法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 15 OCTOBER 2012

FCCC ACTIVITIES

Conference: "How and how *not* to do business in China" – Tuesday, 30 October 2012, 3.00 p.m. – Gent

The Flanders-China Chamber of Commerce (FCCC) is organizing a conference on "How and how *not* to do business in China". Highly experienced experts and business leaders will share their knowledge and expertise based on their achievements in China.

The conference will take place at 3 p.m. on 30 October 2012 at the House of the Province of East Flanders, Seminariestraat 2, 9000 Gent.

Programme:

3.00 p.m.	Registration
3.30 p.m.	Introduction by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
3.35 p.m.	Successful sales and marketing strategies in China by Mrs Kristina Koehler, Director Klako Group Shanghai
4.00 p.m.	Entering the China market. 13 years of experience in 5 stories by Mr Dirk Laeremans, General Manager, Orientas Consulting
4.30 p.m.	Experience of the start-up of a wholly foreign owned enterprise by Mr Stefaan Depecker, Commercial Director, Proviron
4.50 p.m.	Question and answer session
5.30 p.m.	Networking drink

If you wish to attend this interesting conference, please register online before 23 October 2012.

The participation fee for members of the FCCC is €65. The fee for non-members is €95.

OTHER ACTIVITIES

ICC IP Commission Conference – 26 October 2012 – Beijing

The International Chamber of Commerce's Intellectual Property Commission is organizing, jointly with the China Council for the Promotion of International Trade (CCPIT) / China Chamber of International Commerce (CCOIC), a conference on 26 October in Beijing.
This conference will address the theme of "Increasing economic and business competitiveness using intellectual assets".

The programme is available in English and Chinese at http://www.iccwbo.org/Training-and-Events/All-events/Events/Intellectual-Property-Conference-in-Beijing/
and will include both Chinese and international speakers on topics including:

- the importance of IP in the economic and trade strategies of countries
- the strategic importance of IP for businesses
- the challenges of protecting different types of technologies through patents and trade secrets
- key licensing issues, including in standard setting
- brand protection on the internet

The conference will be held at the Intercontinental Hotel Financial Street in Beijing at 11 Financial Street, Xicheng district and attendance is without charge.
(http://www.ichotelsgroup.com/intercontinental/en/gb/locations/beijing-financialstreet)

PAST EVENTS

Meeting with Ningbo (Yuyao city) delegation – 11 October 2012 – Brussels

To mark the visit of the Vice Mayor of Yuyao City (Ningbo) and his delegation, the Flanders-China Chamber of Commerce (FCCC), Flanders Investment & Trade, and Agoria organized an information meeting on 11 October 2012 at the Sheraton Hotel in Brussels.

The Vice Mayor of Yuyao, Mr Lu Jianguo, and representatives of the Yuyao Investment Bureau presented an outline of the investment environment in Yuyao (Zhejiang Province). The Party Secretary was accompanied by leading entrepreneurs from Yuyao, who wished to get acquainted with our business environment and to find potential partners. The composition of the delegation and a description of their activities is available at: info@flanders-china.be. Yuyao city is under the jurisdiction of Ningbo city and is situated in Zhejiang province. It has attracted a vast amount of foreign investment to focus on developing the industries of automobiles and parts, electronics and information, fire fighting equipment, electromechanical equipment and tools, plastics, mould industry and agriculture.

Speakers included Mr Cen Jie, Director of the Yuyao Investment Promotion Bureau; Mrs Claire Tillekaerts, CEO, Flanders Investment & Trade; Mr Lu Jianguo, Vice Mayor of Yuyao; Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce; Mr Marc Van Gastel, Head of Inward Investment, Flanders Investment & Trade; and Mrs Fang Zhen, Vice Director of the Yuyao Investment Promotion Bureau.

The event was concluded with a cocktail reception and B2B meetings.

An investment guide of Yuyao city can be obtained at: info@flanders-china.be.

FCCC Meeting with high-level Weihai delegation (Shandong Province) – 24 September 2012 – Ghent

To mark the visit of the Party Secretary of Weihai and his delegation, the Flanders-China Chamber of Commerce (FCCC) organized an information meeting on 24 September in Ghent.

The Party Secretary of Weihai, Mr Sun Shutao, and representatives of the Weihai Investment Bureau gave an outline of the investment environment in Weihai, Shandong province, where several Flemish companies such as Bekaert, Beaulieu and Weihai Golden Solar Thermal Industrials have a major investment. The Party Secretary was accompanied by leading entrepreneurs from Weihai, who wished to get acquainted with our business environment and to find potential partners. In May 2012, the FCCC organized a successful visit with Flemish companies to this dynamic city.

The Vice Governor of the Province of East-Flanders, Mr Marc De Buck, welcomed the Weihai delegation. Mrs Gwenn Sonck, Executive Director FCCC, introduced the assets of Flanders to the delegation.

Weihai City is situated in Shandong province and has seen an impressive economic growth over the past two decades. The city has been listed as one of the most dynamic cities with the fastest economic development in China. Weihai is a well-known port city in China and is therefore a lucrative industrial base with key industries. It has attracted a vast amount of foreign investment to focus on developing the industries of shipbuilding, automobiles and parts, electronics and information, electromechanical equipments and tools, textiles and garments, food and pharmaceuticals.

