



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

# NEWSLETTER | 10 APRIL 2012

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## FCCC ACTIVITIES

### Via Hong Kong to China: A KBC and Deloitte testimonial, 23 April 2012, 14h00, Het Pand, Gent

Many Belgian companies pursuing business opportunities in China use Hong Kong as their gateway to the Mainland. Financing and tax considerations are probably the two most important drivers that are considered when opting for this setup. This seminar will provide testimonials of professionals on the ground from KBC Bank and Deloitte discussing the current practices being applied, risks commonly encountered as well as misconceptions frequently noticed.

This seminar will take place on Monday 23 April 2012 at 14h00 at Het Pand, Onderbergen 1, 9000 Gent.

#### Programme

- 13h30 Registration
- 14h00 Welcome by **Mrs Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce
- 14h05 Introduction by **Deloitte & KBC**  
  - “**Deloitte in Asia**” by **Mr Coen Ysebaert**, Partner, Deloitte Belgium Chinese Services Group Leader
  - “**KBC in Asia**” by **Mr Jason Lee**, CEO, KBC China
- 14h30 **Mainland China**  
  - “**Critical Success Factors & Banking Perspective**” by **Mr Koenraad Van de Borne**, Head of European Network Desk, KBC China
  - “Financial and Business Risks in China – What is happening on the ground?” by **Mr Gerd De Vuyst**, Director Audit and Enterprise Risk Services, Deloitte China-Eurasia
- 15h30 Coffee Break
- 15h40 **Hong Kong**  
  - “**Hong Kong as your gateway to China**” & “**A technical primer on the internationalization of the RMB**” by **Mr Jo Vander Stuyft**, First Vice President European Desk – Corporate Banking, KBC Hong Kong
  - “Relevance of Hong Kong for Asia bound investments from a tax perspective” by **Mr Wouter Claes**, Managing Director Belgium Tax Services, Deloitte Hong Kong
- 17h00 Networking reception

To attend this interesting meeting, please register online before 17 April 2012.  
Participation fee for FCCC Members: €65, non-members: €95.

## Hannover Messe 23-27 April: Partner Country China, exciting opportunities for FCCC members

The Flanders-China Chamber of Commerce, through its membership of the EU China Business Association, is offering an exclusive opportunity to participate in Hannover Messe from 23-27 April.

Hannover Messe is a leading global trade fair embracing the whole spectrum of technological and engineering expertise from around the world. China is the Partner Country this year – hence our involvement.

FCCC members can benefit from a range of first-class opportunities as a co-exhibitor on the joint DCW-EUCBA stand 'Doing Business with China' to high-profile sponsorship and speaking opportunities in a number of China-related events, including "Invest in China" and "EU-China Business & Technology Forum". An opportunity is available to sponsor the overall programme and gain even higher profile. Please contact DCW (see flyer) to explore this.

Click [HERE](#) for the flyer and complete information, including registration and contact details. Please note all enquiries should be sent directly to DCW.

## 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 non-members. Read more and register online (till April 19, 2012) at [www.flanders-china.be](http://www.flanders-china.be).

During the month of April, the Flanders-China Chamber of Commerce organizes similar job fairs in collaboration with Ghent University.

## FCCC Industrial fact-finding trip to Shandong province (21-24 May 2012)

Many Flemish companies in China are continuing to focus on a small number of large, well-known cities, like Beijing, Guangzhou, Shanghai and Shenzhen. However, numerous member companies are encountering mature, increasingly saturated markets with limited growth

opportunities in these locations and finding themselves facing mounting competition, both from foreign rivals and from increasingly sophisticated Chinese companies.

The FCCC's strategy is to give our members a better insight into business opportunities in second- and third-tier cities.

The FCCC has a strong network in China thanks to partnerships and investments by our founding members in several cities.

We would like to organize an industrial fact-finding trip to Shandong province with a limited group of companies, to become better acquainted with the area and meet potential partners and senior officials. The mission will start from Beijing and take in the cities of Jinan, Qingdao and Weihai.

Shandong is China's third most populous province and also has the third-highest GDP. It offers attractive opportunities for business in the following sectors: food and agriculture, infrastructure, energy, minerals and chemicals, renewables and the environment, advanced engineering, professional services, retail and consumer goods. In short, all major industries are represented in Shandong, and its broad range of industrial and commercial activity offers great potential prospects for Flemish businesses in many sectors.

During the visit, participants will gain a clearer picture of the trade- and investment-related advantages of Shandong's various cities and development zones. Furthermore they will be given access to senior Chinese officials and meet European entrepreneurs who have already invested in these areas and potential Chinese business associates.

The dates for the visit to Shandong province are **21 to 24 May 2012**.

Please send us any comments you may have and **let us know** whether or not your company would be interested in taking part in this focused industrial fact-finding mission, by sending an e-mail to [gwenn.sonck@flanders-china.be](mailto:gwenn.sonck@flanders-china.be). We will send you the programme and a subscription form as soon as we have evaluated the interest in such a visit.

Please do not hesitate to contact us if you require more information.

## FCCC NOTICE

### Flanders-China Chamber of Commerce change of address

As from March 1, 2012, the Flanders-China Chamber of Commerce temporarily moved its offices to Voldersstraat 5, 9000 Gent. Our new telephone numbers are:

T : +32 9 264 84 86/82

F : +32 9 264 69 93

This change takes place in the framework of the China-platform, which is a cooperation between Ghent University, the Province of East Flanders and the Flanders-China Chamber of Commerce. Both are also structural partners of the FCCC.

## OTHER ACTIVITIES

### First breakfast seminar: Technology transfer and China, one way ticket?, 19 April 2012, VUB, Brussels

The Brussels Institute of Contemporary China Studies (BICCS) of the Vrije Universiteit Brussel (VUB) is organizing a series of China Business Lectures – breakfast seminars.

19 April 2012	Technology transfer and China, one way ticket?
8 May 2012	Chinese investments in the West; drop the labor than do the math.
15 May 2012	Intellectual property rights and India, more problems than China?
17 May 2012	Local Government Funding Vehicles (LGFV) a buffer against recession?
7 June 2012	Position of China in the ASEAN Free Trade Zone
14 June 2012	Transfer pricing and China

Lecturer: Mr. Peter Waumans, Lecturer in the BICCS postgraduate programmes 'China Business Development' and 'Contemporary China Studies'.

