法兰德斯中国商会 FCCC VCKK

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

# NEWSLETTER | 16 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

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| 3h30 | Registration |
| 14h00 | Welcome by **Mrs Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce |
| 14h05 | Introduction by **Deloitte & KBC**<br>**"Deloitte in Asia" by Mr Coen Ysebaert,** Partner, Deloitte Belgium Chinese Services Group Leader<br>**"KBC in Asia" by Mr Jason Lee,** CEO, KBC China |
| 14h30 | **Mainland China**<br>**"Critical Success Factors & Banking Perspective" by Mr Koenraad Van de Borne,** Head of European Network Desk, KBC China<br>"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- |
| 15h30 | Eurasia |
| 15h40 | Coffee Break |

**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.

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 '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. 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.

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

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. This visit is organized with the support of the Flanders-China Chamber of Commerce (FCCC).

## 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.

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| 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. More information: Gunter Gaublomme, 02/614 80 84, 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 18th 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, 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, Flanders-China Chamber of Commerce (FCCC), Kent University, the Université Libre de Bruxelles, and the Institute for European Studies.

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

The 7th 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

# 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

## FINANCE

### PBOC doubles yuan trading band

The People's Bank of China (PBOC) is doubling the size of the yuan's trading band, another step in the yuan's internationalization. Beijing is also hoping that by making the currency more flexible it can deflect criticism from trading partners that it manipulates the yuan. From March 16, the yuan is permitted to trade within a 1% daily band. The bank last widened the trading band in May 2007, when it went from 0.3% to 0.5%. The bank will not intervene in the currency as long as it goes up or down within the pre-set trading band, meaning that the yuan can rise or fall by 1% on any trading day. The yuan has risen almost 30% against the U.S. dollar since 2004, but U.S. politicians still argue that Beijing has manipulated the currency to keep it undervalued and make the country's exports more competitive, despite the yuan reaching an 18-year high in February of CNY6.2884 to the dollar. Currently, China would prefer a softer yuan to help exporters as economic growth is slowing.

A system to settle cross-border yuan payments and boost the convertibility of the currency will be set up, Li Bo, Director of PBOC's Second Monetary Policy Department said. The China International Payment System will be established in one or two years. It will make yuan clearance safer and more efficient for cross-border trade and investment settled in the currency. The system will help gradually make the currency convertible and will facilitate wider use of the yuan in cross-border settlements, Li said. Currently, cross-border yuan clearance is conducted through the Hong Kong and Macao branches of the Bank of China (BOC), or agency banks of overseas participants. Li said the system will adopt global standards, and probably use the international messaging service, the Society for Worldwide Interbank Financial Telecommunication, commonly known as SWIFT. International trade settled in yuan exceeded CNY2 trillion and foreign direct investment (FDI) settled in yuan reached CNY110 billion last year.

- Chongqing municipality will issue an additional CNY40 billion in bank loans to local small and medium-sized enterprises this year, to further support their development. SMEs in Chongqing received CNY199 billion in bank loans last year, a 20% increase from 2010.
- Shandong Helon, a maker of synthetic fibers based in Weifang that was on the verge of becoming the first company to default in China's bond market, said it would repay the CNY400 million it borrowed. If the local government, which owns around a sixth of Shandong Helon, did move to help avert the default, many market participants would see it as avoiding a critical first test of the country's bankruptcy legislation.
- Chinatrust Commercial Bank, one of the largest private lenders in Taiwan, is lobbying the Shanghai government to waive rules on petty-loan firms. It is looking to tap the rising demand for financing from small firms. The bank aims to set up wholly owned small-loan businesses in Shanghai, which bars individual shareholders from holding stakes of more than 20%. Other cities such as Tianjin allow an investor to set up fully owned small-loan businesses.
- Mount Kellett Capital (MKC), run by former Goldman Sachs Partner Mark McGoldrick, has recently raised more than USD4 billion for a new private equity fund focusing on the United States and China. To speed up its plan to expand in China, MKC is also considering opening a representative office in Beijing or Shanghai as its competitors Blackstone and Carlyle have done.
- Developer New World China Land has raised CNY4.3 billion in the biggest corporate dim sum bond issue in Hong Kong. China Overseas Land & Investment signed a three-year, HKD7.6 billion club loan with 12 banks last week.
- News that Shenzhen is pushing for financial reforms, including allowing its companies to take out yuan loans from Hong Kong banks and vice versa, and establishing a commodities futures exchange, appeared to be premature, as the reforms were rejected by the central government. The huge gap between Hong Kong and mainland lending rates would make the yuan lending problematic. The average one-year lending rate in Hong Kong is about 3%, while the one-year benchmark lending rate is 6.56% on the mainland.
- Bank lending increased at a faster pace than expected last month, as banks extended CNY1.01 trillion in fresh loans in March, way above analysts' expectations of about CNY800 billion. Some analysts expected the People's Bank of China (PBOC) to cut

the reserve requirement ratio for banks and interest rates later this month.

