



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

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FCCC ACTIVITIES

Sino-Belgium Business Survey: Are Belgian companies suffering in China or enjoying an excellent year? – Wednesday, 24 April 2013, 17h – KBC Bank, Brussels

Last year the Chinese economy expanded by 7.7%, a rate of growth largely seen as a continued 'slowdown'. How did your company perform by comparison? The results of the 2013 Sino-Belgian Business Survey set the performance of Belgian companies in the right context. When we talk about the growth of Belgian businesses in China are we comparing apples and pears? Equally importantly, how do Belgian businesses feel about the future of their business in China?

Moore Stephens Verschelden, together with the Flanders-China Chamber of Commerce, Flanders Investment & Trade (FIT) and the Benelux Chamber of Commerce, are organizing a discussion on the results of this year's survey with a panel of leading business figures and independent experts on Wednesday, 24 April 2013, 17h at KBC Bank, Havenlaan 2B, 1080 Brussels.

Agenda

- 16h30 – 17h00: Registration
- 17h00 – 17h05: Welcome by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
- 17h05 – 17h15: Introduction by Mr Philippe Snel, Chairman Benchem Shanghai
- 17h15 – 18h05: Panel discussion moderated by Mr Andries Verschelden, Partner Moore Stephens Verschelden
 - Mr Tim Van den Bossche, Vice President Global Marketing & Strategy, Agfa Graphics
 - Mr Filip Goris, Regional Manager China & India, Recticel
 - Mr Wim Buyens, Senior Vice President Projection Division, Barco
 - Mr Thomas Baert, Owner & CEO, Chinafloors
- 18h05 – 18h30: Q&A session
- 18h30 – 19h30: Networking Reception

Please sign up using [this link](#) before 19 April 2013.

Members: €30, Non-members : €45

Networking Evening with Chinese Talent at Ghent University – Thursday, 25 April 2013, 17h – Provinciaal Administratief Centrum, Gent

The Flanders-China Chamber of Commerce, Ghent University and the Province of East Flanders, are organizing a networking evening with Chinese talent studying at Ghent University. This event will take place on Thursday 25 April at 17h at the Provinciaal Administratief Centrum (PAC), Woodrow Wilsonplein 2, 9000 Ghent.

This networking event will give you the opportunity to introduce your company to Chinese students, which are mostly from the faculties of: Engineering Sciences & Architecture, Bioscience Engineering, Sciences, Veterinary Sciences, Law, Economics & Business Administration, Medicine & Health Sciences and Pharmaceutical Sciences.

The programme is as follows :

- 17u00: Welcome by Mr Hedwig De Pauw, Director Economic Affairs and International Relations, Province of East Flanders
- 17u05: Welcome by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
- 17u10: “Strategies for finding an employer in Europe” by Mr Patrick Meirlaen, Managing Partner at The Future Alliance and Partner at the International Executive Search Federation (IESF)
- 17u30: Presentation of the participating companies and networking between students and business leaders.
Networking reception hosted by the Province of East Flanders
- 19u30: End of programme

This event is an ideal way to meet about 100 Chinese students and to broaden your network. During this event, you will have the opportunity to present your company via a presentation and a promotional stand.

This evening is organized with the support of Flanders Investment & Trade. If you are interested in attending, please sign up using the [following link](#) before 18 April 2013.

Participation for member company: €75, Non-members: €115.

ACTIVITIES SUPPORTED BY FCCC

Meeting with delegation from Jinan Lingang EDZ – 26 April 2013 – Brussels

A delegation from the Jinan Lingang Economic Development Zone in Shandong province is visiting Esco Couplings in Diegem in Belgium on April 26, 2013. The delegation has asked Esco to introduce them also to other companies in Belgium, especially but not limited to those manufacturing car components, to see if there are opportunities for these companies to invest in Lingang.

The delegation will be in Brussels on 26 April in the morning. If you are interested in meeting this delegation at Esco Couplings in Diegem, please contact k.devalkeneer@efeco.com.

Pandemic Preparedness and an Update on H7N9 Bird Flu – 25 April 2013 – Beijing

On the 25th of April, International SOS is organizing an Executive Briefing on the latest evolution on H7N9 Bird Flu in China. Global medical services company International SOS has 6 clinics in China. Join International SOS medical experts in Beijing for the latest update on the new strain and to discuss pandemic and infectious disease planning. The briefing is targeted at professionals in the fields of human resources, risk & safety, and travel.

More information: marijke.yserbijt@internationalsos.com

ASEAN IPR SME Helpdesk Launch Event – Tuesday, 29 April 2013, 14 h – Brussels

The official Brussels-based project launch and Stakeholder Meeting of the ASEAN IPR SME Helpdesk, a project funded by the European Commission Directorate-General Enterprise and Industry, under the Competitiveness and Innovation Framework Programme (CIP), is to be

held on 29 April 2013, 14.00 h. till 17.00 h. at Room Gasperi, Hotel SILKEN Berlaymont, Boulevard Charlemagne 11-19, 1000 Brussels.

Building on the achievements of the China IPR SME Helpdesk, the recently established ASEAN IPR SME Helpdesk provides free, practical first-line IPR advice and services to European SMEs working in or with the ASEAN region (target countries include: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam). The project aims to enable European SMEs to make the best IPR decisions for their business, and ensure that the creativity and innovation that SMEs bring to the marketplace remain a cornerstone of European competitiveness. The Helpdesk's business-focused advice is disseminated through the online portal, helpline services, training workshops and seminars, webinars, and published materials. More information on the ASEAN IPR SME Helpdesk is available at www.asean-iprhelpdesk.eu.

Please confirm your attendance by responding via email to rsvp@asean-iprhelpdesk.eu, indicating the full name, title, position and contact telephone number of the attendee. The deadline for email confirmations is Thursday, 25 April 2013. In the case of late cancellation please notify the ASEAN Helpdesk team via email.

Helpline: [+62 21 572 2056 ext.108](tel:+32215722056) Email: question@asean-iprhelpdesk.eu

Conference: "China's economy at the crossroads" – 7 May 2013 – Barco, Kuurne

The Chamber of Commerce of West-Flanders, in cooperation with the Flanders-China Chamber of Commerce (FCCC), is organizing a conference "China's economy at the crossroads: opportunities and challenges, also for Flemish entrepreneurs..." by Professor and China expert Jonathan Holslag, Research Director at the Brussels Institute of Contemporary China Studies (BICCS) at the Vrije Universiteit Brussels (VUB). The conference will take place at Auditorium Barco, Ringlaan 5, 8520 Kuurne on Tuesday, 7 May 2013, from 18h30 till 20 h. The conference will be followed by a network reception.

Participation for VOKA and FCCC members: €75 (excl. VAT), Non-members: €95 (excl. VAT). Cancellations accepted in writing until five days prior to the conference.

More info: www.voka.be/west-vlaanderen - Tel 056 26 13 93 Mail: griet.witdouck@voka.be

Networking event high schools West Flanders and KULAK – 14 May 2013 – Brugge

The province of West Flanders is promoting international internships of students at high schools in West Flanders and at KULAK, including in China. To strengthen the network of internships in China, the province, POM West Flanders and the Flanders-China Chamber of Commerce (FCCC), are organizing a networking event on 14 May 2013 at the residence of the Governor, Burg 3 in Brugge. During the networking event companies and educational institutions can discuss internships in China in the academic year 2013-2014, mainly in "IWT" (Master-Bachelor) and "Business administration and trade" (Bachelor).