When: The lectures will take place from 7.30 am to 11.00 am on the above mentioned days.

Venue: Vrije Universiteit Brussel, Karel Van Miert Building, Pleinlaan 5, 1050 Brussels.  
Price: €175 for non-members, €125 for FCCC members and students. (Prices are exempted from VAT)

To register, fill in the [registration form](#) and send it to [biccsevt@vub.ac.be](mailto:biccsevt@vub.ac.be). More information: Gunter Gaublomme, 02/614 80 84, [gunter.gaublomme@vub.ac.be](mailto:gunter.gaublomme@vub.ac.be).

## Who will run China? China's political transition and what it means for Europe, 24 April 2012, Brussels

China is entering into a very important period of political transition and this is a good opportunity to assess what this means for Europe. The Flanders-China Chamber of Commerce (FCCC) and the Brussels Institute of Contemporary China Studies organize a seminar on this subject on Tuesday 24 April 2012 with three prominent experts: **He Baogang**, a leading Chinese political scientist affiliated with the University of Deakin, **Thomas Heberer**, Professor at the University of Duisburg-Essen, and **Jonas Parello-Plesner**, a Senior Fellow at the European Center on Foreign Relations.

This panel will discuss the ongoing political reforms in China. How should we interpret democracy with Chinese characteristics? How is the growing heterogeneity of China's society affecting politics? The speakers will also discuss the organization of the 18<sup>th</sup> National Party Congress, which will appoint the new leadership and mull over future reforms. The programme is:

16h00: Opening: Jonathan Holslag

16h05: Presentations by He Baogang, Thomas Heberer, Jonas Parello-Plesner

17h00: Discussion

18h00: End of meeting

Registration by sending an email to [biccsevt@vub.ac.be](mailto:biccsevt@vub.ac.be), mentioning your name, function, and organization. The meeting will be held at the premises of the Brussels Institute of Contemporary China Studies. The exact venue will be confirmed upon registration.

This meeting is organized in cooperation with the following partners: The Brussels Institute of Contemporary China Studies, Flemish China Chamber of Commerce (FCCC), Kent University, the Université Libre de Bruxelles, and the Institute for European Studies.

## 7<sup>th</sup> China International Conference for Foreign Labor Service Cooperation & International Project Contracting, 29~31 May 2012, Nanjing

The 7<sup>th</sup> China International Conference for Foreign Labor Service Cooperation & International Project Contracting will be held in Nanjing, Jiangsu province, China from Tuesday, May 29 till Thursday, May 31, 2012. The Conference fees for accommodation, registration, documents, booths and activities, to be incurred during the conference, will be borne by the Organizing Committee; and only round-trip tickets will be borne by the participants. There are no extra charges. The Conference is sponsored by the China Association of International Trade (CAIT) under China's Ministry of Commerce (MOFCOM). Many organizations and companies from all over the world interested in human resources services and engineering construction will participate in the conference. Interested parties should reply as soon as possible by e-mail or fax. CAIT website: <http://gmxh.mofcom.gov.cn> E-mail: [worldtochina@hotmail.com](mailto:worldtochina@hotmail.com)

## Visit to Great Wall Motor Co, 5 June 2012, Baoding

The Province of East Flanders and the Province of Hebei have a longstanding cooperation and are sister provinces. The Province of East Flanders is also an important structural partner of the Flanders-China Chamber of Commerce (FCCC). On June 5, 2012, a delegation led by Vice Governor De Buck will visit Great Wall Motor Company, located in Baoding, Hebei Province.

Great Wall Motor Company Limited is a large multinational company, the first private whole vehicle automaker listed on the Hong Kong Stock Exchange. With more than 30 subsidiaries and 28,000 employees, it is capable of producing 500,000 whole vehicles per year that fall into three categories of HAVAL SUVs, Voleex sedans and Wingle Pickups & MPVs.

The Province of East Flanders is inviting company representatives to take part in this visit in order to give the opportunity to introduce your company to Great Wall Motor Company at the highest level. If you are interested to join this visit, please inform us before 16 April 2012 by sending an e-mail to : [gwenn.sonck@flanders-china.be](mailto:gwenn.sonck@flanders-china.be).

## PAST EVENTS

### Unlocking the Middle Kingdom: The keys to success in China's developing tax landscape, 3 April 2012, Gent

The Flanders-China Chamber of Commerce organized an interesting meeting on China's tax legislation. Mr Simon Tan, Tax Partner Deloitte and Mr Coen Ysebaert, Tax Partner Deloitte and Chinese Services Group Leader showed how your organization can adapt quickly to the challenges and opportunities offered in this changing tax environment.

Mr Simon Tan, Tax Partner Deloitte also presented a practical insight into managing China tax risks, availability of tax incentives, challenges for cash repatriation, opportunities for managing ETR and many other important aspects of China's tax environment.

This seminar took place at The House of the Province of East Flanders and was organized with the support of Flanders Investment & Trade.

### Sino-Belgian Business Survey: Results & panel discussion, 15 March 2012, Living Tomorrow, Vilvoorde

Moore Stephens Verschelden, the Flanders-China Chamber of Commerce (FCCC) and Flanders Investment & Trade organized an interesting meeting about the Sino-Belgian Business Survey. Through the results of 15 simple yet crucial questions we took the temperature of the Belgian business conditions. During this meeting we found out how our Belgian companies perform in China and what the greatest opportunities and threats are that lie ahead of us.

The presentation was followed by a panel discussion with Sino-Belgian business leaders such as Mr Stephan Csoma, Senior Vice President Government Affairs of Umicore and Member of the Board of Directors of the Flanders-China Chamber of Commerce, Mr Herman Van de Velde, CEO of Van de Velde, Mr Dirk Vyncke, Chairman of Vyncke Clean Energy Technology, and Mr Ivan Van de Cloot, Chief Economist Itinera Institute.

The complete results of the Sino-Belgian Business Survey can be downloaded via [this link](#).

This meeting was organized with the support of Flanders Investment & Trade.

