Commission (NDRC). Gao said that the Chinese government will open up finance, education, culture and medical care, and lift entry controls in architectural design, care for infants and old people, accounting and auditing, commerce and trade, logistics, electronic commerce and other service sectors. Foreign investment in China totaled USD97 billion from January to October, rising by 5.77% year-on-year and growing for nine months consecutively. From 2000 to 2010, an aggregate of USD261.7 billion had been remitted out of China as net profits of foreign enterprises, increasing by 30% annually, the China Daily reports.

Foreign firms cautious about Shanghai FTZ

The Shanghai pilot free trade zone (FTZ) has drawn 38 overseas firms since its launch two months ago, in sharp contrast to the nearly 1,400 domestic companies, officials said. Some analysts have attributed the small number of foreign companies to disappointment at the lengthy negative investment list and a lack of financial details. However, Dai Haibo, Deputy Director of the zone's Management Committee, said it was too soon to make a judgment. "It's a normal process as foreign companies need more time to digest policies due to language and cultural differences," Dai said. The FTZ is making preparations to introduce key financial reforms, including free capital flows and interest rate liberalization, he added, but gave no timetable. A negative list applied in the zone stipulates 190 restrictions on foreign investment in 18 sectors. Shanghai Vice Mayor Ai Baojun said a 2014 version of the list would clarify restrictions and would be shorter. Among the 38 overseas firms, bringing in registered capital of USD560 million to the zone, 14 are from Hong Kong, six from the United States, six from Japan and four from Singapore. As well as the 38 to have been formally set up, another 67 overseas firms had applications under consideration, officials said. Trading companies now account for 69% of the newly-established companies while service enterprises represent 26%. The remainder are financial and logistics companies. Dai denied that many of the 1,396 domestic firms now in the zone were shell companies, lacking true business operations and set up by investors hoping to get an early foothold, the Shanghai Daily reports.

- The European and Chinese sides have confirmed they will launch their first round of investment treaty negotiations early next year. "It will be launched in January or February, but we are still waiting to finalize the specific dates," a Chinese diplomat based in Brussels told China Daily.

FOREIGN TRADE

Shanghai FTZ arbitration court hears first case

The court of arbitration of the China (Shanghai) Pilot Free Trade Zone has heard its first case, as experts said arbitration will play a bigger role in resolving commercial disputes. The case was a dispute over a gas-supply contract. One of the enterprises was a Fortune 500 company, and the other a domestic company in the photovoltaic sector. Details of cases cannot be disclosed, according to the Arbitration Law. The arbitral tribunal that heard the case was composed of three arbitrators, including presiding arbitrator Peter Howard Corne, who has dual British and Australian nationality. Yao Hongmin, Assistant Secretary General of the Arbitration Commission, said that one big difference between arbitration and hearings in regular courts is that people can choose arbitrators themselves, but cannot pick judges in court. The Commission has a panel of more than 600 arbitrators, including 199 from nearly 40 foreign countries and regions.

- Policies in Shanghai's pilot free trade zone (FTZ) will be enacted into to law as early as the middle of 2014, said Yin Yicui, Chairman of the Standing Committee of the Shanghai People's Congress. "The legislation for FTZ will influence China's economic reform and influence the whole country's economic transformation over the long term," Yin said during a meeting to discuss the proposed legislation.
- China signed more than 50 bilateral cooperation agreements with Latin American and Caribbean countries in San José, capital of Costa Rica, during the 7th China-LAC Business Summit. A record number of nearly 500 Chinese entrepreneurs and 800 others from 23 countries attended the summit, during which more than 500 companies held a total of 1,600 match-making meetings. At the summit, China also signed a pact with Chambers of Commerce of Chile, Colombia, Mexico and Peru to create the China-Pacific Alliance Multi-Chamber Union.
- Chinese exporters are positive but cautious about the trade outlook next year, with 67% of those surveyed by online trade portal Global Sources saying exports will rise but not by more than 20% in the first half of next year. The survey polled 529 exporters in Guangdong, Zhejiang, Fujian and Jiangsu. Nearly 50% of the respondents in the survey said they believed sales would increase between 10% and 20% year-on-year in the first half of next year while 16% said they anticipate a rise within 10%. The U.S. will replace the European Union as the most important market for exporters in the next six months, the survey said. Yuan appreciation has become the biggest concern for exporters, overtaking labor costs.

HEALTH

New medical center to be set up in Pudong

Doctors from leading state-owned hospitals will be able to practice medicine at the new Shanghai International Medical Center (SIMC) in the Pudong New Area which will start operating in March. Managed by Singapore-based ParkwayHealth, the largest healthcare group in Asia, the medical center will explore a new operational method. As part of the health reforms in China, doctors are now allowed to work in different hospitals and clinics instead of just one facility. The center will also hire foreign doctors. Service will be up to international standards.

