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

NEWSLETTER | 30 JANUARY 2012

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FCCC ACTIVITIES

FCCC Annual meeting with the Belgian Ambassador to China and the Belgian Consuls-General in Shanghai, Guangzhou and Hong Kong, 2 February 2012, 18h00, Brussels

The Flanders-China Chamber of Commerce (FCCC) will hold its annual meeting with the Belgian Ambassador to China and the Consuls-General of Belgium in Shanghai, Guangzhou and Hong Kong. Both the Ambassador and the Consuls-General will give an address on the prospects of the Chinese economy.

The meeting will take place on Thursday 2 February 2012, 18h00, at KBC Bank, Havenlaan 2, 1080 Brussels.

The programme is as follows:

- 18h30 Introduction by **Mr Bert DE GRAEVE**, Chairman, Flanders-China Chamber of Commerce
- 18h40 Speeches by
His Excellency Mr **Patrick NIJS**, Ambassador of Belgium in the People's Republic of China
Mr **Bruno GEORGES**, Consul General of Belgium in Shanghai
Mr **Johan D'HALLEWEYN**, Consul General of Belgium in Guangzhou
Mr **Evert MARECHAL**, Consul General of Belgium in Hong Kong
- 19h00 Exchange of views and networking reception

This event offers an excellent opportunity to meet both the Ambassador and the Consuls-General and to inform them about your company's activities in China. Participation fee: FCCC Members €45, Non-members €75.

Meeting with Chinese delegation: “Leadership in Low-carbon Growth”, 16 February 2012, 9 am, Antwerp

The Flanders-China Chamber of Commerce and the Flanders Cleantech Association are organizing a meeting with a delegation, led by a group of Chinese Mayors of second- and third-tier cities in China.

This visit is organized in the framework of an exchange programme of The Climate Group, which is an organization based in the UK with offices worldwide, including Beijing and focusing on climate change and low carbon area. The aim of their visit is to facilitate the dialogue, trade and investment between Chinese cities and Europe on cleantech and environmental technologies.

This meeting “Leadership in Low-carbon Growth” will take place at 9 am on February 16 at the Hooge Maey, Haven 550 in Antwerp.

The delegation, which consists of a group of mayors of second- or third-tier cities, are from the following cities: Lanzhou (Gansu province), Guiyang (Guizhou province), Zhuhai (Guangdong province), Inner Mongolia Autonomous Region. The delegation members are interested in the following sectors: urban planning, energy efficiency, water treatment, waste management, transportation (subway construction and operation), sustainable rural development. A complete list of the delegation can be obtained at: info@flanders-china.be

Programme:

- 8h50 - 9h10 Registration
- 9h00 - 9h10 Welcome speech by **Mrs Han Lijun**, Counsellor for Science & Technology, Embassy of the People's Republic of China in Belgium
- 9h10 - 9h20 Introduction by **Mrs Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce
- 9h20 - 9h30 Presentation Flanders Cleantech Association by **Mr Dirk Fransaer**, Managing Director, VITO

- 9h30 - 10h00 Presentation "Waste management in Flanders: Policy instruments & Results" by **Mrs An Vandeputte**, Project Manager, OVAM/Public Waste Agency of Flanders
- 10h00 - 10h20 Presentation "Sustainable Landfilling" by **Mr Daniel Dirickx**, Director, Hooge Maey
- 10h20 - 10h40 Presentation "Renewable Chemicals from Algae" by **Mr Bert Lemmens**, Project Manager Renewable Chemicals, VITO
- 10h40 - 11h00 Presentation "Enhanced Landfill Mining as a new concept for sustainable materials management" by **Mr Karl Vrancken**, Research Coordinator, VITO
- 11h00 - 11h30 Coffee break
- 11h30 - 12h30 Site visit Hooge Maey
- 12h30 - 14h30 Lunch at Hooge Maey
- Presentation of the Climate Group by **Mr Luc Bas**, European Programme Director
- Presentation of the participating companies (slide presentation) and the members of the Chinese delegation

This meeting will give you the opportunity to introduce your company's activities to leaders from second and third-tier cities. Companies can join the whole morning programme and the lunch or join the lunch only.

Participation fee for FCCC members: 75€, non-members: 110€

In order to introduce your company to the Chinese delegation, we kindly ask you to fill in the subscription form and return it to info@flanders-china.be before 8 February 2012.

This visit is being organized with the support of Flanders Investment & Trade.

FCCC Chinese New Year reception, 16 February 2012, 18h30, KBC Bank, Brussels



Important notice: the New Year reception has been moved from 15 to 16 February.