## FOREIGN INVESTMENT

### Guangdong to further simplify approval process for foreign firms

Guangdong province is expanding its internet-based administrative approval system for foreign enterprises to nine cities in the Pearl River Delta. The system is being run as a trial in Foshan, Dongguan and Guangzhou. Some Hong Kong investors complained about the difficulties in registering and de-registering companies in the province. The provincial Department of Foreign Trade and Economic Cooperation approved 3.33% of the 7,035 newly registered foreign-invested companies last year and plans to hand its power of approval over to city-level authorities. It takes a few days to register a company in the United States through a lawyer, two days in Hong Kong through an accountant and three days in Taiwan. In the mainland, however, it took Cheng Fengyuan, head of the Association of Taiwan Enterprises in Guangzhou, up to six months to register his two firms. “We are delighted to see this undertaking to find ways of reducing the heavy burden that is now delaying or preventing investments by our companies,” said Harley Seyedin, Chairman of the American Chamber of Commerce in South China. “It is imperative for China to streamline the regulatory process to enable more SMEs entry into China,” he added.

- The Inner Mongolia Autonomous Region signed 14 contracts worth a total of USD11.3 billion in Hong Kong. It said the deals involved pharmaceuticals, a multipurpose coal and gas project, a natural gas project and a lumber-trading center. Hong Kong is an important investment source for Inner Mongolia, with 1,328 Hong Kong enterprises in the region, making up 44% of all non-mainland companies.
- Central government-controlled state-owned enterprises (SOEs) have been ordered to stay out of financial investment and other non-core activities overseas. As central SOEs have expanded abroad, their overseas investment has become increasingly diversified. Target industries have shifted from resources and manufacturing to services and finance. At the end of 2010, central SOEs held CNY2.66 trillion in assets outside the Chinese mainland, up 50% from 2009. Revenue generated from foreign assets accounted for 37% of central SOEs’ total revenue.
- The China-Africa Development Fund is shifting its investment strategy with the focus now on infrastructure, manufacturing and agriculture, after a capital injection of USD2 billion, Hu Zhirong, Vice President of the Fund, said. Chinese direct investment in Africa last year surged by 59%, from a year earlier, to USD1.7 billion. During the same period, the nation’s overseas direct investment grew by 1.8% year-on-year to USD60 billion, according to the Ministry of Commerce (MOFCOM). The annual foreign direct investment into Africa is estimated to be USD80 to USD90 billion, but China only contributes about 2%.

## FOREIGN TRADE

### China reports trade surplus for the month of March

China posted a surprise trade surplus in March, but it came on the back of a sharp slowdown in imports that signals sagging demand for the raw materials used in industrial production. Exports rose 8.9% from a year earlier to USD165.6 billion, compared to a growth of 18.4% in February, the General Administration of Customs said. Imports gained 5.3% to USD160.3 billion, slowing from a 39.6% surge a month earlier. That created a trade surplus of USD5.3 billion, turning from a February deficit of USD31.5 billion, the first deficit in a year and the largest in a decade. “The data showed a grim trade outlook,” said Xue Jun, Analyst at CITIC Securities Co. “Both exports and imports eased more than expected, imports in particular.” “Although there were signs of a stronger manufacturing sector in China last month, demand among producers was declining amid an economic slowdown, and it explained the slowing imports,” said Société Générale Economist Yao Wei. The official Purchasing Managers’ Index released on April 1 hit a one-year high of 53.1, indicating China’s manufacturing activity was expanding, but the HSBC China Manufacturing Purchasing Managers’ Index, which is slanted toward private and exported-oriented companies, stood at 48.3 last month, a sign that activity is slowing. The HSBC index has been losing ground at the second-fastest pace in three years. “The trade data showed China needs more stimulus to spur domestic demand to sustain growth,” said Tang Jianwei, Analyst at Bank of Communications (BoCom). In the first quarter, China’s trade expanded 7.3% to USD859.3 billion and showed a surplus of USD670 million, the Shanghai Daily reports. Exports to the European Union, China’s largest trading partner, fell 1.8% in the first quarter, but exports to the United States rose 12.8%. China’s trade with Russia rose 33% and there was a gain of 11.5% with Brazil in the first quarter.

## Canton Fair traders seek out new markets

Exhibitors at China's biggest trade show are pinning their hopes on orders from emerging markets to bolster falling export revenues amid the sluggish global economy. Prospects for global trade this year were “more challenging and complicated”, Liu Jianjun, Spokesman for the Canton Fair's organizers, warned on the eve of its opening in Guangzhou. “Economic recovery remains uncertain amid the lingering European debt crisis, high unemployment in the U.S., inflation, currency fluctuations and rising trade protectionism,” Liu said. “The outlook for our nation's foreign trade development is complicated and unpredictable.” Still, Liu is optimistic about the 111th session of the twice-yearly China Import and Export Fair, as it is officially known, which runs until May 5. He expects a trade balance can be achieved by cultivating buyers from emerging nations such as India and Brazil. The fair is expected to attract more than 200,000 buyers and trade volume is expected to match that of last autumn's fair, based on flight bookings and hotel occupancy rates. Earlier media reports said hotels in the city had been heavily booked for days. Room rates had doubled, with five-star hotels charging between CNY2,500 and CNY4,000 a night. Luxury hotels near the Pazhou exhibition area, one of the fair's two venues, were already 80% booked last week. A total of 24,124 companies and enterprises from 44 countries are represented at the fair. The autumn fair in October and November drew a record 209,175 buyers, 1% more than last spring's. The USD37.9 billion in trade deals sealed last autumn was 3% more than the value of deals sealed at the spring fair. The China Import and Export Fair – also known as the Canton Fair – opened on April 15, and is scheduled to run for three weeks. This week, it centers on home appliances, electronic goods, construction materials and machinery, switching to gifts and home decoration next week, with garments, shoes and food the theme for the final week.