The meeting was organized with the support of Flanders Investment and Trade. The investment guide can be obtained at the FCCC. Letters of intent for further cooperation between members of the delegation and member companies have also been signed.

The Weihai investment guide can be obtained by sending an e-mail to the FCCC.

EU-China Business Summit – 20 September 2012 – Brussels

The 8th EU-China Business Summit on 20th September 2012 in Brussels brought together the highest level of CEOs from Europe and China. European and Chinese political leaders, including Chinese Premier Wen Jiabao, European Commission President José Manuel Durão

Barroso, European Council President Herman Van Rompuy and Belgium's Deputy Prime Minister Didier Reynders also attended and addressed the participants.
Organized by BUSINESSEUROPE and the China Council for the Promotion of International Trade – in cooperation with the European Union Chamber of Commerce in China, EU-China Business Association and EUROCHAMBRES – the event, held in parallel to the EU-China Political Summit, served as an important forum for an open discussion about the current and future challenges and opportunities shaping the business environment in China and the European Union. The event was supported by the Flanders-China Chamber of Commerce (FCCC)

Participants of the business summit expressed their concern about the ongoing global economic crisis and the slowdown in the Chinese economy. The business leaders discussed the challenges in innovation to remain competitive and to be able to adapt to local and global market demands. They looked at the ways of strengthening investment opportunities to boost growth by encouraging companies to invest and agreed that the EU and China should pursue an ambitious bilateral strategy to further open their markets by launching investment treaty negotiations.

BUSINESSEUROPE President Jürgen R. Thumann said: "China is already the EU's 2nd largest trading partner and its fastest growing export market. European companies are very keen on doing more business with and in China. The EU and China need to rely on partnerships for growth. But partnerships can only work well if they are beneficial to all parties involved. Therefore the strong economic dialogue that removes trade and investment impediments is central to the EU-China relationship."

Arnaldo Abruzzini, Secretary General of EUROCHAMBRES said: "Amidst the uncertainties we, Europeans, are facing in our home region, we wish to send a strong signal that EU-China relations remain crucial to overcome the current crisis. Despite dissensions, we need to pursue an open dialogue, to avoid protectionist temptations and to create the conditions for a harmonious and balanced business relationship for businesses from both sides, especially smaller ones."

Davide Cucino, President of the European Union Chamber of Commerce said: "More than ever before in modern history, the global economy depends on cooperation between Europe and China. Europe's open investment environment not only offers Chinese companies opportunities to enter a large mature marketplace, it also brings direct benefits that can help lift Europe out of its economic malaise. Likewise, European companies can be a catalyst to assist China shift its economy towards quality-driven sustainable growth, which is probably the primary challenge facing the global economy today. So, while today's Business Summit's theme of cooperation was apt, it also taught us that such necessary cooperation can only stem from an acknowledgement that fostering investment and healthy competition in an open marketplace is the most important goal."

Sir David Brewer CMG, President of the EU China Business Association said: "Today's Business Summit has yet again given European and Chinese businesses a tremendous opportunity to meet and discuss issues of common interest. Significant scope exists for even broader and deeper trade and investment links between the EU and China that will benefit our peoples. Now, as much as at any time in recent history, we need businesses to lead the way in driving economic recovery."

Lunch seminar: EU Business in China: Position Paper 2012/2013 – 18 September 2012 – Brussels

The Flanders-China Chamber of Commerce (FCCC) invited its members to the annual lunch seminar "EU Business in China: Position Paper 2012/2013", on 18 September 2012 at the Résidence Palace in Brussels. The seminar was organized by the European Union Chamber of Commerce in China (European Chamber) in collaboration with Business Europe and the EU-China Business Association (EUCBA), of which the FCCC is in charge of the secretariat-general. At this occasion, the European Chamber presented its European Business in China Position Paper 2012/2013. Speakers were Karel De Gucht, Commissioner for Trade, European Commission, and Davide Cucino, President, European Union Chamber of Commerce in China.

The Position Paper can be obtained at http://www.europeanchamber.com.cn/en/chamber-publications.

Information session: Financial incentives and investment funds for doing business with China – 12 September 2012 – Brussels

On 12 September, the Flanders-China Chamber of Commerce and Flanders Investment & Trade organized an information session focused on financial incentives and investment funds for doing business with China. The session presented a view on investment funds available and which financial incentives are being offered. This seminar focused both on Flemish companies wishing to expand in China and Chinese companies investing in Belgium.

Mrs Claire Tillekaerts, CEO, Flanders Investment & Trade, welcomed the participants and also shared information on trade between Flanders and China. Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, introduced the guest speakers. The first speaker, Mr Rik Daems, Senator, Chairman China-Belgium Investment Fund, gave a better understanding on the different investment vehicles related to China and the "Mirror" fund which addresses Chinese companies interested to invest in Belgium or in Europe. The second presentation delivered by Roald Borré, Business Manager, Investment Fund TINA, PMV, was focused on the TINA-fund, at which both Flemish and Chinese companies can apply for. After that, a presentation on "Financial Support to companies" was delivered by Yves Roekens, Head of financial incentives, Flanders Investment & Trade.