The Flanders-China Chamber of Commerce (FCCC) is organizing its Chinese New Year Reception with speeches by:

Mr **Bert DE GRAEVE**, Chairman Flanders-China Chamber of Commerce
 His Excellency Mr **LIAO Liqiang**, Ambassador of the People's Republic of China in Belgium
 Mr Didier **REYNDERS**, Vice Prime Minister and Minister of Foreign Affairs, Foreign Trade and European Affairs

The reception will take place on 16 February 2012 at 18h30 at KBC Bank, Havenlaan 2, 1080 Brussels.

Participation for FCCC members: €20. Participation for non-members: €45.

Registration on the FCCC website at www.flanders-china.be

China, growth without borders?!, 16 February 2012, 20h00, KHBO, Brugge

The Province of West-Flanders is organizing a lecture "China, growth without borders?!" By Jonathan Holslag, Research Director at the Brussels Institute of Contemporary China Studies, Free University of Brussels on Thursday, 16 February 2012 from 20h00 till 21h30 at KHBO, Xaverianenstraat 10, 8200 Brugge. The lecture will be in Dutch.

Programme:

- 20:00 Welcome by the Governor of the Province of West-Flanders (To be confirmed)
- 20:10 Lecture "China, growth without borders?!" by Jonathan Holslag, Research Director at the Brussels Institute of Contemporary China Studies, VUB
- 21:00 Questions & answer session
- 21:30 Drink

Participation is free of charge. Registration before 10 February 2012, by filling out the

[registration form](#). A confirmation message will be send after receipt of registration.

More information: Kristien Vandamme, Tel: (+32) 050 40 33 59

E-mail: kristien.vandamme@west-vlaanderen.be

This event is organized in cooperation with the following partners: Provinciale Ontwikkelingsmaatschappij West-Flanders, Flanders-China Chamber of Commerce (FCCC), Unizo, Chamber of Commerce West-Flanders, Province of West-Flanders.

China Information Session: Assignments from China to Belgium and vice versa: Update on immigration and social security aspects, Tuesday 21 February 2012, 15h30, Antwerp

International mobility and flexibility have become key factors in today's business climate. Immigration procedures remain very strict and compliance with local immigration and social law is controlled and severely sanctioned in case of non-compliance.

The Flanders-China Chamber of Commerce (FCCC), in cooperation with Deloitte and the Port of Antwerp, is therefore organizing an information session on aspects of immigration and social legislation which will focus on the posting of Chinese nationals to Belgium and vice versa. More precisely, the following topics will be discussed:

A. Update on important International mobility issues for Chinese and European nationals:

1. Blue card – the European work permit
2. New rules on reuniting families.
3. The Schengen Area and free movement within the EU
4. EU comparative immigration study
5. Business trips and rules governing work permits

B. Advantages of concluding a social security treaty between Belgium and China:

1. To secure eligibility for social security benefits for Chinese nationals in Belgium.
2. The new Chinese social security system: an overview of the most important new rules.
3. Conclusion of a treaty between Belgium and China: the scope of its content and the way forward.

The aim of this event is to provide sound knowledge and understanding of the aforementioned issues, to enable companies to meet various requirements on a timely basis and avoid losing precious time or wasting resources.

The speakers will be Erwin Vandervelde and Matthias Lommers, who are a Partner and Senior Manager at Deloitte respectively.

The information session will take place at 3.30 p.m. on Tuesday 21 February at the Port of Antwerp, Entrepotkaai 1, 2000 Antwerp and will be followed by a networking cocktail in the MAS Port Pavilion. This multimedia information center at the foot of the Museum aan de Stroom (MAS) is an iconic location for the port community.

To participate, please register online by Tuesday 15 February 2012 at the latest. Participation fee for members: €65; non members: €95.

Annual Flanders-China Job Fair, 26 April 2012, Leuven

The Flanders-China Chamber of Commerce (FCCC) and Group T-International University College Leuven are organizing the Annual Flanders-China Job Fair at Vesalius Campus (Andreas Vesaliusstraat 13, 3000 Leuven) on Thursday, April 26, 2012 from 13:00 to 18:00.

This job fair is a unique opportunity to present your company to Group T's Chinese and other international students, to its alumni, and to young Chinese professionals.

During the job fair you will be able to meet students from the following programs:

- Bachelors of Science in Engineering: Electromechanical Engineering, Electronics Engineering, Chemical Engineering
- Masters of Science in Engineering: Electromechanical Engineering, Electronics

- Engineering, Chemical Engineering, Biochemical Engineering
- Postgraduates: International Postgraduate Program in Enterprising, International Postgraduate Program in Logistics Management

The Flanders-China Job Fair also gives you the opportunity to offer these students and alumni internships, company projects, and longer-term learning tracks in your company.