Programme:

- 19:30 h. Welcome by Mr Carl Decaluwé, Governor
- 19:40 h. Introduction of the China strategy of the province of West Flanders by Mr Jean de Bethune, Vice Governor
- 19:50 h. Introduction of the opportunities China offers in the economic and academic fields in (West) Flanders by H.E. Liao Liqiang, Ambassador of the People's Republic of China in Belgium (t.b.c.)
- 20:00 h. Networking dinner offered by the province of West Flanders

Registration and info: Charlotte Deduytsche, Provinciebestuur West-Vlaanderen T: 050403482
E: charlotte.deduytsche@west-vlaanderen.be

PAST EVENTS

Alleviating your risks in China – A practical seminar on preliminary due diligence & managing contract terms – 16 April 2013 – Agoria, Brussels

Agoria, the EU SME Center, BCECC, FCCC, AWEX, BIE & FIT organized an afternoon

seminar on how to mitigate risks in China. At the event, practical advice was offered by the EU SME Center expert and the panelists, and there were opportunities to attend one-on-one consultation sessions to discuss individual questions with the EU SME Center expert following the seminar. The EU SME Center expert gave a presentation on how to find a suitable business partner and how to manage contract terms and reduce risk. Jan Kriekels, CEO, Jaga NV, Ghislain Gilliot, CEO, Simonis Plastic SA, and Olivier du Roy, ex Country Manager China, Solvay, joined the panel discussion, which was moderated by Professor Johan Erauw of Ugent University. The panel discussion was followed by a networking cocktail and one-on-one consultation sessions.

Conference: “Opportunities for Flemish SMEs in China” – 27 March 2013 – Brugge

The Flanders-China Chamber of Commerce (FCCC), the Province and POM West-Flanders, VOKA and UNIZO organized a conference: “Opportunities for Flemish SME in China” on 27 March 2013 in Brugge.

Following a word of welcome by Jean de Bethune, Vice Governor Economy, Province of West-Flanders and an introduction by Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, Mrs Yin Linggu, Senior Advisor, Province of West-Flanders in China, presented an interesting overview of opportunities for Flemish companies in the province of Zhejiang. Her speech was followed by testimonials on doing business with China presented by Yves Struyve, CEO, Trislot; Eddy Coppieters, CEO, Primus Group; and Didier Leclercq, Chief Operations Officer, Vitalo Industries.

FINANCE

Hong Kong to become “world fund factory”

Proposals designed to make Hong Kong a “world fund factory” have won industry backing, but fund managers say that persuading Beijing to allow local funds to be sold to mainland Chinese investors remains the key. Financial Secretary John Tsang said in his budget speech in February that the government would propose law changes to extend profit tax exemptions to offshore private equity funds. He also wants to allow Hong Kong funds to be set up as open-ended investment firms instead of trusts, as required under existing rules. Tsang said the government was in talks with mainland Chinese authorities on a mutual recognition agreement for the cross-border selling of funds – meaning Hong Kong-domiciled funds could be sold on the mainland and mainland funds could be sold in Hong Kong. China still has capital controls, so overseas funds cannot be sold in the mainland and vice versa. Mark McCombe, Asia-Pacific Chairman of U.S.-based fund house BlackRock, said the proposals would help boost Hong Kong's fund industry, but further changes were necessary, such as continuing to cut down “tax friction”. If the European Union goes ahead with a proposal to impose remuneration restrictions on fund managers managing European-based funds, many fund managers were expected to shift their domicile to Hong Kong. Out of about 1,850 authorized fund managers in Hong Kong, only about 300 are domiciled in Hong Kong with the rest in Europe. If China would only accept overseas domiciled funds authorized by the Securities and Futures Commission (SEC) to be sold on the mainland, it would be less attractive for fund houses to base funds in Hong Kong. Hong Kong Investment Funds Association Chief Executive Sally Wong said the reforms would create more job opportunities, especially for trustees, lawyers and accountants, the South China Morning Post reports.

China's pension fund to expand its assets

China's state pension fund has renewed its calls for an expansion of its assets under management to meet a growing need for pensions as society ages. The fund's Party Secretary Dai Xianglong said the central government should transfer 30% of capital gains it receives from state-owned enterprises (SOEs) to the National Social Security Fund (NSSF). The government should also transfer any of its shareholdings in SOEs in excess of 51% to the pension fund, Dai said. SOEs currently assign 10% of their shares to the fund during their initial public offerings (IPO). He said the NSSF hopes its assets under management will grow to CNY3 trillion by 2020 from CNY890 billion now. The call highlights the pension fund's ambition to expand at a time when China has difficulty in meeting expected future pension liabilities, said Hu Xingdou, Economist at the Beijing Institute of Technology. The NSSF, set up in 2000, serves as a strategic reserve fund for the central government to support future social security spending. It has also been entrusted with managing certain government funds for

several provinces. Started with CNY20 billion from the Ministry of Finance, the NSSF has since grown on the back of contributions from fiscal appropriations, transfers of shares from SOEs upon their listings, lottery sales revenues, and returns on its own investments, which yielded an annualized 8.41% in the 11 years to 2011. "About one-quarter of China's population will be older than 60 in 20 years, and one-third by 2050," Dai said. "The rapid pace of ageing calls for pension expenditures to grow as fast." By 2033, the pension funding gap could reach CNY68.2 trillion, or 38.7% of estimated gross domestic product (GDP), if China's population and pension policies remain the same, a research report by Fudan University in Shanghai concluded last year, as reported by the South China Morning Post.

ICBC world's biggest public company

The Industrial and Commercial Bank of China (ICBC), the world's largest lender by capitalization, topped the 2013 Forbes Global 2000 list as the world's biggest public company for the first time. China Construction Bank (CCB) leapt 11 places from last year to become No 2 after ICBC. "The top two Chinese banks rose in our ranking due to double-digit growth in both sales and profits in 2012," Forbes said. The Agricultural Bank of China (ABC) also jumped 11 spots to No 8, and the Bank of China (BOC) rose 10 places to No 11. The U.S. had the most companies on the list, followed by Japan and China. China's big-four lenders – ICBC, CCB, ABC and BOC – posted an average 15% annual rise in net profit to CNY716 billion last year. Net profit is expected to slow to single digits this year and the next due to reform toward a more liberalized interest rate regime in the country, analysts said. "Most analysts don't expect a banking crisis in China, but rising defaults and shrinking loan profitability are serious threats to the country's banking system," Forbes said. Nine out of the top 25 companies on the list were banks, while four out the nine lenders were Chinese. The only non-financial Chinese firm in the top 25 was PetroChina, the listed unit of China's biggest oil producer China National Petroleum Corp (CNPC), which tied for ninth place with Berkshire Hathaway.