The presentations were followed by a question and answer session and a networking cocktail. 95 participants attended this interesting activity.

More information and a copy of the presentations can be obtained at: info@flanders-china.be.

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

Investment agency Central Huijin increases stake in ICBC and BOC

Central Huijin, the investment agency of the central government, raised its stakes in Chinese banks, including Industrial and Commercial Bank of China (ICBC) and Bank of China (BOC), in the third quarter, a move analysts say is an attempt to keep the stock market stable ahead of the 18th National Congress of the Chinese Communist Party (CCP), which will start on November 8. Huijin, which holds controlling stakes in major Chinese banks and whose parent company is sovereign wealth fund China Investment Corp (CIC), lifted its interest in ICBC by 6.27 million shares to 123.77 billion shares, according to a statement filed with the Shanghai Stock Exchange. The shares gave the company a stake of 35.43% in the bank at the end of the third quarter. Huijin has cumulatively bought 116.64 million ICBC shares since October last year when it announced a plan to boost its holdings. In a separate filing with the Hong Kong stock exchange, Bank of China said Huijin had increased its holding in the bank by 18.81 million shares through the conversion of a convertible bond into shares that lifted its stake by 0.01% to 67.64%. In a statement to the Hong Kong exchange, Huijin said it had on bought 5.73 million shares of Agricultural Bank of China (ABC), 2.81 million shares of China Construction Bank (CCB), 3.84 million shares of Bank of China (BOC) and 4.73 million shares of Industrial and Commercial Bank of China (ICBC). Before those deals, it had over the past 12 months raised its stakes to 40.16% of ABC, 57.15% of CCB, 67.64% of BOC and 35.43% of ICBC.

- Hong Kong will soon have its first dual-currency exchange-traded fund (ETF). Investors will be able to trade in the listed fund's units in either Hong Kong dollars or yuan. The Securities and Futures Commission (SFC) has approved the Harvest MSCI China A Index ETF. It has CNY2 billion to invest in Chinese stocks tracking the MSCI China A Index, its prospectus said.
- Many wealthy Chinese who immigrated to the U.S are thinking about renouncing their U.S. citizenship, something that would have been almost unimaginable a decade ago, when getting a U.S. passport was the ultimate status symbol in China. Under U.S. law,

American citizens and permanent residents or green card holders are taxed on their worldwide income regardless of where they live, and the U.S. Internal Revenue Service (IRS) is more strictly enforcing the Foreign Account Tax Compliance Act (Fatca). Last year 34,693 Chinese citizens emigrated to the U.S.

- The rapid growth in the level of bad loans in the entrepreneurial hub of Wenzhou is raising danger signs about a potential deterioration in credit quality at Chinese banks. The non-performing loan (NPL) ratio in the city rose for the 12th consecutive month to reach 3% at the end of August, or CNY21 billion, the highest level in a decade. By comparison, bad debts were just 0.37% of total loans at the end of August last year. Analyst Liao Qiang at Standard & Poor's said the debt level was still lower than the NPL ratios of banks in the U.S. and Europe, but the rapid growth was worrying. He also did not rule out that the credit quality in other cities would deteriorate, particularly in export-dependent coastal cities and provinces.
- The central government will keep monetary policy flexible and pre-emptive to support activity in an economy still facing relatively big downward pressure, People's Bank of China Governor Zhou Xiaochuan said. “The external environment for our country's economic growth is very grim,” Zhou said. “The impact from the international finance crisis is unabated and strengthening, and downward pressure on the domestic economy remains relatively big.”
- Analysts said that Lou Jiwei, 61, currently Chairman of China Investment Corp (CIC), has emerged as the front runner to replace Zhou Xiaochuan as the next Governor of the People's Bank of China (PBOC). Zhou, 64, is expected to step down next year when he will turn 65, the retirement age for senior officials, although he may still become a senior government adviser. Lou is a former Vice Minister of Finance. Other potential candidates include Guo Shuqing, 56, Chairman of the China Securities Regulatory Commission (CSRC) and Xiao Gang, 54, Chairman of the Bank of China (BOC). Dai Xianglong, 67, Chairman of the National Council for the Social Security Fund, is also expected to retire.
- China Huarong Asset Management Co, one of four asset management companies set up to clear the bad debts of state-owned banks, was officially transformed into a joint-stock company, paving the way to attract strategic investors and go public via an IPO. “The company will focus on commercial banking, trusts, leasing and other banking businesses while continuing to do a good job in asset management,” Chairman Lai Xiaomin said. With a registered capital of CNY25.8 billion, 98.06% of the new company’s shares are held by the Ministry of Finance, with the remaining 1.94% held by China Life Insurance Co. Huarong has accepted, acquired and disposed of toxic assets worth more than CNY720 billion. Huarong is the second asset management company transformed into a joint stock company, following China Cinda’s restructuring in June 2010.
- China's “Big Four” banks extended CNY166 billion in new loans last month, down 23%, or more than CNY50 billion, from the previous month. Chen Xingyu, Shanghai-based Analyst at Phillip Securities, expected total new loans of the four banks to drop further in the fourth quarter. The slowdown in loan growth did not deter investors from cashing in on bank stocks after Central Huijin said it would continue buying shares.
- Global banks that hoped to turn Hong Kong into a platform to serve wealthy mainland Chinese clients have begun to lay off staff to reduce costs. Goldman Sachs and Swiss private bank Julius Baer cut several private banking staff in Hong Kong. For private banks to maintain a profitable business, each relationship manager needs to attract and maintain at least USD150 million in assets to manage, according to Kenny Lam, McKinsey Partner specializing in private banking.
- The European Investment Bank (EIB) has decided to open a representative office in Beijing. In 2010, the bank granted a €500 million loan to China to support projects to mitigate climate change.
- Three European banks – Britain's HSBC and Standard Chartered, and Germany's Deutsche Bank – are hiring people for various functions in China to expand their networks. Hiring was focused on areas such as transaction banking, trade finance, and cash management. Elsewhere in the sector hundreds of positions have been cut at international banks including Deutsche Bank and Credit Suisse in Hong Kong.
- China says its currency has approached its equilibrium rate against the U.S. dollar, indicating chances are slim that the yuan will continue rising significantly. People's Bank of China Governor Zhou Xiaochuan, in a speech delivered in Tokyo on his behalf