Program

- 13:00 Registration
Setting up of stalls
- 14:00 Official opening of the fair by:
H.E. Liao Liqiang, Ambassador of the People's Republic of China to Belgium
Prof. Dr. Johan De Graeve, President and Chief Executive of Group T
Ms. Gwenn Sonck, Executive Director of FCCC.
- 14:15 Job fair, one-on-one meetings with students and alumni
- 17:00 Networking drink
- 18:00 End

Companies are welcome to publish their profile, job openings, and projects online and will also receive online access to the students' CVs.

The registration fee is €300 for members, €475 for everyone else. Read more and register online (till April 19, 2012) at www.flanders-china.be.

During the month of April, the Flanders-China Chamber of Commerce organizes similar job fairs in collaboration with Ghent University, the Université Libre de Bruxelles, and the Vrije Universiteit Brussel.

OTHER ACTIVITIES

7th EU-China Business Summit, 14 February 2012, Great Hall of the People, Beijing

The European Union Chamber of Commerce in China has announced that the 7th EU-China Business Summit 2011 will be held at the Great Hall of the People in Beijing on 14 February, 2012. The event is being jointly organized by the European Chamber and the China Council for the Promotion of International Trade (CCPIT), together with BUSINESSEUROPE, and with the support of the EU-China Business Association (EUCBA).

As the highlight of the event's calendar this year, the 7th EU-China Business Summit will:

- Bring together the highest level of European and Chinese political leaders including Chinese Premier Wen Jiabao, European Commission's President José Manuel Durão Barroso, European Council's President Herman Van Rompuy and global CEOs.
- Provide an excellent opportunity to join an open discussion with the European and Chinese leaders shaping the business environment in China on the possibilities that China offers to SMEs, the major opportunities brought by urbanization and the exciting investment opportunities linked to industrial upgrading, innovation and services.

The European Chamber is actively seeking two Global CEOs from representative European Companies to participate as the key business speakers at the EU-China Summit. The two global CEOs will deliver short speeches to all attendees of the Summit based around its main theme, "Cooperation on a New Level: Innovation, Industry and Investment". Speaking opportunities for European companies at the three workshops are to date not available as the Chamber is still receiving final confirmations from those speakers previously scheduled to have given speeches at the postponed Summit in Tianjin. For more information on the provisional speakers for the workshops please go to: <http://www.eurochamber.com.cn/businesssummit2011/> section workshops.

Provisional agenda:

10:00-11:00 – Registration

11:00-13:00 – Breakout sessions

The three workshops will run in parallel and will feature presentations of five to seven minutes each by up to six panelists, followed by a moderated Q&A session.

1) The Role of SMEs and Institutional Support

Small and Medium Enterprises (SMEs) play a central role in most countries as they have a clear economic and social impact. SMEs can drive entrepreneurship, innovation, competition and job creation. This makes them important players for economic growth and wealth creation. However, due to their size and characteristics they meet a lot of challenges and difficulties in areas related to access to the following: institutional support, financing, skilled labour, technology and international markets. During this workshop, the speakers will discuss the role of SMEs in the social and economic structure and how Chinese and European public and private institutions can best support their development and enable them to grow successfully.

2) Opportunities in Urbanization

China's urbanization level moved above 50% according to China's National Bureau of Statistics on Tuesday, 16 January 2012.. This process of urbanisation brings new challenges (environmental protection, energy efficiency, mobility, services) to the sustainability of Chinese cities. The speakers will focus on the business opportunities that the 12th Five-Year Plan and the urbanization process will bring to China and how Europe and China can cooperate.

3) Investment: Industrial Upgrading and Services

The 12th Five-Year Plan places a special focus on the need for industrial upgrading, innovation and the creation of a modern services sector. Likewise, the EU 2020 Strategy strives to boost innovation and services as main drivers for European economic growth. All of these factors are key for both growth and development, and will also bring new investment opportunities. In this regard, joint investment and cooperation between companies from the European Union and China are crucial. The speakers will give a macro perspective on these issues and will enter into an engaging discussion on the investment environments in both China and Europe.

13:00-14:30 – Lunch

14:30-16:30 – Plenary Session Part I (Business Leaders)

- Chairman of CCPIT, Wan Jifei

- President of the European Union Chamber of Commerce in China, Davide Cucino
- 4 Global CEOs (2 European and 2 Chinese)

17:00-18:00 – Plenary Session Part II (Political Leaders)

Introduction by Chairman of CCPIT, Wan Jifei

- Keynote address by President of the European Commission, José Manuel Durão Barroso
- Keynote address by President of the European Council, Herman Van Rompuy
- Keynote address by Prime Minister of the P. R. China, Wen Jiabao

Provisional registration:

If you would like to express your interest in attending the Summit, please contact Emma Chen at bj_events@european-chamber.com.cn or at [+86 \(10\) 6462 2066 ext. 84](tel:+861064622066). European Chamber members will receive priority treatment for ticket booking.