- The China Banking Regulatory Commission (CBRC) has ordered commercial banks not to increase their loans to local government financing vehicles in a bid to curb risk exposure. Zhou Xiaochuan, Governor of the People's Bank of China (PBOC), said in Beijing that about 20% of the financing vehicles were funding unprofitable projects. There are rising concerns that the hefty CNY10.7 trillion of debts at the end of 2010 could expose the country's financial system to high risks. Loans to these financing vehicles have increased to 18% of GDP.
- A woman in Kunming, Yunnan province, is trying to sue the United States central bank after discovering that the real value of the USD250 she put in an account in 2006 had shrunk by 30%. She claims it was a result of the Federal Reserve issuing too much money. The lawsuit aimed to stop the FED from continuing its quantitative easing policy and promote people's awareness of their rights. The court has yet to decide whether to officially place the case on file.
- The China Investment Corp (CIC) has exposure to gold, although "not on a big scale", and the fund is confident that gold prices will rise in the long run owing to limited global supply, Jin Liqun, Chairman of the fund's Supervisory Board, said. "Gold is still the most important reserve for the economies in this world," Jin said on the sidelines of a forum hosted by Pioneer Investments. "In the long run, gold prices will continue to go up, but not on a very steep curve."
- Bank of China (Hong Kong) plans to launch a near-field communication (NFC) mobile payment system in Hong Kong in the second half of this year. Dickson So, General Manager of BOC Credit Card (International), said it is in the final stage of testing the system's security and collecting feedback from merchants. He expects the payment system will extend to public transport. NFC mobile payment systems allow users to make purchases by holding their mobile phones near a card reader. HSBC has already launched a service and Hang Seng Bank says it will start one later this year.
- Tian Guoli has been appointed Communist Party Secretary of the Bank of China (BOC) and is expected to be appointed Chairman soon. Tian, former Vice Chairman of Citic Group, replaced Xiao Gang, who moved to head the China Securities Regulatory Commission (CSRC). Tian, 54, graduated from the Hubei College of Economics and Finance. After graduation, he spent 16 years working for China Construction Bank (CCB), rising through the ranks to become Assistant Executive President in 1999. He has also been Chairman of Cinda Asset Management, created to deal with the non-performing loans from CCB.

- Moody's Investors Service lowered China's outlook to stable from positive because the scope and pace of credit-positive structural reforms under the new Chinese leadership may not be sufficient over the course of the next 12 to 18 months to justify a rating upgrade, Moody's said. Moody's affirmed China's government bond rating of Aa3 and Hong Kong's at Aa1.
- The China Insurance Regulatory Commission (CIRC) raised the ownership ceiling for domestic investors in insurance companies to 51% from 20%. Profits at insurers, including market leader China Life Insurance, have declined amid a slowing economy and investment losses incurred from a sluggish stock market. Many insurers are starving for capital, but there is a limit to how much they can raise through the debt market. The rule changes would make it easier to seek capital from existing shareholders, said Kenneth Yue, Hong Kong-based Analyst for CCB International Securities.
- Yi Gang, Deputy Governor of the People's Bank of China (PBOC), said at an International Monetary Fund (IMF) conference in Washington that the trading band of the renminbi yuan would be widened soon. Last April, the band was doubled to 1% on either side of the bank's daily reference rate. Economists expect the band will be widened to 1.5% to 2% from as early as this quarter, giving traders greater leeway to push the yuan up or down. The PBOC believed the yuan had approached equilibrium after appreciating 34% since the peg of CNY8.3 per U.S. dollar was scrapped in July 2005.
- Wang Shiqiang, 60, Chairman of the Board of Supervisors at Jianyin Investment, a financial conglomerate controlled by Central Huijin Investment, died after jumping off a building in the financial district in Beijing. A Beijing-based Spokesman for the company denied speculation that the incident was related to substantial losses from trading in gold and silver futures. Wang's tasks included establishing and maintaining an adequate internal audit system over financial reporting. Wang was also a Non-executive Independent Director at the Bank of China (BOC).
- China's holdings of U.S. Treasury securities surged to their highest level in over a year in February, allowing the country to remain the largest holder of U.S. debt. China purchased USD9.16 billion in long-term securities during the month, raising its total portfolio of Treasuries to USD1.22 trillion, from USD1.16 trillion a year earlier, according to the Treasury Department's monthly international capital report.
- Xiamen International Bank has been given approval from the industry regulator to transform itself from a joint-venture bank into a local commercial bank, the first lender to complete such a transition in China. Following the transition, foreign investors' stakes in the bank dropped to 24.93% from 61.75%. The bank introduced 56 new investors and boosted its capital by CNY5.612 billion. Established in 1985, it was China's first joint venture bank.

FOREIGN INVESTMENT

Chongqing attracts investment from Hong Kong companies

Chongqing's policy of low land prices was a drawcard for foreign direct investment (FDI) and the authorities were working to keep those costs down, Mayor Huang Qifan said in Hong Kong as more than USD30 billion of contracts were signed between the two cities. More than 30 companies, including HSBC, Wharf, and China Merchants Group, signed contracts with Chongqing to invest in 35 projects, ranging from property and industrial park development to logistic facilities, trading and finance-related investment. "Of the USD10 billion in foreign capital invested in Chongqing every year, some 60% is from Hong Kong," Chongqing Mayor Huang Qifan said, with most of that share going into the property development and finance sectors. Huang said any government that allowed land prices to surge unchecked would be hindering economic growth, and Chongqing planned to keep a lid on those prices by increasing land supply. He said flats were cheaper in Chongqing than in coastal areas and property developers could still enjoy relatively high profit margins in the municipality because of lower land costs. Investment in Chongqing also attracts tax incentives under the national "Go West" policy, subjecting profits to a 15% tax rather than the 25% national average. Chongqing is also pressing hard to lower logistics costs by cutting road tolls and warehouse expenses. It aims to keep logistics costs below 10% of the value of a firm's sales, as opposed to the 20% national average. Huang also promised to lower the cost of financing by expanding funding channels for small- and medium-sized companies, the South China Morning Post

reports.

China's ODI increased 14% in 2012

China's outbound investment increased 14% in 2012, with Europe being the top destination for Chinese investors, according to a report by A Capital, a private equity fund based in Beijing and Brussels. Outbound investments by Chinese companies rose to USD77.2 billion in 2012 from USD68 billion in the previous year, with mergers and acquisitions (M&As) taking up 49% of the total, a 44% gain from 2011. The equity fund predicted that Chinese investors will invest USD600 billion more in overseas markets in the next three years. In 2012, Europe attracted the most investment of USD12.6 billion from China, up 21% from 2011, more than double the USD5.4 billion investments to the United States, according to the report. "Investments into Europe are expected to remain strong due to low valuations on weak growth prospects, the absence of regulatory hurdles, and the strategic match between sectors of interest for Chinese investors and the European economy, in particular in sectors linked with urbanization," the report said. Chinese investments in Asia fell, with M&As down 65%.

FDI rises for second month

Foreign direct investment (FDI) in mainland China rose for a second month in March, driven by greater inflows from Europe and the United States. Ministry of Commerce Spokesman Shen Danyang said foreign investment had been steady, adding that the high-end manufacturing and services sectors had seen rapid fund inflows. Investments in March rose 5.65% from a year earlier to USD12.4 billion, contributing to a year-on-year rise of 1.44% in investments for the first quarter. Foreign investments declined in 11 months last year. The number of newly established foreign-invested enterprises, however, fell nearly 20% in March and 10.4% in the first quarter. In the first quarter, investment from the U.S. climbed 18% from a year earlier while that from the European Union leapt 45%. Shen noted positive changes in the investment pattern. Investment in the computer, telecommunications and other electronics equipment industries rose 12% in the first quarter while that in transport equipment was up 29%. Transport services attracted 57% more foreign funds during the period, while investment in the power, gas and water sectors surged 146%. But foreign investment in the real estate sector, once a hot spot for speculation, fell 6%, Shen said.