## 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](http://www.flanders-china.be)

## FINANCE

### More lenders in HK quoting interbank yuan rates

Yuan money markets are expanding in Hong Kong as more banks quote interbank interest rates for the currency, helping widen its use for trade and investment beyond the mainland. JPMorgan Chase, ICBC (Asia), Bank of Communications, Bank of East Asia and Bank of Tokyo-Mitsubishi UFJ started providing interbank rates for yuan in Hong Kong, according to Jack Cheung, Chief Executive of the Treasury Markets Association. That brings to eight the number of lenders quoting prices. Bank of Tokyo-Mitsubishi and Citigroup completed the first yuan interest-rate swap involving the Hong Kong interbank rate. "It's a breakthrough," said Dariusz Kowalczyk, Strategist at Credit Agricole. "In order for the market to fully develop, you do need a swap curve. This will allow more financial instruments like hedging for dim sum bonds and benchmarks for loans to develop in the offshore yuan market." The need for

benchmark lending rates in Hong Kong's offshore center for yuan is building as companies increasingly turn to the city to obtain financing in the Chinese currency. The city's outstanding yuan-denominated loans totaled CNY30.8 billion at the end of last year, up from CNY1.8 billion at the start of the year. Sales of yuan-denominated bonds in Hong Kong, known as dim sum bonds, almost tripled to CNY50.7 billion in the first quarter of this year from CNY18.6 billion a year earlier.

## Premier Wen calls for breaking up of banking monopoly

Premier Wen Jiabao says the central government is determined to break the banking monopoly, and if pilot schemes in the special financial zone newly set up in Wenzhou, Zhejiang province, prove successful, they can be promoted and implemented nationwide. "Our banks are profiting too easily. Why? That's because only a few big banks command monopoly positions – [business] can only get financing from them and [it is] hardly [possible] elsewhere," Wen told private entrepreneurs during a three-day trip to Fujian and Guangxi. Wen said allowing private capital to enter the banking and financial sectors was intended to break up the banking monopoly. Last month, the Chinese government announced it would legalize Wenzhou's controversial underground banking sector and allow the city's residents to make direct investments abroad, two decisions that represented significant steps in liberalizing banking and investment. Wen also said the Chinese economy was heading in the direction the government anticipated despite declines in a few major economic indicators. "Despite the falls, major economic indicators are still at reasonable levels, and confidence should be maintained on the country's economic work," Wen told a meeting in Fuzhou. Wen also said that ensuring funding for major investment projects in progress was a priority of the government's macro-economic control program. Moreover, the government was studying further structural tax cuts to support small and medium-sized enterprises. "The Chinese government has said similar things for many, many years and I have yet to see drastic, concrete action," said Victor Shih, Associate Professor at Northwestern University. Gary Hufbauer at the Peterson Institute for International Economics said if Beijing follows through with Wen's pronouncements, "it would be a dramatic step towards a true market economy." Chinese bankers were upset at Wen's comments. "I don't think it's a fair comment," said a senior bank executive who declined to be identified. "Because we're a state-owned bank, much of our business and loans are to support whatever the government needs, for example to support the growth of many state-owned enterprises. We must listen to the government, which already gives us a lot of orders and guidelines." "The profit growth of China Construction Bank remains at the same speed as the real economy, so I don't think you can say we are making windfall profits," Pang Xiusheng, CCB's Executive Vice President, said. Private enterprises are also expected to be allowed into strategic sectors such as oil, aviation, railways, and utilities.

- TPG Capital, which had been in talks with the Chongqing city government to set up a yuan-denominated private equity fund, has decided to put negotiations on hold due to concerns about political uncertainties following the removal of Bo Xilai as the city's Party Secretary. TPG is now in talks to set up a Beijing-based fund.
- The Hong Kong Monetary Authority (HKMA) said banks could waive certain paperwork required for yuan trade settlements, in the latest bid to fight off competition from Singapore, which is trying to establish itself as a yuan trading hub. Banks can forgo the process of reviewing supporting documents if they have "reasonable assurance" that squaring yuan transactions through the clearing bank are for "eligible yuan trade transactions".
- The asset quality of Chinese lenders will still be the focus of attention in the first-quarter results season this month, after full-year results for 2011 raised red flags. Earnings for Hong Kong-listed Chinese banks turned out better than expected in the last quarter of 2011 on the back of improved lending profitability and lower costs, analysts said. But since the third quarter, the banks have begun showing a trend of rising bad debts.
- In a wide-ranging report on the Chinese banking industry, Deloitte said the non-performing loan (NPL) ratio may increase but poses no great risk to the system. About half of the CNY10.7 trillion of loans issued to local governments in 2008 come due between 2011 and 2013, Deloitte said. Foreign banks in China have become an integral part of the sector. At the start of the fourth quarter, there were 39 incorporated foreign banks with 247 branches and subsidiaries, 93 foreign bank branches and 207 representative offices in China. The assets of foreign banks in China last September

grew 18.3% from a year earlier to CNY2.06 trillion, accounting for 2% of the banking system.

- Japan and China will seek coordination on supporting the International Monetary Fund's effort to contain Europe's debt crisis, Japanese Finance Minister Jun Azumi said. "Rather than make decisions independently, we've agreed to consult each other very closely" on financial contributions to the IMF, Azumi said, after meeting Chinese Finance Minister Xie Xuren in Tokyo.

## FOREIGN INVESTMENT

### China and Malaysia establish joint industrial park

China and Malaysia launched a joint industrial park, the China-Malaysia Qinzhou Industrial Park near Qinzhou port in Guangxi. Chinese Premier Wen Jiabao and his Malaysian counterpart Datuk Seri Najib Tun Razak attended the launch ceremony. The first phase of the project covers 15 square kilometers, with future development expanding to about 55 sq km. Wen said the two countries should consider building a similar industrial park in Malaysia. China has already inked two such development deals with Singapore in the China-Singapore Suzhou Industrial Park and the China-Singapore Tianjin Eco-City. In 2011 the bilateral trade volume between China and Malaysia amounted to about USD100 billion, accounting for a quarter of that between China and ASEAN. For three consecutive years, China has been Malaysia's biggest trading partner, accounting for 13.2% of Malaysia's foreign trade. Malaysia is the biggest trading partner of China among ASEAN countries.