## Grain imports soar to highest level in 7 years

China's grain imports rose to their highest in at least seven years last month. The country imported 1.64 million tons of cereals and cereal flour in March, up from 280,000 tons a year ago. Imports in the first quarter totaled 3.84 million tons, up sixfold year-on-year. About 70% of the cereal imported by China in March was maize, according to Shanghai JC Intelligence. The customs agency did not give a breakdown of the imports, which include maize, wheat, rice and barley. China's maize imports may total 4 million tons in 2011-2012, according to INTL FCStone. China's farmland shrank 8.33 million hectares in the past 12 years. Land under cultivation has already fallen almost to the government's 120 million hectare minimum limit. Grain output in China, the second-biggest consumer of maize, may have been overstated in past official estimates, suggesting supply may have been less than expected, according to Shanghai JC Intelligence. The overstated volume represents 18% of annual output, according to Bloomberg calculations based on government statistics. The country imported 587,000 tons of wheat in the first two months, up 232% year-on-year, the Ministry of Agriculture said in late March. It also imported 1.27 million tons of maize in the first two months, while barley imports jumped 144% to 220,000 tons in the same period.

- Chongqing municipality registered nearly USD9 billion in import and export during the first quarter, topping the nation in growth from the same period last year, as exports increased by 50% and imports 79%. Fueling the growth was a huge surge in laptop exports. Some 9.2 million laptops worth USD3 billion were exported – 5.5 times more laptops than the same time last year.
- Chengdu did USD8.36 billion worth of import and export business in the first quarter of the year, up nearly 21% from the same period last year. The capital city accounted for 80% of the province's total imports and exports.

# IPR PROTECTION

## Dow Chemical Chairman expects China to do more against piracy

China has come a long way in improving intellectual property rights and it will improve further as the nation becomes a major innovator in its own right, according to Andrew Liveris, Chairman of Dow Chemical, which has extensive research and development facilities in Shanghai. China was working on transforming its economic growth model from one that relied on exports and the adoption of foreign technology, to a more balanced one that also had a well-developed domestic consumption market and a mature manufacturing sector capable of generating indigenous know-how, he said. “Chinese innovation is an inevitability,” he added. “China is filing more patents than ever, but enforcement is only as good as the follow-up at the local level which still has a lot of holes, and complaints are not just coming from foreign firms.” Liveris said innovation encompassed not only technology advancement but also the skills and creativity it took to scale up a new operation to achieve commercial success. In this regard, he sees Western management systems that foster scientific innovation, when “married with Chinese entrepreneurial mercantilism”, as in Hong Kong and Singapore, as a great driver for innovation in mainland China. “Singapore is a microcosm of what China could be in innovation,” he said. Benjamin Bai of international law firm Allen & Overy said Chinese courts processed more than 60,000 intellectual property lawsuits last year, making it the most litigious nation on intellectual property, the South China Morning Post reports. The overall win rate for patent owners in 20 large Chinese cities range between 60% and 90%, compared with less than 60% in the U.S. and Europe. “Contrary to die-hard misconceptions, China indeed protects intellectual property and has made it a national priority,” Bai said. “While these statistics by no means suggest that intellectual property protection in China is better than that in the U.S. and Europe, it does indicate that it is improving.”

## Official IPR protection website launched

China launched a website to support its campaign to protect intellectual property rights and crack down on infringements of those rights. The website, www.ipraction.cn, is to be the government’s official website for publishing information about crackdowns on intellectual property infringements and will give the government and companies another means of communicating with each other, said Jiang Zengwei, Deputy Minister of Commerce. Protecting intellectual property and cracking down on infringements will be difficult goals to accomplish but must be pursued if the country is to become more innovative, he said.

## Authorities warned about 30 pseudo-Italian brands

For the second time since July, the Italian Institute for Foreign Trade plans to present the State Intellectual Property Office (SIPO) with a list of 30 pseudo Italian brands in an ongoing war targeting shady marketing strategies used by Chinese businesses. Giovanni de Sanctis, an intellectual property representative with the Institute's Beijing office, said the Institute had lodged complaints with SIPO saying that unscrupulous Chinese manufacturers had been discovered distributing goods falsely labelled as being Italian and made in Italy. De Sanctis also noted that Chinese consumers were among the victims of the practice. “The consumers find it hard to tell if these are authentic Italian brands and end up paying high prices for something that is not necessarily shoddy but not authentic,” he said. The fake products could “damage the image of the country and of made-in-Italy goods”. Some Chinese manufacturers have turned to such shady marketing strategies – projecting their made-in-China products as international brands – to take advantage of a faith in foreign brands among notoriously brand-conscious consumers, amid a credibility crisis facing Chinese brands. Most of the 30 Chinese businesses that the Italian institute named for trademark irregularities in its complaint last year are in Guangdong province and Beijing.

- At least 675 people received jail sentences in Zhejiang province last year for violating intellectual property rights, according to the Zhejiang High Court. The provincial courts heard more than 8,200 IPR cases last year – a 54% increase from 2010. The total accounted for nearly 13% of the nation's total IPR cases.
- Maximum compensation paid out in trademark infringement cases would double under a draft amendment to the relevant law. The ceiling for payments would be increased from CNY500,000 to CNY1 million.