- Paolo Gasparrini, President of L'Oreal China, has died in Italy of illness at the age of 63. He joined L'Oreal in 1987 as General Manager of the luxury products division in Italy. In 1996, he helped the company set up its Chinese business headquartered in Shanghai and has been President and Managing Director of the subsidiary. Shanghai honored Gasparrini with the Magnolia Silver Award in 2006 for his outstanding contributions to the city's development.
- Kimberly-Clark Corp, the U.S.-based personal care product company, plans to build a USD100 million manufacturing center in Nanjing, Jiangsu province. It will occupy about 100 hectares and have fully automated production lines. The center will primarily manufacture Huggies-brand diapers and training pants to meet growing demand in China. The site will eventually become one of the firm's largest and most advanced manufacturing centers, the company said.

FOREIGN TRADE

Iceland and China conclude free trade agreement

Iceland became the first European nation to strike a free trade deal with China. The China-Iceland free trade pact will lower tariffs on a range of goods and is expected to boost seafood and other exports from Iceland to China. The agreement was signed at the start of a six-day visit to China by Icelandic Prime Minister Johanna Sigurdardottir. Chinese Premier Li Keqiang told Sigurdardottir the agreement was "a major event in China-Iceland relations." Trade between China and Iceland rose 21.1% last year to USD180 million. Iceland exports mostly fish to China and imports Chinese products from ships to shoes. Prime Minister Sigurdardottir has been keen to push Icelandic services and the island's geothermal energy potential. China is seeking permanent observer status in the Arctic Council, an eight-member body that includes Iceland and decides on policy in the region. China is expected to be accepted as a member next month. Iceland hopes to draw heavy Chinese investment in the region's mining

industries. Shipping via the Arctic would cut about 6,400 kilometers and two weeks off the journey between northern Europe and Shanghai. Chinese investor Huang Nubo has been stymied in his bid to build an adventure tourism resort in northeastern Iceland that would have included an airport, golf course, and 120-room hotel. Iceland rejected his original bid to purchase the land, prompting Huang to blame Western prejudice and unfounded suspicions he was “a tool” of the Chinese military. Icelandic officials have said they don’t see the resort as viable and Huang has said he will drop the project unless he gets approval by the end of May.

Business at Canton Fair expected to stabilize

The value of deals signed at the ongoing Canton Fair may be on par with the previous session, which suggests improving sentiment. “Last year was the most difficult year for Chinese exporters,” Liu Jianjun, Spokesman for the Canton Fair and Deputy Director of the China Foreign Trade Center, told a news briefing. The situation will be better in 2013 in view of the improvement in overseas orders, Liu added. The 113th Canton Fair is being held in Guangzhou, Guangdong province, from April 15 to May 5. “The number of overseas buyers at this session is expected to edge up, and the value of export deals will be equal to that of the last session,” Liu said. The last session of the Canton Fair, held in November, saw the number of overseas buyers decrease by 10.3% to 188,000, while the value of export deals declined by 9.3% to USD32.68 billion. China’s foreign trade rose 13.4% year-on-year in the first quarter of 2013 with exports increasing 18.4%. “China’s exports in April are likely to maintain double-digit growth and maintain a strong momentum the rest of this year,” Chen Hufei, Researcher at Bank of Communications (BoCom), said. While the number of European buyers at the Canton Fair will decline this year, those from the U.S. will stabilize amid the country’s economic recovery, and more buyers will come from emerging countries, especially South America and Africa, as well as Russia, whose accession to the World Trade Organization (WTO) improved its trade environment, Liu said. Speaking on the opening day of the three-week-long fair, Deputy Minister of Commerce Li Jinzao said the event not only fostered export development but also served as an important platform to study and refine foreign trade policies. The fair, which started in 1957 and is held every spring and autumn, is a major event in the global trade calendar, bringing together Chinese manufacturers and more than 400,000 global buyers every year.

Organizers of the Canton Fair launched an electronic commerce service at e-cantonfair.com to improve trade efficiency and overcome the limits imposed on the event by space and time. It will allow for year-round trade with global clients. The fair’s spring session drew 91,935 buyers in the first three days after opening on April 15, a jump of 11% from last autumn’s session and the first rise in 2-1/2 years. While there were only slightly more American buyers and the number of European and Russian buyers fell, merchandisers from emerging economies fueled the growth, with the number of Indian buyers surging 60.64%, African up 30.1% and Egyptian 31.23%. Despite the rebound in traffic, many traders said the Canton Fair was gradually losing its appeal, as costs escalated and the variety of its exhibits diminished.

Chinese and American Governors step up cooperation

Iowa Governor Terry Branstad renewed his decades-long friendship with Chinese President Xi Jinping in Beijing as he celebrated Iowa’s 30 years of being a sister state with Hebei province. In 1983, Xi, then a county-level government head in the province, visited Iowa for agricultural projects and met Branstad. Branstad was joined on his visit by Wisconsin Governor Scott Walker and Virginia Governor Robert McDonnell for the second China-U.S. Governors Forum in Beijing and Tianjin. The forum was first held in July 2011 in Washington, when the two sides signed more than 20 cooperation agreements on trade, energy, science and technology, and environmental protection, with a total value of about USD3 billion. The forum now serves as a major platform for strengthening local cooperation between the two countries. Wisconsin will set up a new center in China for trade and cultural promotion. Wisconsin’s trade with China has risen from USD177 million in 2000 to USD1.5 billion in 2012, and it now sees China as its biggest trade partner outside North America. Forty-seven of the 50 U.S. states achieved triple-digit growth in their China-bound exports between 2000 and 2010. In 2012, bilateral trade between China and the U.S. reached USD484.7 billion, nearly 200 times the amount when they first established diplomatic relations in 1979. By the end of 2012, cumulative U.S. direct investment in China stood at USD70 billion, and China’s cumulative outbound direct investment in the non-financial sector in the U.S. reached USD10 billion.

Free trade agreement between China and GCC this year

A free trade agreement between China and the Gulf Cooperation Council (GCC) may be concluded this year, the United Arab Emirates' Ambassador to China Omar Ahmad Adi Al Bitar told China Daily. Established in Abu Dhabi in 1981, the GCC is a political and economic union of Arab states comprising the United Arab Emirates (UAE), Bahrain, Saudi Arabia, Oman, Kuwait and Qatar, accounting for more than 60% of the trade volume between China and the Arab League. China and the GCC launched free trade agreement negotiations in 2004. Trade between China and the GCC mainly centers on the oil, mechanical and textile sectors. Data from the Chinese Ministry of Commerce (MOFCOM) show that Sino-GCC trade totaled USD133.8 billion in 2011, accounting for 68.3% of trade between China and the Arab League. By the end of 2011 bilateral investment reached USD4.1 billion. The UAE and Saudi Arabia are now major export destinations for China, with its exports to the two countries accounting for more than two-thirds of exports to the GCC. China will overtake India to become the UAE's biggest trading partner by 2015, when trade between the two countries will reach USD60 billion in value, Al Bitar said. The UAE is planning to explore China's Muslim food market, valued at USD2.5 billion in 2011 and increasing by 10% annually. The free trade agreement will also ensure crude oil supply for China and will help Chinese enterprises further explore the Middle East market.