Further notices: The European Chamber will regularly share any important developments.

PUBLICATIONS

“Voices on China” (more information on the FCCC website)

For more information on the book “Voices on China”, please go to the FCCC website at www.flanders-china.be

MEMBERS' NEWS

Hainan Airlines world's fifth safest airline

Hainan Airlines is the fifth safest airline in the world, according to the annual report of Germany's Jet Airliner Crash Data Evaluation Center. The agency has tracked airline accidents since 1973. The top four airlines were All Nippon Airways, Finnair, Etihad Airways

and Cathay Pacific. Hainan Airlines was established in 1993 and started flying international routes in 2001. The airline was cited for having had no deaths or aircraft losses in its 19 years of service. Meanwhile, the airline held a groundbreaking ceremony for the building of a five-star hotel with 181 rooms in Brussels. The hotel will be constructed by a German company and is expected to offer 200 jobs when completed.

FINANCE

Dim sum bond issuance expected to double

Dim sum bond issuance is expected to double this year. Andrew Heathcote, Partner at law firm Freshfields Bruckhaus Deringer, said his firm had been fielding many inquiries from companies interested in dim sum bonds – yuan-denominated bonds issued outside China usually in Hong Kong. Companies often hire international law firms to advise on such transactions. Heathcote estimated dim sum bonds issued this year would reach CNY150 billion to CNY200 billion. A total of CNY106 billion worth of dim sum bonds were issued in the city last year, three times the CNY36 billion issued in 2010.

FOREIGN INVESTMENT

Foreigners banned from villa construction

In an amendment to foreign investment rules, the National Development and Reform Commission (NDRC) and the Ministry of Commerce (MOFCOM), have re-categorized villa construction and management from “restricted” to “prohibited”. The change, contained in the revised Catalogue of Industries for Guiding Foreign Investment (2011 Amendments), means that foreign investment in this type of real estate business is banned in the future. But in the absence of a clear definition, there is no certainty in the property industry about what qualifies as a villa. In the past, the central government appeared to have accepted the concept that a villa meant a single detached court villa, global law firm Mayer Brown noted in a commentary on the revised catalogue. This indicated that any semi-detached villa, townhouse, overlapped villa or penthouse might not be categorized as a villa real estate project. However, the Ministry of Land and Resources is considering an official definition of the term “villa” that might embrace semi-detached villas or townhouses, thus banning foreign investment in such “quasi-villa” projects. The impact of the rule change is expected to be limited as the prohibition of any land supply for villas has been provided for in various rules since February 2003. Law firm Morgan Lewis said the revisions showed the central government's increasing desire to encourage foreign investment in high technology, high-end manufacturing, clean energy, energy saving, environmental protection and modern services.

FOREIGN TRADE

Obama forms new trade body to monitor China

U.S. President Barack Obama says he will step up pressure on China and other countries that America accuses of unfairly subsidizing exports. In his state-of-the-union address, Obama announced a push to shore up American manufacturing and create jobs, and said he would establish a new government body dedicated to fighting errant countries. Obama mentioned China four times in his address. “I'm announcing the creation of a Trade Enforcement Unit that will be charged with investigating unfair trade practices in countries like China,” he told Congress. “We've brought trade cases against China at nearly twice the rate as the last administration – and it's made a difference.” Neither the Chinese government nor state-run media reacted to Obama's charges, as China was still in the middle of the week-long Lunar New Year holiday. “The recent escalation of rhetoric is putting pressure on U.S. politicians, and particularly the President, to stand up to China during an economic downturn and a politically sensitive election year,” said Professor Shi Yinong, Director of Renmin University's Center of American Studies. Professor Tao Wenzhao, Researcher at the Institute of American Studies of the Chinese Academy of Social Sciences (CASS), said the Obama administration would get tougher, further stoking bilateral tensions this year. “We can see the escalating rhetoric over China this year, compared with [2008 and 2004],” Tao said, referring to previous U.S. presidential election years. The Republican challengers have criticized Obama for weak handling of China. Former Massachusetts Governor Mitt Romney has promised a tougher stance, saying he would start by labeling China a currency manipulator, the South China Morning Post reports.