## FOREIGN TRADE

### China starting to import corn from Ukraine

China, the world's largest corn consumer, has recently started grain imports from Ukraine, with the first shipment of 50,000 metric tons of Ukrainian corn and wheat already on its way. The amount is expected to reach between 1 million and 1.5 million tons within the next three years. Analysts said corn from Ukraine could help reduce the nation's reliance on imports from the United States. In 2011, China imported 1.75 million tons of corn, compared with 1.57 million tons in 2010, according to data from the General Administration of Customs (GAC). Corn imports during the first two months of this year registered an increase to 1.3 million tons, almost the total annual amount in previous years. Industry analysts estimate this year's imports at between 3 million and 4 million tons. Ukraine's corn is cheaper than U.S. corn and not genetically modified. "China's corn production has been stagnant for the last few years. That's why surging demand has recently driven up the import volume at such an alarming pace," said Zhang Shihuang, Professor of the Institute of Crop Science at the Chinese Academy of Agricultural Sciences. "Even in the worst scenario, China's corn imports over the next five years will stay below 5 million tons," Zhang added. China also signed an agreement in March to import 4 million tons of corn from Argentina.

- The trial of Lai Changxing, China's most-wanted fugitive for 12 years until his repatriation from Canada last July, began in Xiamen, Fujian province. Lai is accused of masterminding a USD10 billion network that smuggled goods, ranging from cigarettes to cars and oil, and of bribing dozens of government officials. The alleged offenses took place in the port city between 1996 and 1999. The Chinese government assured Canada that Lai would not be subject to the death penalty.

## IPR PROTECTION

### Draft amendment to Copyright Law opposed

A draft amendment to China's Copyright Law which would deprive a songwriter of the rights to his or her work three months after it is released has sparked strong protests from the Chinese music industry. An online campaign has begun against article 46 in the draft with many musicians telling stories about how they are already the victims of insufficient copyright protection. Article 46 says that three months after a song is publicly released, anyone would be allowed to use it without asking permission from the writer. In a separate article, those profiting from musical works written by others would have to pay a service fee to the "copyright management organization" one month after they start using it. That organization would be the

Music Copyright Society of China, which has often been involved in disputes with songwriters and musicians. Gao Xiaosong, a Chinese songwriter, music producer and singer, said that it was impossible for a new song to gain great popularity in just three months. So allowing unlimited and unpaid use of new songs so early was “sheer encouragement for online plagiarism” and would harm creativity in the industry, Gao added.

## MACRO-ECONOMY

### China's private sector to receive a boost this year

The development of China's private sector is likely to witness a breakthrough in 2012. Uncertainty over external demand and slower economic growth will make the government rely more on the growth momentum generated by the private sector, said Bao Yujun, President of All-China Private Enterprise Federation. More room is available for private investment, he said at the Boao Forum in Hainan. However, China's private enterprises face increasing pressure from price hikes in raw materials, rising labor costs, financing difficulties, and a heavy tax burden, he added. “In addition, the invisible ‘glass gate’ encountered by entrepreneurs when entering some sectors is still firmly closed. The New 36 Clauses, targeted at eliminating policy barriers in the private sector, haven't been well-implemented in the two years,” he said. The “New 36 Clauses” were published in May 2010 to encourage and guide private investment. Premier Wen Jiabao vowed in February that detailed rules on the implementation of the “New 36 Clauses” will come out in the first half of this year. Rosa Yang, Shanghai-based Partner at Deloitte China, said that even if more specific rules are issued to allow private players to enter key areas such as railways, municipal projects, energy, finance, education, telecom and healthcare, it is difficult to say how much private enterprises would be able to benefit. Some cash-rich entrepreneurs in Zhejiang province have shown eagerness to participate in monopolized sectors such as oil exploration. Given state-owned enterprises' long experience in their respective industries, private companies may find it hard to compete with them and may suffer losses, said Rong Guangdao, Chairman of Sinopec Shanghai Petrochemical Co, the China Daily reports.

### China's growth is sustainable, says Vice Premier Li

Vice Premier Li Keqiang told the Boao Forum for Asia in Hainan that the country had the ability to maintain stable, relatively fast economic growth over the long run. The central government would stick to its policy of stabilizing economic growth while curbing inflation, Li said. Li, who is expected to become Premier in March, also pledged to make further efforts to restructure the economy and to provide a level playing field for foreign investors. His comments came as concern is mounting over the sustainability of China's economic growth amid a global slowdown. Economist Fan Gang said the economy was on track to grow between 8% and 9% this year, with a more moderate pace of expansion helping to contain inflation. Li said China would accelerate the shift of its economic base away from exports and investment, while moving its focus to consumption. “Boosting domestic demand is the top priority when we are trying to rebalance the economy, and China's urbanization will provide the greatest potential for boosting domestic demand,” he said. Former U.S. Treasury Secretary Henry Paulson urged China to further open its capital markets to foreign competition and make the yuan a market-determined currency. The Trans-Pacific Partnership (TPP), led by the U.S. but excluding China, should not be exclusive but should be inclusive, Assistant Minister of Commerce Yu Jianhua said during a luncheon session at the Boao Forum. China should accelerate steps in advancing a free-trade agreement with Asean countries and in promoting integration of Asian economies, Yu said. Singapore's Emeritus Senior Minister Goh Chok Tong said Asean countries would not take sides with either the U.S. or China, the South China Morning Post reports.

### Chinese workers earns less than half world's average

The average wage of Chinese workers is less than half of the world average when measured by purchasing power, a recent UN report shows. The report released by the UN's International Labor Organization (ILO) found wage earners made an average equivalent of USD656 a month, ranking 57<sup>th</sup> out of the 72 countries the report covered. The world average was USD1,480 a month, while Luxemburg had the world's richest workers, who earned an average USD4,089 a month. China's Hong Kong and Macao were listed in the 30<sup>th</sup> and 52<sup>nd</sup> spots, with average wages of USD1,545 and USD758, respectively. The salary is not calculated in normal U.S. dollars but in purchasing power parity (PPP) dollars. The value of one PPP dollar equals

what a U.S. dollar can buy in the United States. According to the calculation, Chinese individuals who earn CNY6,000 a month have purchasing power equal to the world's average. The report was based on 2009 data. Data from the National Bureau of Statistics (NBS) showed that the average income for urban residents was CNY1,998 a month in 2011.

- Price rises of some daily commodities won't affect the price index until the second half of the year, economists said. In late March, cooking oil producers Arawana and Fulinmen raised retail prices of peanut and canola oils by an average 8%. Powdered milk companies Nestlé and Mead Johnson said they will raise prices by about 10% this month. And Procter & Gamble said prices of its Head & Shoulders and Vidal Sassoon brands of shampoo rose between 10% and 20% from April 1.
- The rate of inflation rebounded more than expected in March due to higher food costs. The Consumer Price Index (CPI) rose 3.6% from a year earlier, compared with February's 3.2% inflation. Food costs increased 7.5%, compared with a 6.2% rise in February. "The inflation rebound is stronger than expected," said Li Maoyu, Analyst at Changjiang Securities Co. "Such a rate may invite policy-makers to be more cautious of any moves to stimulate the economy."