HEALTH

40% of H7N9 victims had no contact with poultry

40% of the people who have tested positive for the H7N9 virus had no recent contact with poultry, and so it is still unclear how they contracted the virus, Dr Zeng Guang, Chief of Epidemiology at the Chinese Center for Disease Control and Prevention, said. Feng Zijian, Director of the CDC's Office of Emergency Response, said the source of the illness was hard to pinpoint. He noted that during the last major bird flu outbreak, which involved H5N1, half of the victims could not remember whether they had come in contact with poultry or other birds. Still, he said he believed that all infected during this outbreak must have come in contact with an environment contaminated by fowl, or in contact with birds directly. The total number of infected people has now risen to 102, of whom 20 have died. The first person infected in Beijing, a seven-year-old girl, has recovered and left hospital. Hunan last week became the sixth region to officially announce a case of H7N9. The child and his parents travelled from Shanghai to Changsha, Hunan, on March 17, when he began running a fever, according to Hunan health authorities. He was admitted to hospital in Changsha and returned to Shanghai two days later. The child has meanwhile recovered. Professor Xue Yu, a biologist at Huazhong University of Science and Technology in Wuhan, said researchers believed the deadly virus evolved after Chinese birds came in contact with birds from East Asian countries such as South Korea. Japanese researchers blame birds migrating from Europe. Although the virus does not easily infect humans, the chance of human-to-human transmission is "theoretically possible", although "highly sporadic", according to the CDC's Feng Zijian. He added that the small amount of family clusters did not necessarily mean the virus had mutated into a human influenza virus capable of spreading person to person.

IPR PROTECTION

5,331 copyright cases handled last year

A man has been sentenced to six months in jail and fined CNY2,000 after being convicted of illegally publishing 3,000 copies of the works of Mo Yan, winner of last year's Nobel Prize in literature. The National Office Against Pornographic and Illegal Publications said it had been involved in fighting 36 important copyright cases in 2012. The most serious punishment handed out was an 11-year prison sentence in Tianjin, while the highest fine was CNY3.2 million, for a copyright case in Harbin, Heilongjiang province. The Office said that in 2012, 5,331 copyright infringement cases had been solved nationwide and more than 40 million pirate items confiscated or destroyed. The key target for 2013 will be piracy by online bookstores, e-commerce platforms and audition websites. Jiang Ying, a judge specializing in intellectual property rights cases at the Beijing No 1 Intermediate People's Court, said that the fines were not very harsh, meaning that the temptation remains for people to get involved in the piracy industry. Under current Chinese criminal law, those who infringe other people's intellectual property rights can be sentenced up to a maximum of seven years, unless pornography is involved, in which case the punishment will be more severe.

- Four college graduates were given nine months to one year in prison with a one-year reprieve in Shanghai for selling counterfeit luxury bags, wallets and related products of brands such as Louis Vuitton, Gucci and Loewe. The four women, all in their 20s, were also fined from CNY3,000 to CNY5,000 under the court ruling. They were caught by police last month with 196 counterfeit LV bags. The gap in price of the real bags and the fake LV ones was calculated at CNY1.46 million.
- The Merrylin chain restaurant has been ordered to stop using the “Shanghai Famous Trademark” designation after one of its outlets was discovered fraudulently inflating the weight of seafood in March. The trademark expired when it was transferred from its original owner to Merrylin in May 2012, but Merrylin kept using it without reporting to authorities.
- The number of IP cases in Shanghai rose by 44.8% last year. The Shanghai Intellectual Property Bureau announced that local courts accepted a total of 4,675 IP cases, including civil, criminal and administrative cases, in 2012. A crackdown on counterfeit products doubled the number of IP-related criminal cases with 821 suspects sentenced to jail or detained last year.
- The ratio of invention patents for every 10,000 Beijing residents reached 33.6 last year, ranking the city at the top of the country, Fu Xiaohui, Deputy Director of the Beijing Intellectual Property Office, said. Beijing police investigated more than 1,700 IP cases in 2012.
- The government of the Hubei provincial capital Wuhan is planning to establish the nation's first special region for intellectual property. Dong Hongwei, Director of the city's IP office, said the region will be equipped with innovative policies and management systems to make IP a strategic resource in competition. The full plan is expected to be published by the end of the year.
- Huanggang customs in Shenzhen detained two foreigners on April 9 involved in separate attempts to smuggle a large number of counterfeit items. Customs officers said they found nearly 1,000 copycat Blackberry cell phones in a car of an Indonesian traveler. In the other case, they seized more than 36,000 fake Nokia labels in the backpack of an Indian national. Both suspects were attempting to leave Shenzhen for Hong Kong.

MACRO-ECONOMY

Economic recovery remains fragile

China's economy expanded 7.7% from a year earlier in the first three months, missing market expectations and putting the country's potential tightening policies on hold. The pace slowed from last year's final quarter increase of 7.9%, the National Bureau of Statistics (NBS) said. Gross domestic product (GDP) reached CNY11.88 trillion from January through March. “The easing of China's first-quarter GDP suggests that the country's economic recovery remains fragile,” said Zhou Hao, Economist at the Australia & New Zealand Banking Group. “The economy in the near term faces some downside risks, including the outbreak of avian flu, the front-loading effects in the property market and signs of slowed investment momentum – all of which could sidetrack the second-quarter growth significantly.” Lian Ping, Chief Economist at Bank of Communications, said the unexpected slowdown will halt the process of tightening when the inflationary pressure recedes. “Policy-makers may retain a neutral policy stance to support growth at the moment, and there is unlikely any interest rate increase in the foreseeable future,” Lian said. NBS Spokesman Sheng Laiyun said: “The growth was achieved amid many uncertainties in the global economy. Judging by the statistics, China has steady employment figures – the foundation of a stable economy.” He attributed the slowdown to the unfavorable external situation and China's active undertaking of macro-economic control. In the first three months, industrial production grew 9.5% on an annual basis, down 2.1 percentage points from the same period of last year. Fixed-asset investment jumped 20.9%, flat compared to a year earlier, and retail sales rose 12.4%, slower than the 14.8% increase a year earlier. Disposable income of urban residents increased 9.9% to CNY6,220 in the first quarter, while rural household income climbed 12.5% to CNY2,107 on average. The Bureau's data showed that among the 7.7% growth in the first three months, consumption contributed 4.3 percentage points, investment 2.3 points and net exports 1.1 points. The service industry expanded 8.3% in the January-March period, leading the manufacturing sector, which gained 7.8%, and the agriculture sector which had increased by 3.4%, the Shanghai Daily reports. Electricity output, a gauge often watched for industrial demand, climbed only 2.9%.

Number of U.S. dollar millionaires up 4% last year

Mainland China was home to 2.8 million U.S. dollar millionaires at the end of last year, a 4% increase on the year before. The millionaires have an average age of 38, and 70% are men. Real estate and stocks remained their top-two preferred investments, the Industrial Bank and the Hurun Research Institute said in a joint report. The growth in the number of people with assets worth more than CNY100 million was the weakest in four years with a 2% increase to 64,500 last year. Alternative investments, including buying art, jewelry, wine, watches and clocks, became the third-most popular investment for mainland millionaires following real estate and equities. Some other alternative investments – such as classic cars – have yet to make their mark. Most wealthy individuals saw an annual return above 10% from alternative financial investments such as derivatives, according to the report.

World Bank and IMF lower China's expected growth rate

The World Bank trimmed China's 2013 economic growth forecast for the second time this year, citing risks in the property sector, financial system and local government liabilities. The bank expects China's gross domestic product (GDP) to rise 8.3% this year, down from the January forecast of 8.4%. Still the bank said the risks are manageable and government-influenced investment and urbanization-related reforms will help the GDP grow above target in the next two years. It forecast China's economy to grow 8% in 2014. The International Monetary Fund (IMF) lowered its forecast for China's economic growth this year to 8% from the 8.2% it had forecast in January, a day after China's National Bureau of Statistics (NBS) announced a slow-down of GDP growth in the first quarter to 7.7% from 7.9% in the previous quarter. The IMF cut its forecast for China's growth next year to 8.2% from 8.5%.