by Deputy Governor Yi Gang, stressed the yuan's valuation is mainly determined by the market, not government intervention. Zhou said the central bank had refrained from intervening in the market in the past year, while the exchange rate had remained at around CNY6.3 per dollar.

- Shenzhen-based Ping An Bank has raised its interest rate for longer-term time deposits, in a sign that smaller lenders are competing more fiercely to attract depositors. The bank has raised its annual interest rate for two-year term deposits of more than CNY500,000 from 3.75% to 4.125%, and to 3.9375% for deposits of between CNY50,000 and CNY500,000. The 4.125% interest rate hits the upper limit set by the People's Bank of China (PBOC) in June, capping the deposit rate at 1.1 times the benchmark rate of 3.75% that was set in July. Other small lenders have also raised interest rates, but the big banks have not changed their interest rate of 3.75% on two-year term deposits since July.
- The U.S. Treasury said it will delay a semi-annual currency report until November. The politically sensitive report, which examines the foreign exchange practices of major U.S. trading partners, has repeatedly singled out China for not allowing its currency to appreciate more rapidly. The Treasury Department said it was delaying the report in order to “assess progress” following the group of 20 Finance Ministers' Meeting on November 4-5 in Mexico City.
- China posted the fastest growth in money supply in 15 months in September. M2, the broadest measure for money supply, climbed 14.8% in September from a year earlier, the People’s Bank of China (PBOC) said. That is 1.3 percentage points quicker than August’s rate of increase and surpassed economists' expectations of 13.7% according to a Bloomberg News survey. China’s foreign currency reserves totaled USD3.29 trillion by the end of September, up from USD3.24 trillion in June.

FOREIGN INVESTMENT

Chinese investments in U.S. create 27,000 jobs

600 Chinese direct investments made between 2000 and 2012 in the U.S. support 27,000 jobs today, compared with 10,000 jobs five years ago, according to the New York-based Rhodium Group. The companies in the study are all U.S. subsidiaries with Chinese majority ownership and do not include those in which Chinese hold a minority interest, which account for USD8 billion, or 40% of Chinese investment in the U.S. during the 12 years. Major job creators include auto parts maker Wanxiang, which employs 6,000 Americans, mostly in Illinois; appliance maker Haier hiring 350 in South Carolina; telecom equipment firm Huawei with 1,500 in California, Texas and New Jersey; and Sany, which runs a facility in Georgia employing more than 130 people. “We see no evidence of asset stripping behavior and find that most Chinese parent firms have maintained or added staff after acquiring companies in the U.S.,” wrote Thilo Hanemann, Research Director of the Rhodium Group, and Adam Lysenko, Research Analyst at Rhodium. Although the 27,000 jobs associated with Chinese investment now make up less than 1% of the 6 million jobs created by U.S.-based foreign affiliates, the report emphasized that the potential is huge, given that Chinese FDI is expected to increase dramatically in the coming decade. It projects that if the U.S. can attract between USD150 billion of Chinese global outbound investment by 2020, there will be 300,000 Americans on the payroll of Chinese U.S. affiliates. Rhodium expects total Chinese outbound investment to hit USD1 trillion by 2020, the China Daily reports.