IPR PROTECTION

Ribbon manufacturer allowed to use Yao Ming name

One of China's largest manufacturers of ribbons used for gifts and decorations, Yama Ribbon, has been allowed to print Yao Ming on its products as a trademark using the same two Chinese characters as the retired NBA star's name. The company was established in 2004 in Xiamen, Fujian province, and filed for the trademark Yao Ming with the National Trademark Bureau in August that year. The company's CEO is also called Yao Ming. "We just applied for the Yao Ming trademark in the ribbon product category and had no intention to exploit the popularity of the sports star Yao Ming," the CEO told Fujian Daily.

- China's largest annual copyright conference was held in Beijing with a focus on operation and protection in the mobile internet industry. Hosted by the Copyright Society of China under the direction of the National Copyright Administration, this year's event included entrepreneurs and Nobel Prize winner of Literature Mo Yan, who delivered a keynote speech at the opening ceremony.
- The Hong Kong Trade Development Council (HKTDC) will launch a website of Asian IP information on December 5, which will offer free online information on more than 20,000 IP projects in 25 countries that are ready to be traded. The third IP Asia Forum opening on the same day expects to attract more than 1,600 IP owners, users and service providers.

MACRO-ECONOMY

Investment rules eased under reform

The central government is relaxing its grip on the level of enterprise investment that requires its approval, with as much as 60% no longer needing central authorization, Lian Weiliang, Vice Chairman of the National Development and Reform Commission (NDRC) said. He vowed to further loosen control on investment projects and to minimize the number of areas in which the government sets prices. A new version of the directory of investment projects requiring government approval will be released very soon, which will further reduce the range of corporate investment needing review and approval from the NDRC and other government agencies. Investment projects, except for those concerning national security, eco-safety, exploitation of strategic resources, or of vital public interest, will be determined by enterprises in accordance with the law and without the need for government approval, according to the reform blueprint issued by the Central Committee of the Communist Party of China on November 15. "We have abolished or transferred 44 items requiring administrative approval to local governments this year, and we are on the way to phasing out another batch of items," Lian said. He added that for the shrinking number of projects and items that still require central government approval, the NDRC is working out a review system that will make the procedure highly efficient. The measures include carrying out procedures online and setting a time limit for their completion. More state-owned enterprises (SOEs) will be allowed to develop into mixed-ownership enterprises in which employees will also be able to hold shares. Chen Fengying, Director of the Institute of World Economics Studies said the sectors to open up may include energy and resources, railways, and telecommunications.

NDRC to target price fixing by monopolies

The National Development and Reform Commission (NDRC) plans to ratchet up pressure on companies in six industries – aviation, consumer goods, vehicles, telecommunications, pharmaceutical products and home appliances – that engage in monopolistic pricing. The NDRC's regulation will help to protect consumers and stimulate domestic consumption in a fair market environment, analysts said. Wang Tongsan, Economist with the Chinese Academy of Social Sciences (CASS), suggested that the government should play a “proper” role in eliminating monopolies that drive up prices. “For goods produced by monopoly industries, the government needs to increase the number of suppliers to create an effective environment for market-oriented prices,” he added. In one price-fixing case, six liquid crystal display producers, including two from South Korea and four from Taiwan, paid CNY353 million in fines. The NDRC also imposed fines of CNY670 million, a record for anti-monopoly fines in China, on six baby formula companies – Biostime, Mead Johnson, Dumex, Abbott, Friesland and Fonterra. Huang Yong, Professor at the University of International Business and Economics in Beijing, said that the laws and regulations on monopolies should be more detailed and updated, as regulators have faced difficulties in enforcement, the China Daily reports.

Industrial companies report 15% profit rise

Industrial companies saw their profits rise 15.1% year-on-year in October, slowing from the 18.4% growth in September. The total profits of industrial companies with annual revenue of more than CNY20 million reached CNY581.04 billion in October, the National Bureau of Statistics (NBS) said. In the first 10 months, industrial companies' profits rose 13.7% from the same period last year to CNY4.63 trillion. Among the 41 industries surveyed, 35 posted year-on-year profit growth in the January-October period and five saw profits decline. Private companies led the growth, with their combined profits up 17.5% year-on-year in the first 10 months, while state-owned enterprises (SOEs) saw profits rise 9.1% during the same period. The five industries with the highest profits are electricity and heating power; motor industry; oil processing, coking and nuclear fuel processing; non-metal mineral products; and metal smelting. Despite the overall rosy data, China has seen a continuous decline in the average profit margin of companies since 2010. The rate was only 5.4% in the first half of this year, 28.9 percentage points lower than in 2010, according to Miao Wei, Minister of Industry and Information Technology. The profit margin in the real estate sector is about twice that of the resource-related and manufacturing industries, while the profit margin of the banking sector in 2011 was 39.1%, five times that of the resource-related and manufacturing industries, the China Daily reports.