## MACRO-ECONOMY

### Inflation expected to start dropping

The growth in China's consumer price index (CPI) in the year to March reached 3.6%, up from February's 3.2% and exceeding forecasts of between 3.2% and 3.4%. In the first quarter of the year the CPI grew by 3.8% year on year, the National Bureau of Statistics (NBS) said. “It's wrong to conclude that inflation pressures increased quickly based on the higher CPI rise in March than February,” said Lu Ting, Chief China Economist with Bank of America-Merrill Lynch. Economists from JPMorgan Chase Bank said that they expected headline CPI, in year-on-year terms, to trend down again from April through to the third quarter. “Overall, the central bank should be able to achieve the full-year 4% inflation target,” the bank's economists said in a note after the release of the NBS data. Qu Hongbin, Chief Economist with HSBC's Asia Research Division, said the rise was almost entirely caused by a rebound in food prices, especially those for fresh vegetables, which he believed was temporary. Food prices rose 7.5% year on year, pushing up the CPI year-on-year growth for March by 2.39 percentage points, while non-food prices increased 1.8% year on year in March, the NBS noted. Fresh vegetable prices posted year-on-year growth of 20.5%, pushing up the CPI by 0.64 percentage points. Song Yu, Chief China Economist with Goldman Sachs, said the unexpected CPI figures were likely to raise concerns about a possible rebound in inflationary pressures, at least among some policymakers. Still, Song pointed out that the first negative year-on-year reading of the Producer Price Index (PPI) since November 2009 was also likely to make policymakers feel relatively comfortable with upstream inflationary pressures. The PPI fell 0.3 % from a year earlier.

### GDP growth slows to 8.1% in first quarter

China's GDP grew by an annual rate of 8.1% in the first three months of 2012, its slowest pace in nearly three years, and down from the 8.9% growth recorded in the last quarter of 2011. It marked the fifth consecutive quarterly slowdown. However, the growth rate was still higher than the year’s target of 7.5% outlined by Premier Wen Jiabao in his government work report in March. Investment contributed 2.7 percentage points to growth, less than the 6.2 percentage points contributed by consumption, the National Bureau of Statistics (NBS) said. The World Bank cut its growth forecast for China this year to 8.2% from 8.4%. It cited United States and European economic woes and Chinese lending and investment curbs imposed to cool an overheated economy in its warning. The Asian Development Bank (ADB) has lowered its projection of China’s economic growth rate for this year to 8.5% from a previous 9.1%, citing external risks that threaten exports. It projected an 8.7% growth rate in 2013. ADB forecasts that the United States will grow 2% in 2012 and 2013, while the euro zone's economy will shrink 0.5% this year and grow just 1% next year, and Japan's will grow 1.9% in 2012 and 1.5% in 2013.

- State-owned enterprises in Beijing earned more than CNY184 billion in the first quarter of the year, an 11.5% increase from the same period last year. Profits totaled CNY5.68 billion. 80% of the income came from the tourism, industrial and construction sectors.

## MERGERS & ACQUISITIONS

### Number of M&As declines in first quarter

China posted a quarterly decline of 22% in the number of mergers and acquisitions (M&As) as well as the value of the transactions in the first quarter of this year. The number of M&A transactions fell to 204 while the value of the deals tumbled 25% quarter on quarter to USD16.2 billion. The domestic M&As took up the majority of the deals at 165 cases while 28 transactions were by Chinese companies buying firms overseas and 11 were of foreign companies purchasing Chinese enterprises, said the report by research institute Zero2IPO. “The M&As conducted by Chinese companies overseas showed a strong growth in the first quarter,” the report said. Of the 28 overseas M&As by Chinese companies, the transaction value totaled USD11.6 billion in the first quarter, up 78% from the fourth quarter of last year, Zero2IPO data showed. However, the report said the M&A transaction value by foreign firms in China in the first quarter plunged 76% from the three months before to USD630 million.

## PETROCHEMICALS

### Bluechemical confident of higher profits

China Bluechemical, the fertilizer unit of state-owned China National Offshore Oil Corp, expects this year's profit to be supported by a plant expansion and firm prices due to steadily growing demand and higher feedstock costs. Prices of urea, or nitrogenous fertilizer, its main profit generators, are expected to remain steady this year from last year, Chief Executive Yang Yexin said. Chinese fertilizer demand has been growing at 1.6% to 2% annually in the past few years. China Bluechemical posted a 69% jump in net profit to CNY1.99 billion. The profit rise was driven mainly by the commissioning of the second-phase expansion of a methanol plant in Hainan in December 2010, which saw the firm's methanol output rise 81% last year. Higher product prices also contributed. The firm's average selling price for urea rose 23.2% to CNY2,198 a ton, while that of phosphate fertilizer jumped 22% to CNY3,143 and methanol leapt 14.2% to CNY2,262. China Bluechemical mainly uses natural gas feedstock from fields operated by sister company CNOOC near Hainan to make urea and methanol. Production trials will start at its phosphate fertilizer plant in Hubei next month, which will double its annual capacity to one million tons. But the expected start-up time of its urea project in Heilongjiang province, with 520,000 tons of annual capacity, using coal as feedstock, has been pushed back by 18 months to the end of 2014. Yang said this was due to the longer-than-expected time to get government approval for a coal mining license. The firm produced 1.91 million tons of urea last year. Another project in Shanxi province, with an annual output capacity of 1.04 million tons of urea and originally expected to come on stream mid-2013, has been stalled due to a dispute between the firm's investment partner, a private enterprise, and its coal mining contractor. In Guizhou, where China Bluechemical is developing a phosphate fertilizer and chemicals project, progress is also pending granting of mining rights for phosphorous rocks, and completion of ore processing technology development.