Shanghai boosts incentives to attract MNCs

Shanghai is beefing up efforts to attract more multinational companies to locate or upgrade their regional headquarters in the city. If a multinational company plans to set up a new headquarters at Asia-level or above in Shanghai which employs more than 50 staff, it can get CNY8 million for the following three years to assist its operations, up from CNY5 million. If existing headquarters with more than 50 employees are upgraded to the Asia-level or above, the companies will receive CNY3 million. Extra conveniences are also being offered, such as longer visas for company executives, an increase in the quota for headquarters to exchange foreign currencies or use the yuan, and a rise in the number of executives who can apply for foreign expert certificates. Neighboring Jiangsu province has also unveiled supportive policies recently to persuade foreign companies to set up headquarters there, an indication of the increasing competition among regions to attract foreign companies. Shanghai also unveiled an updated version of rules encouraging foreign companies to set up research and development centers in the city. If foreign R&D centers import equipment for scientific research, they can qualify for tax exemptions. By the end of last month, 393 MNCs had set up their regional headquarters in the city.

- China has removed or amended 314 administrative regulations covering industries from banking to online retailers to facilitate business. The changes include removing a requirement for branches of foreign bank to seek permission from the China Banking Regulatory Commission (CBRC) to change addresses. Foreign shareholders in Chinese banks also no longer need the approval of China's foreign exchange regulator to remit dividends abroad. The reforms are intended to let the government exit all areas where parties can make their own decisions, the government said.
- China's Ministry of Commerce (MOFCOM) said it "strongly opposed" a U.S. report that alleged Chinese telecommunication companies Huawei and ZTE pose a national security threat in the United States. The report, based on "subjective guesswork" and "untrue evidence", used national security as an excuse for blocking Chinese companies from normal operation and fair competition on the U.S. market, Ministry Spokesman Shen Danyang said.
- Shanghai led 27 global cities in attracting foreign direct investment (FDI) by number of projects and amount of capital invested, according to a report co-authored by PricewaterhouseCoopers (PwC) and Partnership of New York City. The city moved up three notches to No 5 in terms of economic clout, after Beijing, Paris, London and New York, the report said. Overall, Shanghai is No 19 among the 27 largest global cities for business influence and opportunities. Shanghai is No 23 for livability.

FOREIGN TRADE

China's exports up 9.9% in September, easing worries

China's exports grew more than expected in September, temporarily easing worries of a sharper downturn in the global economy. Exports totaled USD186.35 billion last month, up 9.9% year-on-year, figures from the General Administration of Customs showed. The growth was higher than the 5.5% median estimate tipped by Bloomberg and the 4.5% predicted by HSBC. Exports only grew 2.7% year-on-year in August. HSBC Analysts Sun Junwei and Qu Hongbin said September's exports rebound was probably due to the increase of Christmas orders and the front-loading of shipments before the eight-day-long National Day holiday, which lasted from September 30 to October 7. While the stronger-than-expected rebound could help alleviate concerns of a sharper slowdown in the Chinese economy, the Analysts said it was unlikely this growth would be sustained in the coming months. On the import side, the figures were in line with market expectations, recording moderate growth of 2.4% year-on-year in September after a contraction of 2.6% in August. The trade surplus rose slightly to USD27.7 billion last month from USD26.7 billion in August. At Bank of America Merrill Lynch, Economists Ting Lu and Marcella Chow said: "Markets will surely welcome these robust trade data, which could further dispel the fear of a hard landing, though positive impact could be partially offset by reduced hope of policy easing. Investors, like us, will also doubt whether the high export growth is sustainable."

Africa expected to become China's largest trade partner

Africa is likely to surpass the EU and the U.S. to become China's largest trade partner in three to five years, as increasing efforts are being made to build economic ties with the continent, said former Vice Minister of Commerce Wei Jianguo, who is now Vice Chairman and Secretary General of the China Center for International Economic Exchanges. In 2012, China's trade with Africa will probably reach USD220 billion, up 25% year-on-year. China's exports to Africa grew 22% in the first nine months of this year, while imports jumped by 21.5% during the period. The Ministry of Commerce (MOFCOM) said that in 2011, China's trade with Africa hit USD166.3 billion, a jump of 83% over 2009. Currently, the EU is China's largest trade partner, with a bilateral trade volume of USD567.2 billion in 2011. The U.S. is the second largest trade partner with China, with a bilateral trade volume of USD446.7 billion, according to the General Administration of Customs. But trade with Africa is expected to close the gap quickly. China's confidence in its future African ties, Wei added, is also based on the forecast that the EU's economy will remain sluggish in the coming three to five years and that U.S. economic growth would linger at a low level. "Due to the recession of the global economy, it is almost impossible for China to achieve a foreign trade growth target of 10% for the year, and the situation for next year remains grim," Wei said. He called for more government policies to support export-oriented enterprises, including expanding the scope of products that enjoy tax rebates, hiking the tax rebate rate and quickening the rebate process. On the enterprises side, Wei said Chinese exporters should quicken their pace in diversifying their target markets, adding it is now the best time to invest in Africa, which has a huge potential consumer market. China's investment in Africa, Wei estimated, will grow by 30% to 40% this year. China's non-financial direct investment in Africa increased 58.9% year-on-year to USD1.7 billion last year, according to the Ministry of Commerce. By the end of 2011, Chinese investments in Africa reached USD14.7 billion, up 60% compared with 2009. Chinese investment in Africa is focused on energy, minerals and infrastructure, the China Daily reports.