- China's business climate index, a major gauge of the country's macro-economic outlook, rose to 125.6 points in the first quarter, up from 124.4 points in the fourth quarter of 2012. Compared with the same period of last year, the first quarter index shed 1.7 points, while the entrepreneurial confidence index, which stood at 122.4 points, was 3.2 points lower than the business climate index. The index ranges from zero to 200. A reading of 100 demarcates growth from contraction. The index tracks around 21,000 industrial enterprises. The oil processing sector was the only one with a negative business climate rating below 100 points.
- China should promote economic transformation and upgrading through deepened reform while maintaining stable economic development, Premier Li Keqiang said while presiding over a seminar on macro-economics, foreign trade, finance and real estate attended by entrepreneurs, scholars and industry experts. "Overall, the Chinese economy had a smooth start in 2013. But many uncertainties, both at home and abroad, still persist and make the overall situation quite complicated," Li said. "To better grasp the curve of the economy, it is imperative to strengthen foresight," Li said, adding that this will be crucial for the sustained development of the economy.
- China's urban fixed-asset investment rose 20.9% year-on-year to CNY5.8 trillion in the first quarter, from 21.2% in the previous two months. Investment from the private sector rose 24.1% year-on-year to CNY3.68 trillion during the quarter, accounting for 63.3% of the overall investment. The M2 money supply reached CNY103.61 trillion in March, the first time monthly supply has exceeded CNY100 trillion. In the first quarter, the National Development and Reform Commission (NDRC) approved 21 construction projects, mostly energy projects involving natural gas, hydro-power and wind-power, with a total investment of more than CNY35 billion.

MERGERS & ACQUISITIONS

M&A plans by Chinese firms at record high

Overseas merger and acquisition plans by Chinese businesses have reached a record high, according to a survey from international accounting firm Grant Thornton. Nearly half of Chinese businesses polled (47%) for the Grant Thornton International Business Report 2013 said they were planning international moves, the highest level since the company first asked the question in 2008. "China businesses are now better prepared for cross-border M&As after years of high growth, and more said they will seek growth from these kinds of transactions when the time is right," said Xu Hua, CEO of Grant Thornton. According to the survey, 61% of businesses said establishing a presence in new geographical markets was the primary

motivation to participate in M&As. Businesses also put emphasis on using M&As to acquire new technology or establish brands (58%) and build scale (54%). Some 40% said possible M&As could lower their operational costs. Retained earnings (36%) and bank finance (28%) are still the two most common financial channels for China businesses, the report showed. Despite the gloomy IPO market, willingness to launch IPOs (22%) was higher than last year (18%). On the other hand, businesses willing to raise money from private equity dropped from last year's 17% to 13% this year. The report warned that businesses should rely on advice from investment banks, accounting firms, and law firms to conduct due diligence to avoid risks. The Grant Thornton study comes soon after one from rival KPMG which said the United States could be the most attractive destination for Chinese companies seeking M&As. In 2012, there were 40 M&A deals valued at USD11.1 billion involving Chinese companies in the U.S., the second-largest destination for China's M&A capital after Canada, according to KPMG.

- Chinese machinery companies are increasingly seeking to acquire German machinery firms, but face challenges, analysts say. Ivo Naumann, Managing Director of AlixPartners, a U.S. consultancy, said: "Chinese players show an increasing appetite for leading machinery technology and have already acquired several German machinery companies. Globally, China is now by far the leading player in the machinery sector after overtaking Japan as the world's largest machinery producer in the last one or two years."

PETROCHEMICALS

U.S. starts exporting crude oil to China

The U.S. has started exporting crude oil to China for the first time since 2005. In January, the U.S. exported 9,000 barrels of crude per day to China, the highest in at least 13 years, according to the U.S. Energy Information Administration (EIA). "China will increase its oil imports in the coming years," said Adrian Loh, Analyst at Daiwa Capital Markets in Singapore. "If U.S. oil exports to China increase, the impact on Sino-U.S. relations will be felt," said Li Xin, Analyst at Masterlink Securities in Shanghai. "For China, the room for ramping up oil production is limited. China's reliance on oil will increase unless it can find different energy sources. With its own oil production rising, the U.S. can cut down on oil imports," said Lawrence Lau, Analyst at Bank of China (BOC). In December, China overtook the U.S. as the world's biggest net importer of oil. U.S. net oil imports fell to 5.98 million barrels per day that month, while China's net oil imports rose to 6.12 million barrels per day. "China's oil import demand is growing at half a million barrels per day each year. China will increasingly be deeply dependent on the stability of the global oil market," said Mikal Herberg, Research Director at the U.S.-based National Bureau of Asian Research, during his testimony before the U.S.-China Economic and Security Review Commission. China's growing dependence on oil and liquefied natural gas (LNG) flowing through the Indian Ocean, the Malacca Straits and the South China Sea is a key driver of the navy's modernization towards blue water capabilities, "which is setting off alarm bells across the region and contributing to a regional naval arms race", said Herberg.

- Zhou Jiping has been appointed Chairman of the China National Petroleum Corp (CNPC), the country's largest oil producer. He has nearly 40 years of experience in China's petrochemical industry. He previously worked in the International Exploration and Development Cooperation Bureau of CNPC and at the subsidiary China National Oil & Gas Exploration & Development Corp.

REAL ESTATE

Strong surge in home sales in first quarter

The value of new home purchases in China surged 69% from a year ago in the first quarter of this year as home seekers panicked and rushed to close deals before local governments start to implement more tightening measures. A total of CNY1.2 trillion of new homes, excluding government-subsidized affordable housing, were sold nationwide between January and March. By volume, the new home sales surged 41% from a year earlier to 189 million square meters in the first quarter. Investment in housing projects rose 21% year-on-year to CNY901.3 billion in the first quarter. "Though home sales and property investment still rose notably and remained at rather high levels in the first quarter, their pace of growth actually decelerated

from the first two months of this year, indicating the country's property tightening measures are taking effect," said NBS Spokesman Sheng Laiyun. Between January and February, new home purchases in China soared 87% in value and 55% in volume while housing investment rose 23% from the same period a year ago. In the latest effort to cool the real estate market, the National Development and Reform Commission (NDRC) said that all developers in the country should inform buyers in writing of the prices of homes they are selling.

Home prices rose in 68 of 70 cities in March

Shanghai recorded China's biggest increase in home prices in March. Prices rose in 68 of the 70 cities tracked by the National Bureau of Statistics (NBS), compared with 66 cities in February, as buyers wrapped up deals before a series of new property measures are implemented. Prices were flat in Quanzhou, while Wenzhou was the only city that registered a monthly fall. New home prices in Shanghai climbed 3.2% from the previous month, the fastest rise across the country, followed by Shenzhen, Beijing and Guangzhou, which advanced 2.8%, 2.7% and 2.5%, respectively. In February, Beijing and Guangzhou recorded the biggest 3.1% growth, while in January Shenzhen led all cities with a 2.2% gain. Year-on-year, new home prices rose in 67 of the 70 cities, with a maximum increase of 11.2%. In the existing home market, 66 cities registered month-on-month price increases in March, unchanged from February. The number of cities where prices gained from a year earlier rose from 49 in February to 59 last month, according to the NBS.