### CNOOC signs PCS with Eni for South China Sea block

The China National Offshore Oil Corp (CNOOC) signed a production-sharing contract (PSC) with Eni China for a deepwater block in the South China Sea. Italy-based Eni will operate the 30/27 block, which has a total area of 5,130 square kilometers and lies 400 km off the coast of Hong Kong. CNOOC will have up to a 51% interest in any commercial discoveries in the block. Eni, which entered China in 1980, holds a 16.77% share in two offshore blocks, 16/08 and 16/19, in the South China Sea, which have a daily output of about 10,000 barrels of oil equivalent (BOE). Zhu Weilin, Executive Vice President of CNOOC, said that deepwater oil and gas in the South China Sea will be one of the company’s main sources of medium- and long-term development. CNOOC is testing its first domestic semi-submersible drilling rig, the Haiyang Shiyou 981, which is capable of operating at a maximum water depth of 3,000 meters, as part of its ambitions to achieve deepwater output of 50 million tons of oil equivalent by 2020. The Ministry of Land and Resources announced last week that domestic and foreign companies that explore onshore and offshore for oil and gas resources must pay compensation fees for the mineral resources, the first time that the government has imposed such a fee. It is a signal that China is becoming more concerned about resource protection.

- Hutchison Whampoa Chairman Li Ka-shing paid about CAD200 million to increase his stake in Canadian oil producer Husky Energy, raising his stake from 69.15% to 69.4%.
- Sinopec Shanghai Petrochemical said first-quarter chemical demand remains lackluster despite a slight improvement from the fourth quarter of last year. The company last month posted an operating loss of CNY453 million in oil refining for last year, compared with a profit of CNY1.14 billion in 2010. Operating profit for chemical production fell 18.4% to CNY1.46 billion as weak demand growth and competition squeezed margins.

## REAL ESTATE

### Beijing home prices drop in first quarter

Prices of new homes in Beijing fell 20.7% year-on-year in the first quarter to CNY12,326 per square meter, as property developers offered more discounts. According to Chen Zhiwu, Secretary General of the Beijing Real Estate Association, 16,000 new apartments were sold during the first quarter, with 90% of buyers being first-home purchasers. Apartment sales (excluding subsidized units) fell 14.2% year-on-year in the first quarter, reaching the lowest level since 2007, Chen added. But as developers offer more attractive discounts, potential buyers' interest has grown. During the just-concluded four-day Beijing Spring Real Estate Expo, developers offered discounts from 2% to 8%. April is a traditional hot season for property sales, but as the market is still quite price-sensitive, and as restrictions on home purchases remain in effect, we are not likely to see a rebound in both sales and prices, said Zhang Dawei, Marketing Director of Centaline Group in Beijing.

## Prime office rents may rise by 30% in Beijing

Office rents in Beijing, which already outpaced 147 cities around the world last year, are expected to jump another 30% this year due to limited supply and growing demand, according to property consultant DTZ. The company said the average rent for grade-A offices in Beijing rose to CNY277 per square meter per month in the first quarter, up 12% from the previous quarter and 48% higher than a year earlier. "This strong growth will continue till 2015, as the premium office supply will not be able to catch up with the increasing demand," said Wei Dong of DTZ. The office occupancy cost in Beijing increased 38% last year, the largest leap seen in a survey of 147 cities globally, according to a DTZ survey. Soaring rents have been fueled by a widening gap between supply and demand over the past two years. DTZ estimated that Beijing would have 330,000 sq m of new office space this year, but the demand for space was expected to exceed 500,000 sq m. Wei added that the proportion of domestic companies in premium offices in Beijing had climbed to 49% from 25% over the past three years, although that trend might reverse from this year.

- More than 15,600 apartments were sold in Shanghai in March – the most in a month since February of last year. It was also a large increase from the 9,500 units sold in the previous month. The rise comes amid government measures to cool down the overheated real estate market.
- The average rent of Grade A office space rose by 1.2% to CNY8.90 per square meter per day in Shanghai during the first three months, according to real estate services provider Jones Lang LaSalle. Rents rose 2.4% from the previous quarter to CNY8.60 per sq m per day in Pudong while they remained flat at CNY9.10 per sq m per day in Puxi. Buying sentiment for office properties fell 11% in the first quarter in Shanghai to 301,875 sq m from the previous quarter, but may pick up over the next few months, Soufun.com added.
- Courts can turn down government requests to demolish housing, if the compensation for residents is deemed unfair, the Supreme People's Court ruled. The interpretation specifies seven circumstances under which courts should reject government requests for forced relocation. The regulation on urban demolition and compensation, revised in January 2011, forbids local governments from executing their administrative right to demolish houses without residents' consent, unless approved by a court.
- Prime office buildings in Guangzhou have not been selling well and rents, despite the vacancy rate, remained high in the first quarter of the year, according to real estate consultancy Colliers International. The vacancy rate of prime office space increased to 20.4% in the first quarter. About 850,000 sq m of office buildings were on the market in the first quarter, of which about 184,000 sq m had been newly added. The cost of renting prime office space increased by 1.9% quarterly to reach CNY161 a sq m a month in the first quarter, while the price of buying office space increased by 2.6% to hit CNY31,280 a sq m. 227 foreign-funded companies settled in the city in the first quarter.
- Home sales in the first quarter dropped 17.5% to CNY709.9 billion from the same period last year. Overall property sales, including commercial buildings, fell 14.6% to CNY867.2 billion. "Home prices will correct further for the rest of the year," said Thomas Lam at Knight Frank. "With sales slowing and inventories rising, developers face growing pressure to cut prices," he added.