- Taishan Gypsum appealed a September court ruling that ordered the Chinese drywall manufacturer to pay homeowners in the United States for damages caused by harmful chemicals in its wallboard. Taishan Gypsum, which claims to be the largest manufacturer of gypsum board in China, argued that an earlier ruling should be set aside because the New Orleans-based court has no jurisdiction over a foreign company.
- No disease-causing viruses were found on exported frozen strawberries allegedly behind a food poisoning outbreak in Germany, China's quality watchdog said. The norovirus, suspected of infecting more than 11,000 students, was not found on a sample of fruit exported by a Chinese firm, the General Administration of Quality Supervision, Inspection and Quarantine (GAQSIQ) confirmed.
- China will offer CNY2.5 billion as subsidies to pay the interest on loans importers borrowed to purchase selected types of good. The amount of the subsidies is 25% higher than last year. Since 2008, China has offered a total of CNY9.5 billion in subsidies to encourage purchases of advanced equipment, raw materials and key components. "Every CNY1 subsidy we offer has increased the import value by USD12," the Ministry of Finance said.
- The Foreign Ministry has set up a new Department of International Economic Affairs to manage economic diplomacy. The newly established Department is to "ensure China will be better involved in global cooperation and governance … in a bid to safeguard national interests and economic security", Foreign Minister Yang Jiechi said at the Department's inaugural meeting in Beijing. State Councillor Dai Bingguo told the meeting that economic matters were becoming ever more important to China's overall foreign policy. Until now, overseas economic affairs had been shared by several ministries. Zhang Jun, a former Chinese Ambassador to the Netherlands until July, was appointed as the first Director General of the newly established Department.
- China's Ministry of Foreign Affairs denied that Chinese customs agents were delaying clearance of Japanese goods, but added that it is Japan that should bear responsibility for the soured bilateral economic and trade relations and correct its mistakes.

IPR PROTECTION

Shenhua Group granted foreign invention patents

Shenhua Group is now a world leader in coal-to-oil technologies after its liquefaction technology was granted eight foreign invention patents, said Shu Geping, the company's Chief Engineer. The company commercialized the technology by establishing the world's first production line in Ordos, Inner Mongolia, in 2008 with an annual capacity of 1.08 million tons of liquefied coal.

- The Ministry of Industry and Information Technology (MIIT) started a nationwide survey for the 2013 China Brand Power Index (C-BPI) to help lift the quality of domestic brands and protect the intellectual property rights of both indigenous and overseas branded products in China.
- Agreements worth a total of CNY5.6 billion were signed during the recently concluded Beijing Design Week, which highlighted copyright protection for design works. Organizers teamed up with Beijing Customs, the China Copyright Protection Center

and the National Cultural Trade Center to offer accreditation for foreign brands in a bid to boost overseas firms' confidence in the Chinese market.

- A research team from the 307 Hospital of the People's Liberation Army (PLA) was recently granted a gene patent by the European Patent Office, the first of its kind from China. The team cloned the DNA of a gene that researchers say can help cure rheumatoid arthritis.

MACRO-ECONOMY

World Bank cuts China growth forecast

The World Bank cut its forecast for China's economic growth to 7.7% in 2012 from earlier an projection of 8.2% in May on weaker domestic and external demand. However, monetary measures already taken, stimulus policies rolled out by some provincial governments, and accelerated approval of investment projects will help China's growth rebound to 8.1% next year, it said in a report. Its report also noted that China's consumption contributed more to GDP growth than investment for the first time. "Some observers see this as the start of a trend in China's domestic rebalancing and associate this with a more permanent growth slowdown in the country," it said, but warned that "relaxation in monetary policy earlier this year and a local government stimulus could again reverse this trend in months to come." The World Bank is not alone in cutting growth estimates. The Asian Development Bank (ADB), ratings firms and investment banks such as Citibank, have already cut their forecasts.

Wahaha Chairman tops 2012 Forbes China Rich List

Slower economic growth took its toll on many of China's 100 biggest fortunes, according to the 2012 Forbes China Rich List, with 45 of them slipping from last year's count and their total assets dropping 7% to USD220 billion. Zong Qinghou, the founder and Chairman of the beverage producer Hangzhou Wahaha Group Co, who topped the list in 2010, regained his title as the richest businessman in China, with a net worth of nearly USD10 billion. With an 80% share in Wahaha, Forbes said Zong's fortune exceeded CNY60 billion, over CNY2 billion more than last year. Wang Jianlin, Chairman and President of Dalian Wanda Group Co, was the fastest riser in the past year, seeing his wealth jump from CNY25.6 billion to CNY50.4 billion, making up the top three with Zong and Robin Li from China's search engine company Baidu. The Forbes list comes a fortnight after Zong, 67, topped the Hurun Rich List 2012, which estimated his fortune at USD12.6 billion, the second time he has topped the Hurun list. Zhang Jindong, Chairman of Suning Appliance Co, saw a drop in his value of USD2.4 billion, even as he opened up a commanding market lead over longtime rival Gome Electrical Appliances Holding, owned by Huang Guangyu, who suffered a USD2 billion drop in value. The total number of billionaires in China fell from 146 last year to 113 this year, caused by the economic slowdown. "It's relatively rare for total wealth held by the members of our list to decline," said Russell Flannery, Forbes Senior Editor.