- Several central ministries are considering a plan to require local governments to submit the names of companies in overcapacity-plagued industries, such as steel, flat glass, cement, electrolytic aluminum and ships. If the companies are not put on the white list, they could be shut down. The steel industry’s annual capacity has risen to 970 million metric tons, exceeding the industry's output by 35% in 2012. China produces seven times more than Japan, the world's second-largest producer.
- The central government has ordered all government bureaus and agencies to halt the use of all general-purpose official vehicles, in its latest crackdown on government extravagance and waste. These general-use cars, which can be used by any authorized government officer for whatever purpose, should be decommissioned and sold through open bidding or at auction. Only senior officials above ministerial and provincial levels will keep enjoying the privilege of official cars. The central government owns, in total, more than two million official cars, with an annual expenditure of as much as CNY200 billion.
- The central government is studying ways to allow more private investment in the energy sector, as core businesses such as oil and gas exploration are still tightly controlled by state-owned companies. The government would simplify approvals for coal-fired plants and power grid projects, support private investment in oil and gas exploration and development and set requirements for refineries that can import crude oil, the National Energy Administration (NEA) said. The government is widely expected to issue import quotas for around 10 million tons of crude to two independent refineries next year, doubling the volume issued to new players in just two years.
- The central government may complete natural gas price reforms in three years and seasonal gas shortages will likely be resolved in two years, according to China Gas Holdings Chairman Liu Minghui. The company posted a 58.7% year-on-year rise in net

profit to HKD1.28 billion for the six months to September 30. Liu said higher imports and domestic gas output would raise supply while higher gas prices would limit demand growth. The National Development and Reform Commission (NDRC) urged suppliers to ensure city residents have sufficient supply.

- China's economic restructuring is expected to gain ground next year, with consumption set to overtake investment as the main driver of growth, Peng Wensheng, Chief Economist and Managing Director of China International Capital Corp said. He also predicted that China will see a 7.6% GDP growth rate in 2014 and that 4.1 percentage points will be contributed by consumption, 3.4 percentage points by investments, and the remaining 0.1 percentage point coming from exports.
- China's manufacturing activity remained at its highest level since May 2012 for the second straight month in November. The official Purchasing Manager's Index (PMI) was unchanged from October at 51.4, the China Federation of Logistics and Purchasing (CFLP) said. November was also the 14th consecutive month the PMI was over 50, indicating economic expansion. But new orders fell 0.2 points to 52.3 in November, and input prices dropped 0.8 points to 52.5. Export orders increased to 50.6, compared with 50.4 in October, suggesting slight growth in external demand.

PETROCHEMICALS

Nine detained after pipeline explosion

Nine people have been detained by police in connection with the deadly pipeline blasts in Qingdao, including seven employees of Sinopec, the operator of the pipeline. Authorities determined that human error caused the disaster. Problems included the unreasonable layout of oil pipelines and urban drainage pipes, negligence in pipeline supervision, and unprofessional handling of oil leakage before the blasts, said Yang Dongliang, Director of the State Administration of Work Safety. The accident left 55 people dead, nine missing and 136 in hospital. The oil slick from the blasts is under control and the contaminated area has been reduced to an area of 3 to 5 square kilometers. Yang ordered safety checks on oil and gas pipelines across the nation. Sinopec has also suspended two executives of the Sinopec Pipeline Storage and Transportation Co. Tian Yimin and Qian Jianhua were Party Secretary and General Manager respectively. The pipelines in the affected district in Qingdao will no longer be used.

PetroChina acquires stake in Iraq's West Quma 1 oilfield

PetroChina has finalized an agreement with Exxon Mobil to buy a 25% stake in Iraq's West Qurna 1 oilfield. Participation in the project will allow PetroChina to expand its upstream businesses in the Middle East and is significant for the company's development in the high-end oil market, PetroChina said in a statement. The West Qurna 1 field is located about 50 kilometers to the northwest of Basra, Iraq's southern oil hub, and close to the north of the Rumaila field, Iraq's biggest oilfield, which is jointly operated by PetroChina and BP. PetroChina was the first foreign firm to strike an oil deal with Baghdad after U.S.-led forces overthrew Saddam Hussein, and has gradually grown to be the largest foreign player in Iraq's industry. Apart from the Rumaila field, PetroChina also operates the Halfaya and al-Ahdab oilfields and provides oilfield services in Iraq. Teaming up with Exxon Mobil to develop the West Qurna 1 field will make PetroChina the largest single foreign investor in the Iraqi oil industry. As China's energy demand continues to rise, it will become the main customer for Iraqi oil by the 2030s, according to a report released by the Paris-based International Energy Agency (IEA) late last year. Meanwhile, China is expected to continue to invest substantially in Iraqi oil production infrastructure, the China Daily reports. Pertamina will hold 10% in the West Quma field, thereby reducing Exxon's share to 25%. Shell will retain its 15% stake while the Iraqi government holds the remaining 25%.