# SCIENCE & TECHNOLOGY

## Nomination of cigarette technology criticized

A technological breakthrough that makes cigarettes more appealing to the Chinese palate has been nominated for a national State Science and Technology Prize, and generated an additional CNY170 billion in sales over the last three years. The nomination was made by the State Tobacco Monopoly Administration, but the Chinese Academy of Sciences (CAS) and anti-smoking campaigners are opposed to the move. Wu Yi, Chief Executive of the Hongyunhonghe Group in Yunnan, led the controversial research. Health Minister Dr Chen Zhu, who is also a CAS Fellow, has publicly criticized the tobacco research nomination.

## STOCK MARKETS

### Wires and cables firm to launch IPO

Jiangnan, the third-largest supplier of electric wires and cables by sales in China, plans to raise up to HKD789 million from an initial public offering (IPO) in Hong Kong. The Jiangsu-based company manufactures power cables, wires and cables for electrical equipment, as well as bare wires. The sales of power cable made up two thirds of its turnover in 2011. Raw metals, namely copper and aluminum, makes up 80% of the firm's cost. Chairman Rui Fubin, said the price fluctuations of raw materials will not have an impact on the gross profit rate, as the pricing of products will be linked to their cost. About one third of the proceeds from the offering will be used to expand production facilities for high and ultra-high voltage cables with voltages of 220 to 500 kV.

### Chinese companies expected to delay HK listings

Planned listings of several heavy-weight Chinese companies in Hong Kong are likely to be delayed by the mainland's volatile stock markets and slowing economic growth, according to David Chin, head of investment banking in Asia for UBS. Under listing rules, H-share listings cannot be at a discount of more than 15% to the A-share price. The listings include Haitong Securities, Sany Heavy Industry and XCMG Construction. Even those willing to issue at a low price might still find it hard to compete with existing stocks in the market. Initial public offerings (IPOs) were less attractive than placements from existing companies listed in Hong Kong. “There is ample cash in the market, and there is investment appetite,” said Chin, who has just raised USD1.4 billion for Hong Kong-listed Kunlun Energy through a share placement. “However, investors are more comfortable with listed companies, because they have track records and offer the shares at a discount. With IPOs, investors are more wary … they need to be convinced.” Chin expected more fund-raising from listed mainland financial institutions, such as the USD1.4 billion H-share placement by China Minsheng Bank and the USD5.55 billion by China Merchants Bank. Other financial institutions which are expected to list in Hong Kong in the first half of this year include China Everbright Bank, insurance company PICC, and Haitong Securities. New listings would also have to compete with the increased appetite for bond issuance. Chin said investors were still interested in high-yield bonds, even speculative grade bonds from mainland property developers, the South China Morning Post reports.

- Gui Minjie, Deputy Chairman of the China Securities Regulatory Commission (CSRC) has been appointed Chairman of the Shanghai Stock Exchange. Gui, who has a doctorate in finance, replaced Geng Liang in a normal reshuffle.
- The China Securities Regulatory Commission (CSRC) plans to create a searchable public database to track incidents of deceptive practices in the securities and futures markets to allow investors to better protect themselves from fraud. The CSRC's plan also calls for a system to monitor and publicly disclose instances in which listed companies fail to carry out public promises they have made regarding actions such as payment of dividends and asset restructuring.
- Sophia Kao, Chairperson of Hong Kong's Financial Reporting Council (FRC), said it had placed 13 Chinese Hong Kong-listed firms on a watch list in the past two months. “If you ask me whether it is unusual [to see so many mainland SMEs in suspected accounting problems], my answer is yes,” she said. “One of the key points is to see how auditing firms hired by those IPO-ready companies can do a better job checking the books before the companies go public,” Kao said, adding it was not the FRC's role to regulate accounting matters before a company made an initial public offering (IPO).
- Trading in shares of China Coal Energy were suspended in Hong Kong and Shanghai on March 11 pending an announcement about a deadly accident at a coal mine run by subsidiary Shanghai Datun Energy Resources, whose shares were also suspended in Shanghai. The suspension was related to flooding at one of its coal mines in Peixian, Jiangsu province.