- The HSBC China Service Purchasing Managers Index rose to 54.3 in September from a year-low 52 in August. "The business activity in the service sector accelerated last month due to rising new orders," said Qu Hongbin, Chief Economist for China at HSBC.
- China may become the world's wealthiest country by household assets after the United States in five years as the nation's middle-class consumers grow richer, Credit Suisse Group forecast. The nation will add USD18 trillion in household wealth by 2017, taking its total to USD38 trillion, the bank said. Japan was still expected to have more millionaires compared with China in five years, with estimated figures reaching 5.4 million in 2017 for Japan and 1.9 million for China.
- China's economic growth is expected to weaken to 7.8% this year, the International Monetary Fund (IMF) said. It predicted 8.2% growth for next year.
- Chinese households were less confident about the country's economy in September, which again damped their willingness to buy properties amid rising home prices, a survey by the Bank of Communications (BoCom) showed. The China Wealth Index, compiled by BoCom's Economic Research Center and Nielsen Co, stood at 113 in September, a record low since the survey started two years ago. Confidence has been hit as consumers believe the current economic slowdown in China will be a long-term

phenomenon.

MERGERS & ACQUISITIONS

Former Bank of Canada Governor supports CNOOC bid

Canada should allow China's state-owned CNOOC to buy Canadian oil company Nexen, David Dodge, who was Bank of Canada Governor from 2001 to 2008, said. "How can that not be in our interest?", Dodge asked. He is now a Senior Adviser at law firm Bennett Jone. Dodge pointed out that most of Nexen's assets were outside Canada, that CNOOC already owns a minority stake in the company's Long Lake facility in northern Alberta, and that the government has shown no concern about other state-owned companies already operating in the oil sector. "So do we automatically say that state-owned firms shouldn't be in? We have [Norwegian oil and gas firm] Statoil in; it's a state-owned firm," he said. "I can't help but think this is more anti-Chinese than it is anything else because there's every reason to allow this one to go through." He dismissed as "the stupidest thing" the notion put forth by some that oil is a "strategic" resource that should remain in Canadian hands. "The oil in the ground is owned by the people of Alberta. It's a question of who we're going to license to take it out," he said.

Canada said it is extending its review of CNOOC's USD15.1 billion takeover of Nexen for 30 days to undertake a "thorough and careful" assessment. Canada's foreign takeover law specifies transactions must have a "net benefit" for the country to win approval. "Extensions to the review period are not unusual," Canadian Industry Minister Christian Paradis said.

- A rebound in the property market boosted mergers and acquisitions (M&As) in the third quarter of this year in China. There were 233 M&A transactions in the third quarter of the year, an increase of 10.4% from the previous three months, according to a report by research consultant Zero2IPO. But the total value tumbled 45% quarterly to USD6.6 billion based on the 217 M&A transactions for which financial details were available. The property sector topped all others in M&A transactions with USD1.4 billion, more than the combined value in the first and second quarters. The report added that the momentum was likely to continue in the fourth quarter.

PETROCHEMICALS

Sinopec to build large oil storage terminal in Indonesia

Sinopec Group is building what experts predict will become the largest oil storage terminal in Southeast Asia, in the Batam free trade zone in Indonesia. In an investment worth USD850 million, Sinopec Kantons Holdings, a unit of the company, will hold a 95% stake in the PT West Point Terminal project, which will include a 2.6 million cubic meter oil storage facility capable of storing up to 16 million barrels of crude and refined fuels, and the construction of extensive port facilities. The Batam project will be Sinopec's first big facility near Singapore, the hub for Asia's oil trading activities. Taking 18 to 24 months to complete, the project has about 360 hectares of land set aside for it. A refinery and petrochemical project are also being considered in a second phase of development. Sinopec has aggressive plans to expand its oil vessel activities in the area, but its biggest challenge has been finding sufficient oil storage capacity. Sinopec's crude oil output in the first half was 163 million barrels, up 4.33% year-on-year. China National Petroleum Corp (CNPC), Asia's largest producer of oil and gas, has a 35% stake in a 14 million-barrel universal oil terminal on Singapore's Jurong Island.

- Sinopec's share price rose last week after an unnamed expert at the Energy Research Institute of the National Development and Reform Commission (NDRC) said the government is expected to soon launch a new retail fuel price-setting mechanism.
- Wilo, one of the world's major pump manufacturers, plans to double its revenue in China to CNY1.5 billion by 2015 after spending CNY200 million to build a new factory in Beijing, said Zhu Enhui, the company's China CEO. The company's revenue in China hit CNY730 million in 2011 and is expected to exceed CNY800 million this year. The Germany-based company has two manufacturing bases and 14 sales offices in China.