- Taiwanese President Ma Ying-jeou said a free trade area would be set up soon in the south, as the government began moves toward joining the Trans-Pacific Partnership (TPP) in 10 years. He said some free trade areas had to be set up on the island before the long-term goal of joining the TPP could be reached. The TPP is being negotiated by the U.S. as well as Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore and Vietnam.
- Hong Kong's exports grew 7.4% in December to HKD271.8 billion after a 2% increase in November, while imports rose 8.1% from a year earlier, leaving a trade deficit of HKD48.9 billion, the highest since at least 1952.
- China overtook Japan as the world's top coal importer for the first time last year. Japan had held the top position since at least 1975, the International Energy Agency (IEA) said. China, also the world's biggest coal producer and consumer, imported 182.4 million tons of the fuel last year, 10.8% more than in the previous year.
- Sino-African trade rose more than 23.5% to over USD160 billion in 2011, up from USD129.6 billion in 2010. China overtook the United States as Africa's biggest trading partner in 2009. China's cumulative investment in Africa totals USD40 billion, including USD14.7 billion of direct investment, with more than 2,000 Chinese-invested firms.

MACRO-ECONOMY

China breaks 30-year tradition with Davos

China broke with a 30-year tradition by not sending high-level officials to the World Economic Forum (WEF) at Davos, which falls this year in the middle of Chinese New Year festivities. Beijing approached WEF organizers early in 2011 and suggested they move this year's gathering to an earlier date, making it possible for senior Chinese officials to attend the event. "Can we imagine that this event takes place in Christmas?" asked Cheng Li, a China specialist at the Brookings Institution in the U.S. "A more telling point is that nowadays an international economic forum without the presence of China is an embarrassment, not for China, but for the forum organizers." China was still represented by Zhang Xiaoqiang, Vice Chairman of China's National Development and Reform Commission (NDRC) and a regular Davos participant. Since 1979, when China formally joined the World Economic Forum at the dawn of Deng Xiaoping's open-door reform, it has been represented by Vice Premier ranking officials, and even Premiers. In January 2009, Premier Wen Jiabao delivered a keynote speech at Davos. Some observers believe that absence of senior officials this year may reflect Beijing's focus on internal issues, especially in the run-up to the once-a-decade leadership shuffle this year. U.S. Treasury Secretary Timothy Geithner sharply criticized China's state-led economic system at the Davos meeting. "China does present a really unique challenge to the global trading system, because the structure of its economy, even though it has more of a market economy now, is overwhelmingly dominated by the state," he said. Chinese policies, including subsidized prices for energy and land and preferential access to capital, have been "very damaging" to trade partners, he said. "That's why it's very important that we get China to move comprehensively not just on the exchange rate but on dialing back its subsidies and distortions." On the issue of the Chinese currency, Geithner argued that though the yuan has appreciated, it remains undervalued and is "still below almost all measures of fundamentals."

- Hainan province waived CNY540 million in business taxes last year, benefiting 180,000 taxpayers. The provincial government cut business and income taxes for cultural and industrial companies, as well as small and medium-sized enterprises.
- More than half the people in Wuxi, Jiangsu province, who travelled for the Lunar New Year holiday chose to leave the country, indicating rising purchasing power in the city. The destinations included Hong Kong, Macao, and countries in Southeast Asia, though about 70% of the city's tourists who took long-distance trips went to North America or Saipan.

MERGERS & ACQUISITIONS

Yum! Brands to complete Little Sheep takeover

Yum! Brands will complete its takeover and privatization of Little Sheep Group this week after getting the go-ahead to withdraw the Chinese hotpot chain's shares from Hong Kong's main board. The withdrawal of the listing will take effect from 4 p.m. on February 2. The buyout

deal was also sanctioned by the Grand Court of the Cayman Islands, where Little Sheep is incorporated. Little Sheep had 192 directly owned and 277 franchised restaurants as of June last year.

REAL ESTATE

Mainlanders to account for 25% of money spent on homes in HK

The number of mainlanders acquiring homes in Hong Kong will continue to rise this year, when they are expected to account for a quarter of the money spent buying flats. Data compiled by Midland Realty shows individual mainlanders spent HKD62.3 billion on residential properties in Hong Kong last year, or about 20% of the value of all sales excluding those involving corporate buyers. That was almost double the 10.8% in 2010. The agency expects the figure to jump to about 25% this year. "The number of mainlanders coming to Hong Kong to purchase properties has been increasing in recent years, particularly new properties," said Albert Wong, Deputy Chairman of Midland Realty. The proportion of new homes sold to mainlanders, as measured by transaction value, rose to nearly 40% last year, from 26.3% in 2010. In the secondary market, purchases by mainlanders grew by 5.1 percentage points to 12.9%. The statistics may be conservative, since only buyers with names written in pinyin are identified as mainland buyers. Wong said mainlanders preferred luxury flats and nearly a fifth of mainland buyers paid over HKD20 million for a flat in Hong Kong. Another fifth spent between HKD10 million and HKD20 million, while slightly over half purchased flats priced from HKD5 million to HKD10 million.