- PetroChina has received a notice from a U.S. court related to a complaint involving ex-Chairman Jiang Jiemin, current Chairman Zhou Jiping, former Chief Financial Officer Zhou Mingchun and current CFO Yu Yibo for violating U.S. securities regulations. An overseas shareholder filed the complaint with the U.S. District Court for the Southern District of New York. The company is "vigorously" contesting the complaint, PetroChina said in a brief statement to the Hong Kong and Shanghai stock exchanges.

- China is expected to overtake the United States to become the world's largest oil importer in the 2020s and thereafter will be replaced by India as the world's biggest driving force for energy demand, according to the Paris-based International Energy Agency (IEA). China's crude oil imports for 2013 are estimated at 289 million metric tons, up 7.3% year-on-year, according to the China National Petroleum Corp Economics and Technology Research Institute in Beijing. China depends on imports for about 59% of its crude oil demand.
- China Gas, the country's largest city gas distributor, is in talks to buy a CNY2 billion city gas portfolio from its biggest shareholder, Beijing Enterprises Group. At stake is a portfolio of some 20 city gas projects state-owned Beijing Enterprises Group operates in provinces such as Shandong, Hebei and Xinjiang. In November, Beijing Enterprises Group transferred its 21.96% stake in China Gas to Beijing Enterprises Holdings (BEH) for HKD7.39 billion.
- Green Dragon Gas, an explorer for natural gas trapped between coal seams, is trying to resolve a disagreement with state-backed partner CNOOC and its China United Coal Bed Methane (CUCBM) unit on the sharing of reserves and output from drilling done allegedly without its consent. Randeep Grewal, Chairman of Green Dragon, founder and owner of a 58% stake in Green Dragon, said about 1,500 wells had been drilled in six areas where it had exploration rights. He said "a significant portion" had been done by CNOOC and CUCBM, while the rest was carried out by PetroChina and its parent China National Petroleum Corp (CNPC).
- China again avoided U.S. sanctions by cutting back on Iranian crude imports. A biannual evaluation is mandated by a U.S. law aimed at cutting Tehran's oil revenues by forcing third countries to stop buying Iranian crude or face sanctions. But the law allows the U.S. executive branch to grant waivers to states that cut back on their purchases.

REAL ESTATE

Some banks halt mortgage lending

More banks have stopped extending mortgage loans as their annual lending quotas run out. A survey of 500 banks in 32 cities by Rong360 showed that around 17% of Chinese banks had stopped extending mortgage loans to buyers of first and second homes in November, with more expected to follow suit by the end of the year. The trend has now spread to 17 cities. Nine cities – with Xiamen, Nanchang and Shenyang the latest additions – announced fresh measures in the past two months to contain soaring home prices. The measures include a cap on the asking prices of projects up for pre-sale approval and higher deposit and stricter purchase restrictions targeting non-local residents. New bank loans to the property sector surged in the first nine months of this year to CNY1.9 trillion, including CNY1.37 trillion of mortgage loans, adding fuel to housing inflation and forcing local officials to roll out fresh cooling measures as home prices surged. The Rong360 survey showed that up to eight banks in Zhuhai have stopped extending mortgage loans, while five have done so in Beijing. Those banks are mostly medium-sized and small lenders including Ping An Bank and China Everbright Bank, while others have either extended the approval process to two months and beyond from the previous one month, or increased mortgage rates. At the start of next year, banks will rush to lend again, including mortgage loans, because of new full-year quotas, the South China Morning Post reports.

More cities announce tightening measures

Following earlier tightening moves by first-tier cities such as Beijing, Shanghai, Guangzhou and Shenzhen, 11 second-tier cities have announced curbs on the real estate market: Zhengzhou, Wuhan, Shenyang, Nanchang, Xiamen, Nanjing, Hangzhou, Changsha, Fuzhou, Taiyuan and Xian. "All these cities saw a year-on-year gain of more than 10% in new home prices in October, outpacing the growth of average per capita disposable income and local GDP," said Lu Qilin, Research Director at Shanghai Deovolente Realty. Tightening measures vary from city to city. For example, Shenyang and Nanchang raised the required period of payments into social security programs or taxes for households without local permanent residence permits (hukou). The new minimum is two years, compared with one year previously. In Hangzhou and Xiamen, those buying second homes with mortgage financing must make down payments of at least 70% of the home price, against 60% previously. Local governments will take differentiated measures, and the era of the central government issuing one-size-fits-all policies is over, said a report from the China Index Academy. The Academy is the research arm of SouFun Holdings, the owner of the nation's biggest real estate website.