## MERGERS & ACQUISITIONS

### Hony Capital to bid for chipmaker Elpida

Chinese investment firm Honay Capital is teaming up with TPG, the U.S. buyout group, to bid for Elpida Memory, the Japanese chipmaker that filed for bankruptcy protection in February with debts of USD5.6 billion. If successful, the bid would be one of the most high-profile examples of growing Chinese interest in acquiring Japanese technology assets. Honay, one of the largest and well respected Chinese private equity firms, is an offshoot of Legend Holdings. Its latest fund has about USD2.4 billion under management. Other possible bidders set to join a second round of bidding on April 27 are likely to include Hynix Semiconductor of South Korea, along with Taiwanese and Japanese rivals. Micron Technology is also reported to be in the race. The bankruptcy was the largest ever by a Japanese manufacturer. Elpida was the world's third-biggest D-Ram maker with a 14% global market share, but like others in the industry has had a difficult time competing against Samsung, which has more than half of the market and more advanced technologies that enable it to keep down the costs of making chips, the Financial Times reports.

- 28 private equity funds in China completed fundraising in the first quarter of this year, down 36.4% compared with the fourth quarter of last year. The total amount of funds raised in the first quarter was USD2.9 billion, only a quarter of the figure raised in the final quarter of last year, according to a report by research institute Zero2IPO. Of the 28 funds, 24 were growth funds, which raised USD2.4 billion; three were real estate funds, raising USD405 million; and a small merger fund managed USD57 million.

## PETROCHEMICALS

### Kunlun to raise HKD10 billion to fund LNG projects

Kunlun Energy, the gas distribution arm of PetroChina, announced it would raise HKD10.48 billion to fund its liquefied natural gas (LNG) projects. PetroChina has agreed to sell 800 million existing shares and subscribe to the same number of new shares to be issued by Kunlun. PetroChina's stake in Kunlun will be diluted to 58.7% from 65.1% as a result. Kunlun said the share placement will allow it to "capture future expansion and acquisition growth opportunities as and when they arise". The company began construction of 15 LNG processing plants last year, with a total daily capacity of 20 million cubic meters. Four of the plants, in Inner Mongolia, Xinjiang, Qinghai and Hainan, have a combined daily capacity of 1.38 million cu m. The rest are slated to come on stream in the next two years. Kunlun also said it has 23 compressed natural gas (CNG) filling stations and 109 LNG stations under construction. Kunlun posted a net profit of HKD5.61 billion for last year, up 33.7% from a restated 2010 profit. Oil and gas production accounted for 43% of before-tax profit of HKD10.4 billion, against 41.6% from pipeline transmission, 12.8% from city gas sales, and 2.5% from LNG terminal processing.

- China has become the world's second-largest consumer of jet fuel after the U.S., consuming about 20 million tons annually, Li Jiayang, Director of the Civil Aviation Administration of China (CAAC), said. Chinese airlines flew nearly 293 million passengers last year and the total traffic turnover hit 57.3 billion ton kilometers, an annual 7% increase. China's 12 jet fuel companies sold over 17 million tons of fuel domestically and abroad last year. The China National Aviation Fuel Group Corp, the country's dominant jet fuel supplier, sells jet fuel to over 200 airlines globally and provides the fuel in about 170 airports in China, said Chairman Sun Li.
- According to a research report published jointly by the China Petroleum Enterprise Association and the China University of Petroleum, the three major oil companies PetroChina, Sinopec and CNOOC, which enjoy a quasi monopoly, posted a combined net profit of CNY332.7 billion last year. Prices of refined oil products have more than doubled since 2005.
- Saudi Basic Industries Corp started construction on a USD100 million technology center in Kangqiao in the Pudong New Area of Shanghai. The center will focus on advanced engineering plastics and will have 400 employees when completed in 2013. The company also laid the foundation for a polycarbonate production complex in Tianjin as part of a 50-50 venture with Sinopec.

## REAL ESTATE

### Land sales dropping in Shanghai

Land sales dived in Shanghai in the first quarter of this year on slack sentiment among real estate developers. Sales of land parcels totaled CNY6.82 billion in value, plunging 80% from the same period a year earlier and a drop of 79% from the fourth quarter of 2011, according to Soufun.com. In volume, about 956,000 square meters of land plots were sold, a year-on-year retreat of 74% and declining 61% quarter-on-quarter. On the supply side, only 18 parcels were launched for sale in the city between January and March, compared with 73 plots introduced in the same period a year earlier.

- To buy a 100 square meter apartment in central Beijing, costing CNY3 million, a peasant farmer would have to have worked since the Tang dynasty (618-907) ended, although a blue-collar worker earning the average CNY1,500 a month salary would only have to work since the Opium wars.
- Shanghai's existing housing index fell for the sixth straight month in March, with nearly 60% of monitored areas recording value decreases. The index, which tracks price variations of previously occupied homes, lost 0.13% from February to 2,577 points last month. Purchases of previously owned properties, mainly houses, should have reached 16,000 units last month, the highest since January 2011, estimated Lu Qilin, Researcher of Shanghai Deovolente Realty Co.
- Prices of second-hand flats on Hong Kong Island have hit a record high. The Centa-City Leading Index, a weekly measure of home prices from Centaline Property Agency, shows home prices on Hong Kong Island edged up 1.37% week on week to 112.3 during the week of March 26. It surpassed the previous peak of 111.88 in the week of June 5, 2011. The index's value was equal to 100 in July 1997.
- More property developers are offering a variety of favorable terms to attract homebuyers at the four-day Beijing Spring Property Expo — the barometer of the capital's real estate market. A total of 45 property projects in Beijing are taking part in the event, and the biggest discount being offered is 8%. Some banks are offering discounts of up to 15% on mortgages for first-time buyers. 32,750 people visited the expo on April 5, the opening day, up 102% from last year's event.
- The average price of new flats sold in Beijing in the first quarter was CNY12,326 per square meter, 20% lower than the same period last year. Altogether 18,000 flats were sold in the first three months of the year in the capital, the lowest since 2007. 90% of the purchases were first homes.
- Sun Hung Kai Properties (SHKP) says it's "business as usual" following the arrest of its Co-chairmen Thomas and Raymond Kwok by the Independent Commission Against Corruption (ICAC). They are out on bail and yet to be charged with any offense. Analysts repeatedly asked at a teleconference what the succession plan is should the

Kwok brothers become unable to run the firm on a day-to-day basis, but the only reply from the firm was that “there is a plan”. Since news of the arrests broke, SHKP shares have tumbled 14%.