Government to set up property database

The central government is setting up a national database on individual property ownership, raising hopes that curbs on home buying will be removed, allowing transaction volumes to rebound. The database, covering 40 key cities, will come on stream by June and allow the government to monitor and control speculation more effectively. The Minister of Housing and Urban-Rural Development, Jiang Weixin, said the system would enhance transparency in property transactions. "This is an important step towards strengthening and improving real-estate regulation." Jiang had earlier said the home purchase limits now in place were the last resort to curb runaway property prices and would be phased out after the national database on individual property ownership was established. Forty-six cities, including Beijing, Shanghai and Guangzhou, now limit buyers to two flats. Analysts were upbeat at news that the database would be set up by June, saying it would eliminate the need for purchase restrictions and help raise transaction volumes. The central government also plans to finalize plans to roll out new property taxes in other cities after evaluating the impact of pilot programs in Chongqing and Shanghai, with the aim of phasing out the current curbs on property purchases. He Keng, Deputy Director of the Financial and Economic Affairs Committee of the National People's Congress (NPC), said that prices needed to fall another 30% to reach a "reasonable" level, the South China Morning Post reports.

- At least 473 property developers in Beijing cancelled their registration last year after policy tightening by the central government to curb the booming real estate market. There are now about 3,000 registered developers in the capital. In 2010, only 185 developers cancelled their registration.
- Chinese real estate investor Gaw Capital Partners is in talks to buy Goldman Sachs' London headquarters in Fleet Street for about GBP300 million. The 370,526 sq ft property was put on the market after the former owner, Canadian developer Jesta Group, defaulted on debt repayments. A neighboring Goldman Sachs-occupied block has been bought by Hong Kong-based Chinese Estates Holdings.
- In the first 11 months of last year, 22,243 people were investigated in 18,273 cases of corruption in construction projects, including 16,472 cases of bribery. The Ministry of Housing and Urban-Rural Development said that in the first nine months, police uncovered 184 cases of collusion in tendering for construction projects, 28.7% more than the previous year, and solved 120 cases.
- Tom Cheung, Manager of Hui Xian Reit, owner of Beijing Oriental Plaza, expects rents to grow despite the global downturn. Monthly rental for its office space in Beijing surged from more than CNY200 per square meter in 2010 to between CNY400 and more than CNY600 last year. He expected growth in rents when the leases on about

120,000 sq m of space expired this year, as there was insufficient new supply.

RETAIL

McDonald's plans to open 250 new restaurants

McDonald's plans to accelerate restaurant openings in China by adding up to 250 new outlets this year. The expansion program would mark a new high in the number of McDonald's store openings in a year in China, which is behind Japan in terms of having the largest network of restaurants established by McDonald's in the Asia-Pacific region. CEO James Skinner said the company opened a record 200 restaurants in China in 2011. This year, the total number of its stores in the domestic market would be raised to between 1,689 and 1,714. It had 1,464 stores in China at the end of last year, compared with 3,298 in Japan. While McDonald's remains the world's largest operator of hamburger fast-food restaurants, its expansion efforts in China pale in comparison to those of Yum! Brands. Kentucky-based Yum! is the leading fast-food restaurant chain in China, where it has about 4,200 stores in more than 700 cities. Its brands include KFC, Pizza Hut and hotpot chain Little Sheep. Market research publisher IbisWorld forecast that China's fast food industry would generate sales of USD147 billion by 2016, up from an estimated USD74.8 billion last year. There were nearly two million establishments operating in the industry last year, including franchise and chain operators of all sizes and independent Chinese-style fast-food facilities, according to IbisWorld.

Retail sales rise during holiday period

Shanghai retailers recorded average daily sales of around CNY812 million during the Spring Festival holiday, the best holiday shopping season since 1999. The statistics covered 4,000 stores belonging to 452 large and mid-sized retailers. They reported combined sales of CNY5.69 billion from January 22 to January 28, according to the Shanghai Commission of Commerce. The total sales represent 14% growth from the Spring Festival period in 2011. Nationwide, retail sales for the Spring Festival holiday rose 16.2% year on year, the Ministry of Commerce said. More than 3.1 million tourists visited Shanghai during the holiday, up about 3% from the same period last year, generating CNY2.9 billion in revenue, the Shanghai Tourism Administration said.

- Spanish clothing retailer Mango plans to open a further 800 stores in China as part of a global expansion program. The fashion label already has 200 stores in China and is reported to be targeting a 10% contribution to its total global revenue from China by next year. C&A is also expanding aggressively in China. It has already opened 11 stores and plans to have 150 stores all over the country by 2015.