- Chinese real estate developers owed at least CNY3.8 trillion in land appreciation tax between 2005 and 2012, according to a weekly consumer program on CCTV. In China, developers must pay tax on the increase in the value of their land when they sell properties on the land or transfer the lease. Developers which failed to pay the tax included China Vanke Co, SOHO China, Agile Property Holdings and Guangzhou R&F Properties Co, CCTV said. Huayuan President Ren Zhiqiang threatened to sue CCTV, as he said the tax was not due immediately but only after developers completed the projects. More than 10 real estate developers named in the CCTV report filed statements with the country's two stock exchanges saying that they did not owe tax.
- Around 37 land parcels covering a total area of over 1.2 million square meters are set to be auctioned this month in Shanghai, up 32.1% year-on-year. The parcels have a combined asking price of CNY18.2 billion, up 0.2%, according to Soufun. The Shanghai Land Authority faces pressure to accomplish its 2013 target to release 10 million sq m of housing plots.
- Shanghai set a new record price for land this year when Winmine Investment paid CNY42,821 per sq m for a plot in downtown Huangpu district. Winmine, a subsidiary of Singapore-listed Wing Tai Holdings, acquired the 8,594 sq m parcel next to the Xintiandi area, beating rivals including China SCE Property Holdings and Shanghai Yongye Group. The parcel had a starting price of CNY748 million, or CNY29,013 per sq m, and was sold for CNY1.1 billion, a premium of 47%.
- Home prices in China increased for the 18^{th} consecutive month in November although the pace of growth slowed down. The average price of new residential properties in 100 cities across the country climbed 0.68% from October to CNY10,758 per sq m, the China Index Academy said. That compared to a growth of 1.24% in October and 1.07% in September. 69 cities saw monthly price increases, down from 75 in October and 79 in September. Of those, 28 registered growth of more than 1%, compared to 29 in October.

RETAIL

Parkson shows dismal results

Parkson, the second-largest Chinese department store operator, reported third quarter results that severely underperformed analysts' expectations. Profit decreased nearly 80% from the year before due to increased rental and staff costs. Only one out of nine stores Parkson opened in the last two years has been profitable. Nearly a third, or 27 outlets, of Parkson's 57 stores are loss-making.

SCIENCE & TECHNOLOGY

Chang'e-3 mission on the way to the moon

Chang'e-3 with the moon rover Jade Rabbit blasted off at 1:30 a.m. Local time on December 2 from the Xichang Satellite Launch Center in Sichuan province. The successful launch marked a major milestone in China's space exploration program. China has previously sent two probes to orbit the moon, with controllers sending the first of them crashing into the lunar surface at the end of its mission. The Chang'e-3 probe is due to land on the moon in mid-December. It is the world's third lunar rover mission following those of the United States and the former Soviet Union decades earlier.

More than 80% of the technology adopted in the moon mission is new, increasing the risks something might go wrong, according to Li Benzheng, Deputy Commander-in-Chief of the lunar exploration program. The mission represents the first time China has attempted a soft landing on a celestial body, and also the first time any lunar soft landing has been carried out since 1976, when other countries suspended exploration, Li said. A roving vehicle, dubbed Yutu or "jade rabbit" in Chinese, will explore the moon's surface. The rover, equipped with four cameras, will patrol the surface for at least three months. The Chang'e-3 mission is the second phase of China's lunar program, which includes orbiting, landing and returning to Earth. It follows the success of the Chang'e-1 and Chang'e-2 missions in 2007 and 2010. The country expects to have an unmanned spacecraft return with lunar samples by 2020. Of the 129 lunar explorations conducted by various countries, 49% failed, Li said. China's lunar probe will land in Sinus Iridum, or the Bay of Rainbows. “The Chang'e-3 mission will definitely become one of the most important and magnificent events in humanity's exploration of the moon since the United States landed its astronauts more than 40 years ago,” said Wang Ya'nan, Deputy Editor-in-Chief at Aerospace Knowledge magazine. European space experts are serving as a backup team that will relay commands and directions to the vehicle if Beijing encounters any lapses in communication.

- A total of 1.12 million people took the National Public Servant Exam last month, according to figures from the State Administration of Civil Service, but only 19,000 positions were available, meaning that fewer than 1 in 50 candidates will be successful. There were seven million civil servants in China by the end of last year.
- Cai Rongsheng, Director of the Student Admissions Office at Beijing's Renmin University, was detained by Shenzhen border police as he tried to flee the country. Renmin University was given a quota to recruit students through its own examinations and assessments, instead of through the national university entrance system. Such quota systems have long been criticized as a potential hotbed for corruption.
- About 1,500 different e-textbooks will be ready by April and available to all students in primary, middle and high schools in Shanghai next September, education officials said. E-textbooks are part of the pilot e-schoolbag program the city started in 2011. Tablet computers will replace textbooks. Students can still choose to use textbooks or a combination of textbooks and e-textbooks. Shanghai is also building a cloud-computing platform for open education.