- Wu Xuequn, Deputy Secretary General of the China Futures Association, an industry association that falls under the control of the China Securities Regulatory Commission (CSRC), was taken into custody by Guizhou police for questioning, on suspicion of corruption and insider trading when he was Deputy Director of the CSRC's Guizhou branch. The branches of the CSRC are responsible for preliminary reviews of local companies' initial public offerings and overseeing the listed firms based in their region.
- Among the 283 listed units of SOEs directly controlled by the central government, 203 have released 2011 results, according to the Shanghai-based market research provider Wind Information Co. The companies' total revenues rose 23.9% to CNY9.07 trillion, while aggregate net profit fell 3.8% to CNY406.9 billion. So far, 43 out of 117 central SOEs have fully listed. The other 74 have only floated some subsidiaries.
- Three of China's major securities companies – Changjiang Securities Co, Guangfa Securities Co and Hongyuan Securities Co – reported a year-on-year decline in profits, adding to concerns over the sector's profitability. Changjiang Securities said that trading volumes, despite a slight rebound, "shrank significantly" from the same period last year, hitting its brokerage income.
- Last year, funds raised in China through a total of 349 IPOs dropped 41% to CNY286.1 billion, according to PricewaterhouseCoopers (PwC). It predicts funds raised this year will stay about the same, at CNY270 billion to CNY300 billion.

## TRAVEL

### Railway builders forecast earnings drop this year

China Railway Group and China Railway Construction Corporation (CRCC), the companies that build most of China's railways, expect lower earnings this year amid sharp falls in spending on railway projects. The state-owned companies are listed in Shanghai and Hong Kong. China Railway Second Bureau, a Shanghai-listed subsidiary of China Railway, expects a 70% fall in net profit in the first quarter. The China Railway Group aims to win CNY650 billion of contracts this year, up 14% on last year's CNY570.8 billion of projects. Revenue for this year is forecast at CNY431 billion, down 2.5% from CNY442.22 billion last year. "China Railway's target of 14% increase in new contracts looks aggressive," said a report from Daiwa Capital Markets. Daiwa forecasts that China Railway will see revenue of CNY427 billion this year against the company's target of CNY431 billion. CRCC has set a revenue target of CNY430 billion this year, 6% lower than last year. The company aims to win CNY550 billion of contracts this year, after securing CNY681.18 billion of deals last year. The companies' reduced expectations reflect the steep drop in China's spending on new railways, which plunged 67.5% to CNY20.8 billion in the first two months of this year. To offset the rail downturn, China Railway is moving into areas such as airport construction, mining, property development and road building, but it will take time for the diversification to take effect. China Railway's net profit declined 9.6% to CNY6.69 billion last year, while turnover dipped 3.1% to CNY442.22 billion. CRCC is also diversifying. Chairman Meng Fengchao has said the company will focus on housing construction, municipal work, water conservancy and electric power, and will actively explore mining, energy, and dredging projects. CRCC's revenue was down 2.72% to CNY457.37 billion last year, but net profit jumped 82.6% to CNY7.88 billion. Overseas revenue fell 23.5% to CNY17.2 billion in the period, the South China Morning Post reports.

### Hong Kong Airlines may cancel IPO

Hong Kong Airlines may have to cancel its HKD5 billion initial public offering (IPO) because of a consolidation plan within the HNA Group, which is designed to clear the way for Hainan Airlines' CNY8 billion A-share placement. Shelving or canceling Hong Kong Air's public share offering, which is scheduled for the third quarter, would put the brakes on the airline's expansion ambitions including bidding for the redevelopment and conversion of the Mariners' Club in Hong Kong's Tsim Sha Tsui into a hotel, costing up to HKD4 billion. Hainan Air said it would acquire all the aviation-related assets held by controlling shareholders Grand China and HNA, and promised to avoid competing with units in the group. Hainan Air will hold as much as 39% of Hong Kong Air if the consolidation goes ahead. It now owns 19% of Hong Kong Air, while HNA and Grand China control a combined 20% stake. Hainan Air plans to raise not more than CNY8 billion through a private share placement on the Shanghai exchange by February 15 next year to repay bank loans.

## China No 2 in high-speed rail services

In a recent report, the World Bank said: “It is now three years since the first high-speed rail line in China opened. The total volume carried is already larger than the French TGV services and is rivaling the Japanese Shinkansen services. It will continue to grow rapidly as many lines under construction are completed, and as urban incomes and urban population in China continue to rise.” China had the world's longest high-speed railway network, with 11,000 kilometers as of the end of last year. In 2010, 290 million passengers rode trains traveling at 200 km/h or faster in China, the World Bank said. In comparison, the Shinkansen carried 342 million passengers in 2007 while France's version transported 114.5 million passengers in 2010. The growth of passengers on China's high-speed rail service is striking because it has been achieved in only three years. The TGV began operations in 1981 and Shinkansen in 1964. High-speed rail has attracted passengers from conventional rail, air services and buses. However, the impact of the new links on air travel seemed to diminish beyond 1,000 km, the World Bank said, with the 1,318-km high-speed rail link between Beijing and Shanghai having little effect on air travel between these two cities. Beijing-Shanghai high-speed trains were often 60% empty. Most high-speed rail lines might need to reschedule repayment of their debt principal, given that only a handful of systems worldwide would be able to repay their debts, the World Bank said.