SCIENCE & TECHNOLOGY

Chinese scientists awarded medical research grants

The Howard Hughes Medical Institute, one of the world's most prestigious research foundations, announced that it was honoring 28 biomedical researchers who studied in the United States and then returned to their home nations. Each will receive a five-year research grant of USD650,000. Seven — more than any other nation — are from China. "They're incredibly energetic, extremely smart, highly productive and accomplished," Robert Tjian, President of the Institute, said of the Chinese winners. The 28 are receiving the Institute's first International Early Career Scientist awards. Dr. Tjian said China, Portugal and Spain have made unusually strong efforts to excel in biomedical research. Four of the seven Chinese winners work at China's new National Institute of Biological Sciences, which is led by an American-educated scientist, Wang Xiaodong. The remaining three work at Beijing's Tsinghua University, the Wuhan Institute of Physics and Mathematics in Hubei province, and Nankai University in Tianjin. Their research disciplines range from cell genetics to cell proteins and cell mechanics; from immune systems' behavior to the human genome.

- China has denied a report that the country's first fast-neutron reactor, operating in a military facility near Beijing, had to shut down after an accident late last year. Wan Gang, Director of the China Institute of Atomic Energy (CIAE) — which built the experimental fourth-generation nuclear reactor — described a Japanese media report

about the China Experimental Fast Reactor (CEFR) as “extremely inconsistent with the facts”. CEFR hasn't been operating since July last year, he added.

STOCK MARKETS

Hang Seng Index soars after Lunar New Year

Hong Kong-listed stocks welcomed the Year of the Dragon with their second most auspicious Lunar New Year debut performance in 12 years. Resuming trade after a five-day holiday, the Hang Seng Index rose 1.63% to 20,439.14 points – its highest closing since September. That was the second-best Lunar New Year debut in more than a decade, beaten only by a bullish 4.48% rise on the first trading day in the Year of the Ox in 2009. The 1.63% gain on January 27 also matched exactly the increase on the first trading day of the last dragon year, in 2000. The stock market reacted to the U.S. Federal Open Market Committee's decision to prolong its target for keeping interest rates ultra-low until late 2014. The Fed said last year it would target low interest rates – currently 0% to 0.25% – until 2013.

TRAVEL

Hong Kong Airlines to launch all-business-class London flights

Hong Kong Airlines is preparing to launch its all-business-class service to London on March 7 after it took delivery of a specially configured Airbus A330-200. The new plane features 34 seats in a four-abreast arrangement that convert into lie-flat beds in Club Premium and 82 so-called cradle seats in a six-abreast configuration in Club Classic. That compares with around 253 seats in a traditional economy and business class layout. The aircraft is also equipped with in-flight wi-fi internet, sky bars and an audio-video-on-demand entertainment system. A month later Cathay Pacific Airways plans to introduce its first premium economy cabin in aircraft flying the London route. Meanwhile, Hong Kong Airlines has halted its Hong Kong-Moscow flights due to low passenger volumes. The Moscow service stopped on January 16, about 18 months after it was launched. The airline made no formal announcement about the ending of the Moscow service, which was launched in competition with Cathay Pacific's service to the Russian capital. Aviation insiders said ending the Moscow flights could be a temporary measure for the winter, and that the airline could possibly revive the service in summer.

Hong Kong Airport reports faster growth than Shenzhen

Passenger numbers at Hong Kong International Airport (HKIA) grew faster last year than at Shenzhen airport. The Airport Authority said the number of passengers at Chek Lap Kok rose 5.9% last year to a record 53.9 million, while cargo volume dropped 4.6% to 3.9 million tons. By comparison, Shenzhen saw a 5.7% rise in passengers, to 28.2 million, and a 2.4% increase in cargo volumes to 828,400 tons. Thirteen airlines began operations at Chek Lap Kok last year, including Indonesia AirAsia, Air Busan and MIAT Mongolian Airlines. Total aircraft movements rose 8.9% to 333,760 take-offs and landings, while Shenzhen saw a 3.4% rise, to 224,300 movements. Hong Kong Airport Authority Chief Executive Stanley Hui said: “Looking ahead, passenger volume and aircraft movements will likely continue their growth trend, though at a slower pace. Cargo tonnage may decline further due to the slowdown in global trade but the pace of decline will likely be less than what we have seen in 2011. Notwithstanding worldwide economic uncertainty in the near term, we are confident about the medium and long-term growth prospects of HKIA.” Brendan Scobie from the Singapore office of the Center for Asia Pacific Aviation, said that growth at Shenzhen airport may have been constrained last year because it had only one runway until mid-2011. “The second runway which opened at Shenzhen last year is allowing Shenzhen Airlines and other carriers to accelerate their growth,” he said. “With that bottleneck removed – they were at capacity with the single runway – I wouldn't be surprised if Shenzhen growth takes off and is higher than the annual growth at HKIA these next few years,” the South China Morning Post reports.