STOCK MARKETS

Cinda lines up 10 cornerstone investors

Cinda, one of China's four bad asset managers, has lined up 10 cornerstone investors in its HKD5.3-billion-share offering, setting a range of HKD3 to HKD3.58 per share. If it activates the 15% green-shoe option, total funds raised could reach HKD21.9 billion. The cornerstone investors include New York-based Och-Ziff Capital Management Group, China Life Insurance Co and Norges Bank Investment Management, San Francisco-based Farallon Capital Management and Chinese fund Rongtong Fund Management Co. The balance of Chinese lenders' non-performing loans was CNY563.6 billion, or 0.97%, at the end of the third quarter. Analysts expect lenders' non-performing loan rate to rise further as the central bank proceeds with its plan to liberalize interest rates. The People's Bank of China (PBOC) has already scrapped a lower limit loan rate and Deputy Governor Yi Gang wrote in a book explaining the reform guidelines that a ceiling on deposit rates offered by Chinese banks also will be phased out. Liberalized interest rates encourage competition among lenders and can potentially raise the non-performing loan level. The next bad-debt manager in China expected to pursue an IPO is Huarong Asset Management Corp, which hopes to raise up to USD2 billion through a listing, although no timetable has been set. Reuters reported the Huarong IPO plans in June.

Goldman Sachs raises Hang Seng Index forecast

Goldman Sachs has raised its forecast for the Hang Seng Index next year by 1,000 points following positive signs from a key Communist Party Plenum in November. Chinese companies account for 54% of the market capitalization of firms listed in the blue-chip index, and Goldman Strategist Kinger Lau said he expected the benchmark would rise to 26,500 points by the end of next year. “The key message we get from the third plenary meeting is that the leaders are fairly pro-market,” Goldman Economist Li Cui said. The bank recommends buying reform-sensitive firms and cheap banks as the best way to get upside exposure to the Chinese market. Nine stocks on the Hong Kong market were seen likely to be among the top beneficiaries from China’s reform: China Galaxy Securities, Want Want China, AviChina Industry & Technology, China Resources Gas, Guangdong Investment, Huaneng Renewables, Shanghai Fosum Pharmaceutical, China Medical System, and Tencent. Chinese bank stocks are also likely to rebound as more bank-specific reform policies are launched. Chinese lenders are trading at a 10% price-book discount to global peers, an extremely cheap level when compared with the 150% premium seen in 2009. Goldman expects China's economy will grow by 7.8% next year, more than the market consensus of 7.5%.

China to resume IPOs

The China Securities Regulatory Commission (CSRC) announced that IPOs will resume after a year-long halt. Reforms will also speed up the application process and cut red tape. An initial batch of about 50 companies could complete the registration process in time to list by the end of January, raising several billion yuan. Previously, companies that wanted to go public were required to undergo multiple rounds of wide-ranging reviews that could drag on for years before the regulator gave the go-ahead. The government wants to replace that inspection phase with one that requires the company to simply register for a public offering, and submit to a review that is much more narrow in scope. “The reforms reflect Beijing's hope to bring the equity market system in line with global standards,” said Nathan Lin, Chief Executive of GF International Investment Management. Listings were halted in November last year amid a fraud crackdown by the Commission on misconduct among advisers. More than 760 companies were on the waiting list to go public and it would take about a year to complete the approval process, a CSRC Spokesman said, who added that the reforms would give the market a greater role in determining the timing and number of IPOs. Liu Ligang, Chief China Economist at ANZ Bank, questioned whether the market could absorb a rush of new listings and said they might drag the market down further. Separately, the Chinese government introduced guidelines for a pilot scheme for preference shares, requiring companies to pay a higher dividend to shareholders, the South China Morning Post reports.

Nanjing Tanker in danger of delisting

Nanjing Tanker Corp is on track to be the first company to get delisted in China this year. Nanjing Tanker – the largest shipping company operating in China's inland rivers by capacity – said in a statement to the Shanghai Stock Exchange that it might not be able to turn a profit this year, after reporting a CNY984 million loss in the third quarter. The company has already been suspended from trading after suffering losses for three consecutive years. No stocks were delisted in the five years to 2012, when Jiangsu Chinese Online Logistics Co and Powerise Information Technology Co were kicked out of the Shenzhen Stock Exchange after delisting rules were tightened. The revised rules included additional requirements on revenue, assets and trading volume, in addition to profit. Although Nanjing Tanker's delisting from the Shanghai Stock Exchange has not been finalized yet, analysts believe that there's little the company can do to prevent that from happening. Xiao Gang, Chairman of the China Securities Regulatory Commission (CSRC), said recently that “the new delisting rules will be strictly enforced”. Another 26 companies are also likely to be delisted this year, according to Wind Information Co.