- China Vanke will spend USD109.3 million to acquire a 30% stake in a condominium development project in Tanah Merah in Singapore. It is the company's first investment in Singapore. Keppel Land and Vanke have entered into a strategic partnership that will see both companies jointly develop properties in Singapore and China. The project, comprising 726 residential units, may launch in the second half of 2013. Founded in 1984, Shenzhen-listed Vanke is now China's largest residential developer.
- Shun Tak has acquired a commercial project in Beijing – Modern Green Tower – for CNY1.29 billion from Modern Green Development. Modern Green Tower is under construction and is scheduled for completion in July 2014. It covers an area of 5,832 square meters and could yield a gross floor area of up to 38,700 sq m. The 21-story tower has four basement levels, giving an extra floor area of 16,800 sq m. Half of the floor area will be used as office space, while the rest will be developed into a hotel or serviced apartments. Alvin Yip, Managing Director of property consultant DTZ's China Investment Department, said the average office rent of the project could reach about CNY350 per sq m.
- Hang Lung Properties will continue to expand in China despite disappointing economic growth in the first quarter, said Chairman Ronnie Chan. It has 10 major developments in eight big cities including Shanghai, Shenyang, Wuxi and Kunming. In February, the company won a prime commercial site in Wuhan, which will entail an investment of CNY12 billion. Last year, its Chinese leasing operations earned HKD3.53 billion, up 17% from 2011.
- China will substantially boost its land supply for residential houses in 2013 to meet rising demand for homes, according to the nation's latest land supply plan. China plans to raise its land supply for new homes in 70 major cities to 50,300 hectares, 1.2 times the average level of the past five years, the Ministry of Land and Resources said in a statement.

RETAIL

Chinese shoppers invest billions in gold

Gold investors around the world were dumping the precious metal last week as it dropped to its lowest price in three decades. However, buyers in Hong Kong, particularly those from the mainland, have been swooping on Hong Kong jewellery shops to buy at what they perceive are bargain prices. Haywood Cheung, President of the Chinese Gold & Silver Exchange Society, said gold sales in Hong Kong got a big boost over the past week. The gold chains sold in Hong Kong jewellery shops are essentially gold vehicles for investment. They are of high purity and are sold according to their weight as per the daily quote for gold. Mainland investors are not so keen on buying gold exchange traded funds – such as the SPDR Gold Shares or iShares Gold Trust – or shares in gold mining firms, which are essentially a leveraged bet on

gold price appreciation. These instruments are easy to buy and trade, and efficiently track the price of gold. Selling heavy gold jewelry on the other hand means taking a 10% loss on the trade. Hennecke thinks mainland shoppers want physical gold because they, like many other investors, lack faith in paper investments – gold ETFs, certificates or mining shares. He says research from the World Gold Council, an industry body, shows there is 78 times more “paper gold” (ETFs, certificates and the like) than actual physical gold. “Most of the Chinese are not so stupid as to trust an ETF,” he says. Hennecke advises buying gold bars in a bank, where the buy-sell spread is much tighter, at 0.13%.

- Losses of poultry-related enterprises nationwide have exceeded CNY10 billion since the first case of H7N9 bird flu was discovered, according to the National Poultry Industry Association. With all live poultry markets shut down in regions with H7N9 cases since early this month, poultry breeders, suppliers and sellers are facing tough times. Restaurants have stopped buying poultry products and removed some poultry dishes from their menus.
- The catering industry grew 8.5% year-on-year in the first quarter, with the growth rate down 4.8 percentage points from the same period last year. The high-end dining businesses, defined as restaurants with over 40 employees and annual sales exceeding CNY2 million, fell 3.3% in the first two months, marking the first negative growth since China initiated its reform and opening-up policy over three decades ago. In some cases, business revenue plummeted by as much as 50% in February. Rising costs of rent, raw materials, labor and various other fees were the four major factors that adversely affected the catering industry, as well as the recently started frugality campaign.

SCIENCE & TECHNOLOGY

Shanghai Synchrotron wins science & technology award

A “super X-ray” machine capable of exposing the structure of chemical compounds and proteins, and used to analyze the H1N1 swine flu in 2010, won the special prize at Shanghai’s annual Science and Technology Awards. The Shanghai Synchrotron Radiation Facility (SSRF) uses state-of-the-art “synchrotrons radiation” technology to create super beams. Its brightness is hundreds of millions of times greater than a normal X-ray and will be used to study the structure of the H7N9 bird flu virus. Experts have previously used the machine to analyze the H1N1 swine flu in 2010 and discovered that H1N1’s HA gene was similar to the 1918 flu virus, which explained why the young were more vulnerable to the virus instead of the elderly during the epidemic in 2009. Since it first became available in May 2009, the SSRF has been used in 3,614 projects in the fields of information technology, protein research, nanotechnology, life sciences, environmental sciences, and new materials research. A total of 282 people and projects won this year’s awards. Russian molecular biologist Philipp Khaitovich, American tumor radiotherapist Jay Lu and American scientist Ni Jun, were also among those honored for their contributions to international science and technology cooperation. A program promoting health care, led by Dr Yang Binghui, and a science documentary made by the Shanghai Science and Technology Museum won the first prize for scientific development, the Shanghai Daily reports.

Blackstone founder announces Schwarzman Scholar program

Stephen A. Schwarzman, founder of private equity firm Blackstone, announced the establishment of a USD300 million endowed scholarship program in China for students from around the world, and billed it as a rival to the prestigious Rhodes Scholarship. He is contributing USD100 million as a personal gift and plans to raise another USD200 million to endow the Schwarzman Scholars program at Beijing’s Tsinghua University. It will be the largest philanthropic gift with foreign money in China’s history. Schwarzman said China’s rapid economic growth and rising global influence would define the 21st century as U.S. ties to Europe did to the 20th century – when the Rhodes Scholarship was created at Oxford University with the goal of producing outstanding leaders. “China is no longer an elective course, it’s core curriculum,” he said in Beijing. By partnering with the prestigious Chinese university, Schwarzman said he hoped the educational program would train future world leaders and play a positive role in relations between China and the U.S. Tsinghua University has produced many of China’s senior leaders, who have traditionally been technocrats. It is the alma mater of both President Xi Jinping and former President Hu Jintao. The USD300

million endowment will allow 200 students to take part in a one-year master's program at Tsinghua in public policy, economics and business, international relations or engineering each year from 2016. Schwarzman said 45% of the students would come from the U.S., 20% from China and the rest from other parts of the world. Both Chinese President Xi Jinping and U.S. President Barack Obama sent congratulatory letters, which were read out at the announcement ceremony in the Great Hall of the People. The program's Advisory Board includes Nicolas Sarkozy, Tony Blair, Brian Mulroney, Kevin Rudd, Henry Kissinger, Colin Powell and Condoleezza Rice. The Schwarzman College is to be built on the Tsinghua campus. Many international corporations have signed on as donors to the program, including BP, Bank of America Merrill Lynch, Boeing, JPMorgan Chase, Bloomberg Philanthropic, Caterpillar, Credit Suisse and Deloitte, the Shanghai Daily reports.