- Major tourism attractions in Beijing received more than 1.16 million visitors on January 23 – the first day of the Year of the Dragon – with a large number of people arriving from outside Beijing. More than 70,000 people went to pray for luck and good fortune at the Lama Temple, while other sites, including Ditan and Chaoyang parks, hosted temple fairs.

- Passengers traveling on the high-speed railway line between Guangzhou, Shenzhen and Hong Kong that is due to open by 2016 will be able to transfer to trains bound for Xiamen in Fujian province at Humen station in Dongguan. About 680,000 passengers travelled on the new high-speed train services between Guangzhou and Shenzhen in the past month.
- Changsha's city government spent CNY50 billion to boost tourism last year, with the number of tourists rising by 23.4% to more than 60 million, and revenue increasing 23.8% to CNY58.2 billion. The city hopes to receive 71 million tourists this year and generate CNY70 billion in revenue.

VIP VISITS

Vice President Xi Jinping to visit U.S. in February

Chinese Vice President Xi Jinping will meet U.S. President Barack Obama in the White House on February 14. Invited by U.S. Vice President Joe Biden, Xi will also visit Iowa and California. The leaders would “discuss a broad range of bilateral, regional and global issues”, a White House statement said. “No matter what changes affect the international situation, our commitment to developing the Sino-U.S. cooperation should never waver in the face of passing developments,” Xi said at a Beijing gathering to mark 40 years since U.S. President Richard Nixon made his historic trip to China. “In dealing with major and sensitive issues that concern each side's core interests, we must certainly abide by a spirit of mutual respect and handle them prudently, and by no means can we let relations suffer major interferences and ructions,” Xi added. Military issues and the strategic situation in the Asia-Pacific are expected to feature heavily in Xi's discussions.

- German Chancellor Angela Merkel will be in Beijing this week for talks with President Hu Jintao and Premier Wen Jiabao and to give a key speech at the Chinese Academy of Social Sciences (CASS) on finance and currency issues. Wen will then accompany her on a trip to Guangzhou, where they will participate in an economic forum and meet German and Chinese business leaders.
- Jia Qinglin, Chairman of the Chinese People's Political Consultative Conference (CPPCC), inaugurated the USD200 million headquarters of the African Union at the opening ceremony of the 18th African Union (AU) summit in Addis Ababa. The headquarters, now Addis Ababa's tallest building, was funded by China. Most of the building materials used were imported from China.

ONE-LINE NEWS

- Macao's overall casino revenue rose to a record MOP267.87 billion (Macao pataca), up 42.2% from 2010 and more than five times the casino revenue of the Las Vegas Strip. VIP baccarat accounted for 73.2% of all casino revenue, a segment dominated by junket agents, whose numbers rose to 219 at the end of last year compared with 193 at the end of 2010. Macao had 34 casinos at the end of last year.
- Chinese investors are buying New Zealand farmland for the first time. New Zealand's government approved the sale of 16 dairy farms to a company controlled by Shanghai Pengxin Group, run by property developer Jiang Zhaobai. Pengxin's total investment will be more than USD164 million.
- The Hebei Provincial Higher People's Court has ordered Shanxi Bokang Pharmaceutical to pay CNY5 million compensation to North China Pharmaceutical in Shijiazhuang for trademark infringement. North China discovered that Shanxi Bokang was producing injection fluid using its trademark in 2009 and sued a year later.

ANNOUNCEMENTS

China Analysis: Facing the Risks of the “Going Out Strategy”

The European Council on Foreign Relations and Asia Centre have published [China Analysis: Facing the Risks of the 'Going Out Strategy'](#), the latest edition of China Analysis.

China is transforming itself from a major exporter of goods to a major exporter of capital. By 2009, Chinese investors had established more than 13,000 companies abroad, and China was

one of the world's leading global investors. But China's external financial flows are often opaque: the three main global destinations for Chinese FDI are the British Virgin Islands, the Cayman Islands and Luxembourg. "Facing the risks of the "going out strategy"", the latest edition of 'China Analysis', explores Beijing's foreign financial footprint and highlights the concerns of Chinese investors and political analysts. Click here for a pdf copy of [China Analysis: Facing the Risks of the 'Going Out Strategy'](#)



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Contact:

Flanders-China Chamber of Commerce

Franklin Rooseveltlaan 348/F – Parkoffice, B-9000 Gent

Tel.: +32 (0)9 395 13 01 – Fax: +32 (0)9 09 395 13 09

E-mail: info@flanders-china.be

Website: www.flanders-china.be

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

The FCCC Newsletters are edited by Michel Lens, who is based in Beijing and can be contacted by e-mail michel.jc.lens@gmail.com or mobile phone +86-13901323431. Disclaimer: the views expressed in this newsletter are not necessarily those of the FCCC or its Board of Directors.