## RETAIL

### Luxury retailer The Swank to open more shops in China

Hong Kong luxury retailer The Swank plans to accelerate its expansion in second- and third-tier cities by opening stores in Xian and Hangzhou. The Swank is a luxury multi-brand fashion house, wholly owned by ENM Group, operating four boutiques in Hong Kong and one in Beijing, plus nine mono-brand boutiques. Sales at the company’s Beijing store have grown at an annual rate of 25% since its opening in 2009. Second- and third-tier cities will become the main battleground for luxury labels in China.

### China overtakes U.S. as world's biggest grocery market

China has overtaken the United States to become the world's biggest market for grocery shopping. The Chinese grocery sector will continue its fast growth over the next few years to hit almost GBP1 trillion by 2015, according to grocery industry researchers IGD. Economists warn it will also put upward pressure on already high food prices. The Chinese grocery sector was worth GBP607 billion at the end of 2011, while the U.S. market slipped to second place at GBP572 billion. Researchers forecast that China's market will grow at twice the pace of the U.S. to be worth GBP918 billion by 2015. China is a crucial growth market for many of the world's largest grocery retailers as forecasts suggest there will be over 200 Chinese cities with a population of over a million by 2025. Chains such as Tesco have already been expanding in emerging markets. The UK-based retailer opened its first stores in China in 2004 and now runs more than 100 stores there while also pushing online sales and opening a number of shopping malls. China is its strongest performing Asian market in terms of sales growth according to its most recent results, but at 4 million customers a week, Tesco's business there is still dwarfed by the more than 20 million weekly shoppers it serves in the UK. IGD estimates that international grocery retailers could open more than 2,700 stores in China over the next four years – around 13 a week, the South China Morning Post reports. Nutrition experts warn the boom in grocery sales would also lead to consumption of less healthy convenience foods. “Obesity is already growing in the younger generation in big cities,” said Peter Ben Embarek, Food Safety Expert at the World Health Organization (WHO).

- Cantonese restaurant group Tao Heung is poised to double in size to 200 restaurants and bakeries by 2017 as it plans to expand outside of Guangdong this year. It currently operates 69 restaurants in Hong Kong and 17 in Guangdong. Restaurants will be set up in Shenyang, Nanning, Shanghai and Wuhan. It will be the first time in 16 years that expansion on the mainland exceeds that in Hong Kong. Total capital expenditure would amount to HKD240 million.
- Lawson, Japan’s second-largest convenience store chain, is in talks to buy at least three operators in China in its first overseas acquisition. The group plans to have 10,000 outlets in the country by 2020. The store operator had about 355 outlets in Shanghai, Chongqing and Dalian as of February, according to Lawson Spokesman Shin Ichikawa.

## SCIENCE & TECHNOLOGY

### More Chinese students heading abroad

Chinese students are increasingly heading to western universities for both undergraduate and postgraduate education. Over the past two years, 620,000 Chinese have gone abroad to study, which is more than a quarter of the total number who have studied overseas since the start of China’s reform policies in 1978. There was an 18% increase in those applying to U.S. graduate schools in 2012 compared to last year. The number of undergraduates going to the U.S. soared 43% last year.

## Chinese research suffering from discrimination

Chinese researchers hoping to compete on the world stage in terms of scientific discoveries are being held back by foreign discrimination, according to Chen Yiyu, a renowned biologist and President of the National Natural Science Foundation of China, the biggest government fund for pure scientific research. "Some authorities in the West just don't believe that scientists from China can produce world class results, especially if the researcher is young and new in the field," he said. "You are asked to do more repeated experiments than your competitors because you are Chinese," Chen said. "The bias has almost become a standard practice." But the Chinese government is determined to back young Chinese scientists hopeful of winning a Nobel Prize. It will guarantee the most promising researchers generous funding for up to two decades, equip them with cutting-edge hardware and assure them total freedom to explore subjects of their own interest. China's rise in science is unmistakable. The publication of papers by Chinese researchers in academic journals recognized by the Scientific Citation Index could overtake the output of the United States as early as next year, according to an estimate by the Royal Society in Britain. Some leading Chinese scientists, with government support, have begun putting out high-quality journals, in English, to publish the latest discoveries of young Chinese researchers.

- Fossils of a previously unknown giant dinosaur that was as big as a bus and had the coat of a chicken have been found in Liaoning province. Weighing about 1.5 tons and standing 10 meters high, it is probably the largest feathered animal, living or extinct, yet discovered. The dinosaur was named *Yutyranus huali*, or "beautiful feathered tyrant".
- Tsinghua University is to set up a four-year pilot training course with China's air force. Trainee pilots will be awarded the rank of first lieutenant on successful completion of the course.
- A maritime university jointly managed by the mainland and Taiwan education authorities is preparing to open in Pingtan, Fujian province. Pingtan Ocean University will offer courses in marine science, marine engineering and aquatic production. A comprehensive experimental zone has been established in Pingtan to further explore cooperation between Fujian and Taiwan.
- Shanghai's Pudong New Area government selected 11 of the 100 top professionals it plans to attract in emerging industries over the next five to 10 years by offering each subsidies of CNY1 million. Most of them are PhD holders who graduated from Yale, Stanford and other world-class universities. They have rich working experience in top enterprises such as Goldman Sachs, General Motors and Boeing.