- At present, 48 corporate jet companies are waiting for Civil Aviation Administration of China (CAAC) approval for an aircraft operator certificate. Only nine operators are actually in service, including Deer Jet, Beijing Airlines, China Eastern Airlines' corporate jet arm, Shenyang-based ZYB Lily Jet, and Shandong-based Nanshan Jet.
- The Shanghai Hawker Pacific base at Hongqiao airport, which started operation in March 2010, catered for 3,000 private jets last year. The operation has also been given approval from the Civil Aviation Administration of China (CAAC) to conduct maintenance, repair and overhaul, and has agreements with manufacturers, including Dassault Falcon and Hawker Beechcraft, to provide such services for their aircraft.

## ONE-LINE NEWS

- Bo Xilai's membership of the Political Bureau and of the Central Committee of the Chinese Communist Party has been suspended and his case has been taken up by the Party's Central Commission for Discipline Inspection (CCDI) for investigation. Bo Xilai was dismissed as Party Secretary of Chongqing on March 15. His wife, Gu Kailai, has been detained and is suspected of involvement in the murder of British businessman Neil Heywood in Chongqing on November 15, 2011.
- In an article in the Communist Party's magazine “Seeking Truth” titled “Let the power be exercised under the sunshine”, Premier Wen Jiabao stressed that anti-corruption measures must be given a “more prominent position” in the government's work this year, and he urged the government to be more open to monitoring by the public.
- Premier Wen Jiabao will travel to four European countries this week: Iceland, Sweden, Poland and Germany from April 20 to 27, and also attend the opening ceremony of the Hanover industrial fair.

## QUOTES OF THE WEEK

“While a third of the population [of China] still lives on less than USD2 a day, a privileged elite has become very rich indeed. According to the Shanghai-based Hurun Report, which tracks China's wealthy, the richest 70 members of the National People's Congress made USD12 billion last year, bringing their net worth to an eye-popping USD90 billion. To put that number into perspective, although U.S. politicians are generally considered well-heeled, America's top 660 power-brokers – the President, his cabinet, the Congress and the Supreme Court – are together worth a relatively meagre USD7.5 billion. As a result, China today has the fastest-widening wealth gap in Asia.”

Tom Holland, writing in the South China Morning Post, April 12, 2012.

## ANNOUNCEMENTS

### 8th China (Shenzhen) International Cultural Industries Fair (ICIF), May 18~21, 2012, Shenzhen

The 8th China (Shenzhen) International Cultural Industries Fair (ICIF) will be held on May 18 till 21 at the Shenzhen Convention and Exhibition Center. ICIF is an annual fair that is jointly hosted by the Ministries of Culture and Commerce, the State Administration of Radio, Film and Television (SARFT), the General Administration of Press and Publication (GAPP), the China Council for the Promotion of International Trade (CCPIT), the Guangdong Provincial People's Government and Shenzhen Municipal People's Government. As a member of the Global Association of the Exhibition Industry (UFI), ICIF is the only state-level, international and comprehensive cultural industries fair in China. The 7th ICIF in 2011 attracted 1,896 exhibitors and 3.89 million visits. The number of buyers reached 552,900.

### 16th China International Fair for Investment and Trade, September 8~11, 2012, Xiamen

The 16th China International Fair for Investment and Trade (CIFIT) will be held from September 8t to 11 in Xiamen on the themes of "Introducing FDI" and "Going Global". CIFIT is currently China's only international investment promotion event aimed at facilitating bilateral investment. It is also the largest global investment event approved by UFI. CIFIT offers optimum opportunities for business people at home and abroad to get a bird's-eye-view on the investment climates in China and other countries, and ensures them one-stop shopping service for multilateral investment cooperation, thereby helping them select from the widest range of investment projects and business partners. Several provinces set up exhibition booths to showcase their local investment environment and projects. CIFIT also offers diversified forums and seminars on investment policies.

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### 6th China International Auto Parts Expo, October 26~28, 2012, Beijing

The 6th China International Auto Parts Expo (CIAPE), an established annual event, is to be held from October 26 to 28 in Beijing. CIAPE is the exclusive internationalized auto parts exhibition in accordance with the principles of globalization, specialization and market requirements. CIAPE, oriented to both the global original equipment vehicle and parts manufacturers and the aftermarket, represents the latest development level of the domestic and global auto industry. Highlights of CIAPE 2012:

- Efficient matchmaking services are provided with the 5,000 quality auto parts suppliers recommended by the Chinese government.
- Thousands of technical staff, purchasers and R&D personnel from over 100 auto manufacturers all over the world participate in the expo.
- The annual Summit Forum of the auto parts industry will be held in the Great Hall of the People during the expo. Over 500 attendees including senior executives of auto parts enterprises, renowned experts, officials from relevant departments of the government, the press and representatives from the industry will attend the forum and discuss the prospects of the auto industry.
- Release of state-of-the-art products and technologies of the global auto industry, showcase of the most advanced technologies and innovations; new ideas of R & D, and environmental protection; new modes of manufacturing, purchasing, and management as well as the research and development achievements with China's own intellectual property rights.
- High-level multi-national match-making meetings will be arranged for auto and auto parts buyers. Top experts on global environment protection and energy saving will participate and discuss advanced technologies of new energy in the auto industry.

Venue: China International Exhibition Center (old venue), Beijing
For more information: China International Auto Parts Expo Secretariat,
Tel: 010-68991493/1049/1416, Fax: 010-68991084/1470/1944 E-mail: master@iapechina.com
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**Membership rates for 2012:**

- Large enterprises: €875
- SMEs: €350

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