- China must take the initiative on innovation. "Innovation-driven growth will be the only model for China's development," said Zhang Laiwu, Vice Minister of Science and Technology, at the third Annual Meeting of China's Independent Innovation in Beijing. "Nowadays, no matter how much you invest, there will not be too much growth generated," added Zhang. He also attributed the global economic turmoil in recent years to an over-expansion of the financial sector, and a lack of momentum in technological innovation. He added that many of the economic bottlenecks facing China could only be resolved through innovation. Shenzhen was the most innovative Chinese city in 2013, while China Shipbuilding Industry Corp was the most innovative enterprise, according to the Economic Daily.

STOCK MARKETS

CSRC to re-start issuing FQII quota

Stocks in Shanghai jumped by the most in a month last week on reports that China's securities regulator has restarted issuing investment quota to foreign institutional investors after suspending them in February and March. The index gained 1.72% for the week. With an untapped quota of CNY200 billion, analysts said the approvals will help boost market liquidity. Chinese regulators are also considering adding A shares to the MSCI Emerging Markets Index, which could bring about CNY1 trillion into the domestic stock market.

TRAVEL

Hilton to open Garden Inn hotels in China

The first Hilton Garden Inn hotel will open in China next year. "China is Hilton's most important market outside the United States and we've seen a huge potential for growth particularly in the country's upscale hotel market," said Lee Wee-Hau, Senior Vice President of Development for Hilton's China operation. "We've already got a confirmed pipeline of five Garden Inn hotels in the country and two, including one in Lijiang of Yunnan province, will be opening as early as next year." Hilton Garden Inn, the fifth brand introduced by Hilton in the country, is positioned as a four-star brand whose closest competitors include Holiday Inn, Aloft and Courtyard. Under the company's plan, the Garden Inn brand will be unveiled in gateway cities, provincial capitals and smaller cities. Hilton has 34 hotels under four brands in China, which it entered in 1988, and has another 118 hotels coming.

- Shanghai's second business aviation base is to be built at Pudong International Airport in about two years to cater to a growing private jet market, according to Jing Yiming, Vice President of the Shanghai Airport Authority. Parking areas will be set aside for private jets. Shanghai has one base, including a hangar and a maintenance center, at Hongqiao International Airport. One more hangar is planned there. Shanghai airports handled 3,800 departures and landings of business aircraft last year, 33% of China's total.
- Shanghai plans to build a fast railway link between its two international airports. It will be built along an already-planned track to cut the travel time to about 40 minutes between Pudong and Hongqiao international airports. There will only be a few stops along the line. The service is still being planned and there is no timetable for its completion. The airports are now linked by Metro Line 2, which takes about two hours.
- Liu Xiaoming, Director of the Beijing Municipal Commission of Transport, said that taxi

fares will soon be adjusted. It is expected they will be raised from the current CNY10 to CNY15 for the first three kilometers, and the charge will increase from CNY2 to CNY2.4 for every additional kilometer. Taxi fares in the capital have remained unchanged for seven years. It has become almost impossible to get a taxi in the capital during rush hours, as taxi drivers don't want to drive at such congested times as fares fail to cover the time spent in traffic and their fuel costs.

- The former residence of the Soong sisters opened to the public with no admission charge near the site of the future Shanghai Disneyland in the Pudong New Area. The two-story courtyard dwelling is the birthplace of Soong Qing-ling, who later married Dr Sun Yat-sen, and Soong May-ling, who married late Kuomintang leader Chiang Kai-shek. The courtyard was built in 1859.
- There were 166 business aircraft owned by both private citizens and enterprises registered on the mainland at the end of last year, up from 109 a year earlier, according to Xia Xinghua, Deputy Director of the Civil Aviation Administration of China (CAAC). "The limited flight schedules due to air traffic control and the lack of infrastructure are the main problems" to expand the business aviation sector, said Shi Boli, Director of CAAC's Transport Department.
- By the end of May, Taiwan will raise the daily limit of mainland individual travelers from 1,000 to 2,000 per day. Last year, about 190,000 independent travelers visited Taiwan, or an average of 520 per day, but the number of arrivals neared 1,000 per day in January and February. Taiwan opened to regular group tours from the mainland in 2008 and welcomed the first independent travelers in July 2011.
- At least 12 national tourist attractions have raised their ticket prices ahead of next month's Labor Day holiday, with some prices even doubling, sparking a public backlash.
- Shanghai taxi companies are updating their meters to add a fee when cabs are booked by phone. The fee will be CNY4 for each booking, with CNY2 given to taxi drivers and CNY2 used to pay for dispatch centers. As of now, only Dazhong taxi company charges the fee. However, telephone booking faces competition from smartphone apps that allow users to book taxis in an easier, more convenient way. Using the apps, taxis within a certain distances from the passenger will receive a signal to pick up a rider. There are more than 30 smartphone apps.
- China Southern Airlines, the nation's only operator of the Airbus A380s, may fly the superjumbo to Sydney, as the carrier's eight-month talks with Air China to cooperate on Beijing-Paris services remain stalled. Services to the Australian city may begin as early as October if the talks with Air China collapse.

VIP VISITS

China and Russia to boost economic relations

Premier Li Keqiang said China and Russia should seize the opportunity to provide a more open, convenient and regulated environment for investment in order to double or even quadruple bilateral trade, as he met visiting Russian First Deputy Prime Minister Igor Shuvalov. Shuvalov said Russia, especially the country's Far East and Baikal areas, welcomes investment from Chinese companies. Russia is also ready to expand its cooperation with China in the areas of energy, finance, industrial modernization and infrastructure, and is working on creating a quality environment for foreign investors, he said. China has invested almost USD30 billion in Russia, and bilateral trade stood at a record USD88.16 billion in 2012.

ONE-LINE NEWS

- The central government will spend less on overseas visits, vehicles and receptions this year amid China's frugality efforts. Expenditure will drop to CNY7.97 billion on such items in 2013, down CNY126 million from 2012, the Ministry of Finance said. The budget will include CNY2.14 billion for traveling overseas, CNY4.40 billion for the purchase and maintenance of government vehicles and CNY1.43 billion for official receptions. In 2012, the central government spent CNY111 million more than its original budget on such items.
- A strong earthquake hit a remote, mostly rural and mountainous area of Sichuan province on April 20, killing at least 186 people and injuring more than 11,000 close to

where a big quake killed more than 88,000 people in 2008. The earthquake, China's worst in three years, occurred at 8.02 a.m. in Lushan county near Ya'an city and the epicenter had a depth of 12 km, the U.S. Geological Survey said. The quake was felt in the provincial capital of Chengdu, causing many people to rush out of buildings.

- The fourth China-Europe High-Level Political Parties Forum was held in Suzhou, Jiangsu province, with about 200 representatives from China and Europe attending. The theme of the forum was promoting win-win cooperation for new breakthroughs in China-Europe relations, including three sub-themes: How to build a cooperative and win-win China-Europe community of common destiny; China's path of peaceful development and China-Europe cooperation in international affairs; and China's new development objectives and China-Europe concrete cooperation. Leaders of 43 political parties from 26 European countries attended the forum.

QUOTES OF THE WEEK

"China is undergoing economic restructuring, which sometimes is not in lockstep with growth. We need to sacrifice short-term growth for the purposes of reforms and structural adjustments."

People's Bank of China Governor Zhou Xiaochuan, quoted in the South China Morning Post, April 22, 2013.

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Contact:

Flanders-China Chamber of Commerce

Voldersstraat 5, B-9000 Gent

Tel.: +32 9 264 84 86/82 – Fax: +32 9 264 69 93

E-mail: info@flanders-china.be

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