## STOCK MARKETS

### Securities regulator mulling rules changes

The China Securities Regulatory Commission (CSRC) opened consultations on proposed rules that would lead to closer scrutiny of the pricing of initial public offerings (IPOs). A draft document suggested that IPOs priced 25% above the average price-to-earning ratio of their peers in the same industry should be closely monitored. Should the ratio of such companies fall below the IPO pricing level after they commenced trading on the exchange, the commission could request a "conversation" with the companies' senior management, and issue warning letters if necessary. The Commission suggested plans to cancel the three-month lock-up period for institutional investors in domestic initial public offerings (IPOs), and open up the lock-up period for negotiation between the issuer, underwriter and institutional investors. The CSRC's new Chairman, Guo Shuqing, aims to improve the mechanism and transparency of the A-share market. The regulator clamped down on insider trading earlier this year to try to boost investors' confidence. According to the Securities Daily, 66, or 40%, of 164 new listings crashed below their offer prices between January and June of last year. Kenny Tang, General Manager of AMTD Financial Planning, said the proposed measure should cool down frenzied speculation on IPO prices, and push some issuers to consider listing in Hong Kong instead of on the mainland. As of last year, nine of the 10 largest listings in Hong Kong were trading below their offering price. Deloitte estimates 45% of the new listings in 2011 were priced at the bottom of their indicative range.

## Hong Kong authorities probing listed mainland firms

The Financial Reporting Council, Hong Kong's accounting regulator, is investigating several local-listed mainland firms for suspected financial irregularities. Three Hong Kong-listed mainland firms were suspended last month for failing to file their annual reports on time. Shirble Department Store, a Shenzhen-based retail operator that has been listed for more than a year, said it had to delay filing its annual report because its auditor needed more time to complete its work. Trading in its shares has been suspended since March 29. Another firm, Ausnutria Dairy, said it had to delay filing its annual report, but it did not provide a reason to the stock exchange. Ports Design, a fashion design and retail firm, said it needed more time for its auditor KPMG to complete its audit for its annual report. Investors are questioning the credibility of mainland firms after a number of auditing firms fired their clients recently, including China Forestry. Daqing Dairy is the latest such firm, announcing the resignation of its auditor, Deloitte Touche Tohmatsu, on March 22. Trading in its shares has been suspended since. Deloitte, one of four major global accounting firms, also quit as auditor of Boshiwa International, a Hong Kong-listed mainland retailer of children's clothing and shoes, on March 13. Deloitte had voiced concern about CNY392 million of prepayments to a supplier.

## China almost triples amount foreign investors can put into securities

The increase of almost HKD450 billion in investment quota marks a further opening of China's capital markets. The China Securities Regulatory Commission (CSRC) said it would increase the limit for investments under the U.S. dollar-denominated Qualified Foreign Institutional Investor (QFII) scheme by USD50 billion to bring the total to USD80 billion. The quota for investments under the yuan-denominated QFII scheme will rise by CNY50 billion to a total of CNY70 billion. Quota under the U.S. dollar-denominated scheme, introduced in 2002, is granted mainly to large international investment firms; the scheme denominated in China's currency and introduced only in December, allows mainland firms' Hong Kong subsidiaries to invest off-shore yuan funds in the mainland. Brokers said the new quota would boost the market for A shares when stock exchanges reopened after the Qingming holiday on April 5. Louis Tse, Director of VC Brokerage, said the substantial increase in QFII quotas was a good move. But for the yuan to become an international currency, further reforms were needed to encourage people to use it for investment. "Yuan internationalization still has a long way to go," Tse said. The attempts to boost the A-share markets paid off following the three-day Qingming holiday as Shanghai and Shenzhen stocks staged their biggest rebound in two months. The CSI 300 index, which tracks both the Shanghai and Shenzhen benchmark indices, rose 2.36% on April 5 – its biggest advance since February 8. The Shanghai Composite Index gained 1.74%, also the sharpest rise since February 8. The Hong Kong market on the other hand was dragged down by a sell-off in China Construction Bank (CCB), Sun Hung Kai Properties and Industrial and Commercial Bank of China (ICBC).

- China National Building Material (CNBM), the world's biggest cement producer, hopes to list in Shanghai this year and be one of the biggest Chinese IPOs of 2012. The firm hopes to raise CNY15 billion, said Nomura Analyst Luo Yang, but he cautioned: "They are too optimistic. CNY10 billion should be the maximum, given the market." CNBM is awaiting approval from the CSRC. A Shanghai IPO would significantly reduce CNBM's net gearing ratio, which stood at 202.4% at the end of last year, said CNBM President Thomas Cao.
- Sino-Forest's Toronto-listed shares are set to be delisted on May 9. The firm is facing difficulties since last June when short-seller Carson Block, and his firm, Muddy Waters, accused it of exaggerating the size of its forestry assets. It said the allegations paralyzed its business and forced it to seek bankruptcy protection. Ernst & Young resigned as Sino-Forest's auditor.

## TRAVEL

### Finnair to launch service to Chongqing in May

Finnair aims to double its flights to Asia by 2020 from the current frequency of 74 per week, said Mika Vehvilainen, CEO of Finnair. The route linking Chongqing and Helsinki will be the next flight to be launched, starting in May. Finnair has the fifth-largest market share on Asia-Europe routes, and aims to become one of the top three carriers as aviation traffic between Europe and Asia grows by 6% to 10% per year. Vehvilainen said China would continue to

increase in importance for Finnair. Chongqing is becoming popular among international carriers because of a policy that took effect there this year, under which airlines can obtain jet fuel at prices of as much as 23% below usual levels. As many as 13 international routes from Chongqing were opened in 2011, but international flights serving the city are still far from profitable. "For at least three years, Finnair doesn't expect to make profits from the scheduled route from Chongqing to Helsinki," said Mikko Rautio, Finnair's Chief Representative in China. To benefit from opportunities, airlines must be present even before a market becomes profitable, Rautio added. "Xian and Wuhan are both candidate destinations in China," Rautio said. Finnair is focusing on China's western areas because of the government's plan to develop the region.