- China Everbright Bank is to kick-start its USD2 billion Hong Kong float this week in its third attempt. Everbright could raise between USD1.8 billion and USD2 billion. The bank is expected to price its long-planned H shares at a modest premium to its A shares, which are trading at a price-book ratio of 0.87 times. Everbright's Shanghai shares are down about 7.21% this year, compared with a 3.66% decline in the Shanghai Composite Index. Everbright's non-performing loans rose 16.1% to CNY8.8 billion in June from CNY7.6 billion in December last year, while its non-performing loan ratio edged up six basis points to 0.8%.
- Qinhuangdao Port, China's biggest coal shipping port by output, has started book building for a USD717 million Hong Kong float after attracting seven cornerstone investors for a combined USD240 million. It is selling 829.9 million shares, of which 9.1% are old shares owned by the National Social Security Fund (NSSF). Qinhuangdao Port will price its shares on December 5.
- Huaxi Holdings, a maker of cigarette-related packaging materials, plans to buy advanced technology with funds raised from a planned HKD62.1 million initial share sale. Founded in 1992, Huaxi is offering 75 million shares, or about 25% of its enlarged share capital, at an indicative range of HKD1.18 to HKD1.48 a share. The company is looking for acquisition targets. Huaxi's revenue growth fell to 5% in the year to March from 25.3% in the previous year, while profit growth dived to 50.7% from 208.5%. Hong Kong-listed cigarette packaging material manufacturer Sheen Tai is a cornerstone investor. Huaxi's stock is due to be priced on December 5, with trading set to begin the next day.
- Yi Hua, an operator of department stores and supermarkets in second and third-tier cities focused on Guangdong, has launched an IPO. Last year, Yi Hua reported CNY43.6 million in net profit. Between 2009 and last year, the company's gross profit

increased from CNY239.8 million to CNY326.7 million, a compound annual growth rate of 16.7%. The joint book runners are Kingsway Capital and Upbest Securities.

- The number of Chinese companies listing in the U.S. is dropping. In 2011, there were 15 Chinese listings, raising USD2.01 billion, dropping to only two Chinese IPOs which raised USD153.43 million in 2012. So far this year, there have been six Chinese IPOs raising USD595.18 million, according to Mergermarket. The disagreements between the U.S. and China over disclosure are discouraging Chinese companies from listing in the U.S., said Gene Buttrill, Partner at U.S. law firm Jones Day.

TRAVEL

Shenzhen airport moves to new terminal

Shenzhen airport has moved all its operations to a new CNY8.5 billion terminal which started operations on November 28. The move took place in eight hours time. The number of flights was reduced by 30% from the usual 600 for the first day of operations. The airport also kept down cargo volume and passenger numbers for several days as staff adapted to the change. The new terminal, a creation of Italian husband-and-wife architects Massimiliano and Doriana Fuksas, covers 450,000 square meters, and is about triple the size of the existing terminals. It has 200 check-in counters, 200 shops and 62 boarding gates, and can accommodate the largest passenger planes in operation. It is designed to handle 45 million passengers a year by 2020, which would be a 55% increase on last year's figures. Air cargo and mail capacity is predicted to reach two million tons a year. Hong Kong's airport is still bigger, with just over 700,000 sq m, 377 check-in counters and 56.5 million passengers last year. The Shenzhen Airport Co plans to focus on developing more routes to Southeast Asia and beyond, to make the facility one of the most competitive in China. The airport saw its international routes grow by 38% this year, and handles 65 flights a week to Singapore, Bangkok and Kuala Lumpur, among other Southeast Asian cities. The airport operator is opening 10 bus routes to Hong Kong, Macao, Huizhou, Zhongshan and Dongguan and will run 160 buses a day. Passengers from Hong Kong or Macao who arrive by ferry can take free shuttles to the new terminal, but there is no airport express subway line directly to the new terminal. The terminal enjoyed a relatively smooth first day.

More than 100 cities setting up general aviation parks

As China is opening its general aviation sector, 116 cities above the county level are building or planning general aviation industrial parks, in addition to the 10 state-level aviation high-tech industrial bases approved by the National Development and Reform Commission (NDRC). Some experts warn that investment is already overheated, and reckless construction of the parks will have an adverse effect on the industry. One of the oldest bases, the Xian Yanliang National Aviation Hi-tech Industrial Base, established in 2004, has more than 500 aviation enterprises and supporting companies. There were 178 general aviation enterprises in China as of June, 32 more than at the end of 2012, and 1,610 registered general aviation aircraft. The total flight time of general aviation will be more than 600,000 hours in 2013, 80,000 hours more than last year, according to the Civil Aviation Administration of China (CAAC). Compared with some 230,000 general aviation aircraft in the United States, there is a huge market potential in China. Some experts suggested that more general aviation airports should be built, while controlling the number of industrial parks. China only has some 100 general aviation airports at present, and 70 of these are registered with the CAAC. The limited number of general aviation airports is a major constraint on the industry.

- Shenyang, the capital of Liaoning province, has received permission to launch 72-hour visa-free stays for foreign travelers from designated countries. The move makes Shenyang the seventh city in China with such a policy or with plans to launch one, following Beijing, Shanghai, Guangzhou, Chengdu, Chongqing and Dalian. The policy is expected to take effect in January or February. Travelers from 45 countries can take advantage of the policy if they hold third-country visas and have tickets to leave for a third country or region within 72 hours. About 200,000 foreign travelers visited Shenyang last year through Shenyang Taoxian International Airport.
- Spring Airlines, China's biggest non-state-controlled carrier, has signed an agreement with Airbus for 30 additional A320 jets. The purchase has a list price of about USD2.75 billion, though customers typically get discounts. The airline has a goal of building a

fleet of 100 planes by 2020.

- Taiwan will allow more solo Chinese tourists to offset a fall in group arrivals after Beijing outlawed forced shopping trips, which resulted in operators raising the price of package tours. Taiwan raised its quota for individual travelers by 1,000 to 3,000 a day. The quota for group tour members remains unchanged at 5,000 a day. According to figures released by Taiwan's Tourism Bureau, the number of Chinese arrivals in group tours in October plunged 33% from a year ago to 3,043 a day, followed by another 24% year-on-year fall in November. A record 2.6 million Chinese nationals visited the island last year, up 45% from 2011.
- A high-speed railway connecting Tianjin and the port city of Qinhuangdao in Hebei province started trial operations. The new 287-km line brings the total length of China's high-speed rail network to more than 10,000 km. The maximum speed of its trains is designed to be 350 km per hour but in the early stage of operations they will operate at 300 km/h. Travel time between Tianjin and Qinhuangdao will be shortened to one hour and 11 minutes, almost half the previous time. With the new line, China has 34 high-speed rail lines making up one-tenth of the country's total railway network.
- U.S. airlines United, American and Delta, have notified Chinese authorities of flight plans when traveling through the new air defense identification zone (ADIZ) Beijing has declared over the East China Sea, following U.S. government advice. The zone has raised tensions, particularly with Japan and South Korea. Japanese carriers ANA Holdings and Japan Airlines have flown through the zone without informing China. But the United States, Japan and South Korea have defied Chinese demands by flying military aircraft, including U.S. B-52 bombers, through the zone without informing Beijing.

VIP VISITS

China, Romania seal deals

Romania is planning to build a high-speed railway using Chinese technology, the two countries announced during Chinese Premier Li Keqiang's visit to the country. Together with Romanian Prime Minister Victor Ponta he also witnessed the signing of a number of memorandums of understanding, including on nuclear reactors and power plant projects. China General Nuclear Power Group (CGN) is interested in the construction of two new reactors at Romania's nuclear plant in Cernavoda, a project estimated to cost more than €4 billion. Two reactors already are in operation at Cernavoda, providing about 17% of the country's electricity. Li also attended a trade and economic forum with 16 leaders from Central and Eastern European countries. On his Romanian trip, the first to the country by a Chinese Premier in 19 years, Li was accompanied by the heads of more than 200 major Chinese public and private companies. Ponta said Romania expects China to make Central and Eastern Europe the gateway to the European Union and to become China's special partner in the region. Two-way trade reached USD3.27 billion in the first 10 months of this year, according to China's Ministry of Commerce (MOFCOM). China signed two agreements to import 500,000 cattle and three million pigs from Romania over the next few years. Romania is a leading destination for China's investment in Central and Eastern Europe, with accumulated investment reaching USD160 million. China and Central and Eastern European countries have vowed to double their trade in five years. In the first 10 months of the year, trade reached USD52.1 billion. The figure surpassed the USD50 billion recorded in 2012, but accounted for only 10% of trade between China and the European Union. While Chinese investment in Central and Eastern Europe topped USD800 million in 2010, compared with almost nothing in the early 2000s, the region attracted less Chinese investment than in Sweden alone, according to the Warsaw-based Central and Eastern European Development Institute. Central and Eastern Europe is expected to become an important agricultural product supplier to China, including imports of beef, lamb, cheese, wines and other products. Li also visited Tashkent in Uzbekistan for a scheduled meeting of the Shanghai Cooperation Organization (SCO).

- U.S. Vice President Joe Biden and British Prime Minister David Cameron are visiting China this week. Biden's visit is expected to ease tensions over China's newly-declared air defense identification zone (ADIZ).

ONE-LINE NEWS

- Chinese authorities are seeking public opinion on three draft holiday arrangements for next year. The Spring Festival holiday lasts seven days in all three schemes. The major differences apply to the National Day holiday with options of three days, five days or seven days, all from October 1. Chinese people would still have 11 official holidays a year but, in most cases, would not have to work weekends in order to piece together weeklong or three-day holidays.
- The Communist Party's Central Commission for Discipline Inspection (CCDI) is investigating Guo Youming, Vice Governor of Hubei province for corruption. He was also removed from his post. Guo's dismissal came a day after China launched a pilot program to make new officials disclose their assets.

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