- Passengers on domestic flights started paying higher fuel surcharges last week as airlines seek to offset the rising cost of jet fuel. Fuel surcharges on routes longer than 800 kilometers rose to CNY150 from CNY140, and those on shorter routes climbed to CNY80 from CNY70. The surcharges are the highest since 2000, when they were first implemented.
- Chinese tourists will be allowed to travel to the Xisha or Paracel Islands in the South China Sea by the end of this year, traveling by cruise ship from Haikou or Sanya in Hainan. Only Yongxing island – at two square kilometers, the largest among the 22 islets – is scheduled to open for tourists. The islands have been an off-limits military zone as they are also claimed by Vietnam and Taiwan. Allowing tourist visits would underline Chinese sovereignty over the islands. At present there is only one ship traveling between Hainan's Wenchang city and Yongxing island every 20 days.
- The Hainan resort city of Sanya is expected to face a "huge correction" in its hotel market in the next two years as the supply of luxury accommodation triples by early 2013, Michel Goget, Ritz-Carlton Sanya's General Manager and Chairman of the city's Tourism Association, said. The average hotel occupancy rate will drop about 10 percentage points from last year's 65% to 70%, he added. The number of luxury hotel rooms would reach 21,000 in early 2013, he said, against 7,000 last year.
- Ritz-Carlton would add at least five more hotels in China, where it already had eight hotels, Victor Clavell, the hotel company's Asia-Pacific Vice President, said. The company would open a new hotel in Tianjin this year, followed by another two in Chengdu and Nanjing next year. It also signed deals to expand its footprint in Wuhan and Dalian.
- Airline Garuda Indonesia believes the number of Chinese tourists to Indonesia will double in a few years' time. Nearly one in every 100 tourists from China who travelled overseas last year visited Indonesia, equivalent to about 500,000 passengers. The carrier has joined hands with Ctrip, the popular online ticketing agent, to sell a Garuda package tour in China through a joint venture, Garuda Orient Holidays. In December, Garuda increased its service from Jakarta to Shanghai from four flights a week to a daily flight; and it now flies to Beijing from Jakarta five times a week, up from the previous three times a week. Both services use an Airbus A330-200s, while its daily Guangzhou-Jakarta service is on a Boeing 737-800.

## ONE-LINE NEWS

- Gaming revenue in Macao rose 24.4% to MOP25 billion (Macao patacas) last month. Another surge in revenue is expected this month, driven by the opening of Sands Cotai Central, a USD4 billion casino, hotel and shopping complex, on April 11. Gaming revenue rose 42% last year to MOP268 billion, according to Macao's Gaming Inspection and Coordination Bureau. Stanley Ho's SJM was still the biggest player with 27% of the market last month. Galaxy Entertainment was next with 20.4%, and Sands China third with 16.1%.
- A small, plain bowl from the 12<sup>th</sup> century Northern Song dynasty sold for a record HKD208 million – three times its pre-sale estimate – at Sotheby's five-day spring auction in Hong Kong. The brush washing bowl is one of just five in private hands out of 79 in existence. The previous record for Song ceramics was set in Hong Kong at a Sotheby's auction four years ago when a vase was sold for HKD67.5 million.
- Around 123 million Chinese were aged over 65 at the end of 2011 — 9.1% of the total population, the Health Aging Symposium announced. Chinese seniors aged 80 or above are set to account for 30% of over-65s by 2050, and the ratio of working-aged

Chinese to seniors will drop from 10:1 in 2000 to 2.8:1 by then.

- Zhejiang has launched a 650 MW reactor at the Qinshan nuclear plant. The reactor, run by China National Nuclear, is one of China's first nuclear projects. The complex now hosts seven of China's 15 working reactors, and its total generation capacity amounts to more than a third of the country's nuclear capacity.
- Turkish Prime Minister Recep Tayyip Erdogan and Chinese Premier Wen Jiabao oversaw the signing of a half dozen agreements in Beijing, including two on cooperation in nuclear energy development. Erdogan's visit is the first to China in 27 years by a Turkish Premier. Erdogan also met Chinese President Hu Jintao. He already visited Urumqi and will also travel to Shanghai.

## ANNOUNCEMENTS

### Unique book: Belgian Bites

The unique book "Belgian Bites", a culinary discovery with Belgian quality products, is now available. The "Belgian Bites" are a creation of Ilse Duponcheel, Manager of consulting Dolce Far Tutto. The 54 exclusive "Belgian Bites" are characterized by the combination of a fresh, healthy snack in combination with matching drinks: beer, wine, liquor, ... and all on the basis of Belgian quality products. "Belgian Bites fit perfectly into the trend: I eat what I want, when I want," says Duponcheel. Accompanied by a stylish photograph, the recipes are in four languages: Dutch, French, English and Chinese. This makes it the first book that is translated in its entirety into Chinese, English and French. The retail price of "Belgian Bites" (170 pages, nice color printing, hard cover) is €38. Volume discounts are available.

Order contact Wim De Kimpe, +32 477 59 00 04, [wim@dolcefartutto.com](mailto:wim@dolcefartutto.com)

### Expo Central China and Expo China-Eurasia

The 7<sup>th</sup> Expo Central China will be organized on May 18~20, 2012, in Changsha, capital of Hunan province. Its aim is to establish a cooperation platform for the six provinces in central China and foreign partners. More information is available on the website [www.mofcom.gov.cn](http://www.mofcom.gov.cn).

The 2<sup>nd</sup> Expo China-Eurasia will take place on September 1~5, 2012, in Urumqi, capital of the Xinjiang Uyghur Autonomous Region, and aims to promote commercial exchanges and investment between Asian and European countries. More information is available on the website: [www.caeexpo.org](http://www.caeexpo.org)

## ADVERTISEMENTS

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Hainan Airlines is your 5 Star Airline awarded by Skytrax, operating direct flights from Brussels to Beijing. Save time, fly in comfort and have the possibility to connect to 50 domestic destinations including Hong Kong and Taipei. A seamless connection and a convenient transfer service will bring you via Beijing to your destination in Hong Kong.

Tap into the China opportunity at the Canton Fair



Canton Fair opens from April 15 to May 5, 2012 at the China Import and Export Fair Complex in Guangzhou, China.

### TAP INTO THE CHINA OPPORTUNITY AT THE CANTON FAIR

China's largest trade fair takes on greater role in global economic downturn

As the United States and Europe grapple with economic uncertainty, Canton Fair has become an even more essential platform for foreign businesses seeking new trade opportunities and new territory.

Luigi Capretto, owner of Italian company, Foccacia Tech (Italy), which makes bespoke air-conditioning units, says his business has boomed since he started exhibiting at the 2004 Canton Fair. "The Canton Fair puts me in touch with many Chinese property development companies, architects and designers and now I even manufacture in China," he says.

The 111<sup>th</sup> session of the Canton Fair comes at an ideal time for foreign businesses as the Chinese government plans to boost imports to achieve a more equitable trade balance as part of its 12th five-year plan.



For more information, please visit: <http://www.cantonfair.org.cn>

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#### **Membership rates for 2012:**

- Large enterprises: €875
- SMEs: €350

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#### **Share your story:**

To send your input for publication in a future newsletter mail to: [info@flanders-china.be](mailto:info@flanders-china.be)



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