REAL ESTATE

Prices rising, sales stabilizing

China's new home prices rose for the fourth month in September with sales stabilizing, the China Index Academy said. Average price across 100 cities last month edged up 0.17% from a month earlier to CNY8,753 per square meter, which was lower than the 0.24% monthly climb in August. A total of 60 cities reported a monthly climb in new home prices while 38 recorded declines. Prices remained unchanged in two cities. Kunshan in Jiangsu province saw the biggest gain with a 2% rise. Shanghai's average new housing price was up a slight 0.07% to CNY23,210 per sq m. The average cost of homes in the 10 largest cities, including Shanghai, Beijing and Guangzhou, stood at CNY15,573 per sq m, up 0.22% from the previous month. Prices of existing homes in downtown areas in the 10 largest cities rose 1.65% to CNY21,607 per sq m, a narrower pace from that of August. Existing home prices in Shanghai last month climbed 2.06% to CNY31,363 per sq m. Property developers were generally pursuing a conservative pricing strategy in order to ensure a stable income. Year-on-year, new residential home prices in the 100 cities fell 1.4%, the report showed. “Developers' incentives to cut prices are gradually dissipating as sales recover this year,” said Zhao Zhenyi, Analyst at Industrial Securities. “But there's no strong momentum for price gains because inventories are growing with new projects coming in.” Developers' credit outlook improved as the recovery in prices eased liquidity pressures and a slowing economy limited the authorities' incentive to further tighten policy, Standard & Poor's said last month. During the recent National Day holiday, property sales in 54 cities monitored by Centaline dropped nearly 70% over the previous week. Home sales in Beijing during the holiday dropped 51.9% year-on-year, according to statistics from the Beijing Municipal Commission of Housing and Rural-Urban Development. A total of 437 new homes were sold in Beijing between October 1 and 7, down 88.1% on the previous week. A similar situation also occurred in Shanghai and Shenzhen. But, according to Zhang Dawei, Centaline's Research Manager in northern China, as most online transaction systems were closed during the holiday, the actual figures may be higher than these statistics.

Property no longer main driver of wealth accumulation

The average wealth from property development by the top 50 richest industrial players in China fell 5.2% from 2011 to CNY12.8 billion, the Hurun Research Institute said. That was a 17.4% decrease from its peak in 2007 when China's property market was in full swing. Ten years ago, property accounted for nearly 50% of those on the Hurun Rich List that features the top 1,000 wealthiest Chinese. This year, property has lost its place as the biggest wealth source for the first time since the list was issued in 1999, with just 19.8% counting property as their main activity, compared with 20.5% in manufacturing. Wang Jianlin, 58, Chairman of Dalian Wanda Group, snatched back his 2010 title of the richest Chinese mainland property developer from Hui Ka Yan of Evergrande Real Estate, who is now in fourth place. Though up a place to second on the property rich list, Wu Yajun, 48, of Longfor Properties, the richest woman on the Chinese mainland, saw her wealth decline 13% to CNY35 billion. Beijing is home to most rich property developers, with 14 companies, including Wanda and Longfor, headquartered there. Guangdong province has 11, including Evergrande, followed by Fujian province and Shanghai, which both have six, the Shanghai Daily reports. The top 50 richest people in the real estate industry saw their total wealth reduced to CNY651.8 billion this year, meaning that their wealth decreased by 5.2% on average from last year and by 17.4% on average from 2007. The minimum amount of wealth a person must possess to appear on the Hurun Rich List for Real Estate was lowered for 2012 by CNY5 million, taking it to CNY6 billion.

Poly pays high price for land in Shanghai's Xuhui

Poly Real Estate Group paid the highest price for a Shanghai site this year, bidding CNY4.5 billion for a commercial-residential block in the city's center at a municipal government auction. The block attracted aggressive bidding from developers and the Poly Real Estate consortium secured it only after 99 minutes and on the 445th bid. The price of the site is 12.5% to 36% higher than market expectations, which ranged between CNY3.3 billion and CNY4 billion, and was 42.9% higher than the opening bid of CNY3.15 billion. The accommodation value – the value of a piece of land divided by the gross floor area of units permitted to be built on it – is CNY27,055 per square meter. The 66,530 sq m site located in the south of Xuhui district could yield a total gross floor area of 166,325 sq m. Under restrictions on the lease, only 45% of the gross floor area can be used for residential development. There was aggressive bidding for the site as there is a lack of residential sites on the waterfront available for sale. Song

Huiyong at Centaline (China) in Shanghai said profit on the project would be tight because prices of nearby residential properties ranged between CNY50,000 and CNY60,000 per sq m.

- China-based clients are now the second-biggest group of foreign buyers of U.S. residential real estate, eclipsed only by Canadians, according to the U.S. National Association of Realtors. In 2011, Chinese buyers accounted for 9% of international sales of U.S. homes, up from 5% in 2007. Cash-rich Chinese buyers typically favor new Manhattan buildings such as the One57, near Central Park, as well as “trophy properties” with a history, such as Walker Tower. Apartments at One57 are priced between USD7 million and USD64 million.
- Hong Kong home prices are continuing to break records, while rents are rising at a slower pace and even dropping in some sectors, according to the latest figures. According to data released by the Rating and Valuation Department, the overall price index of private residential units hit the highest point, 210.6, in August, a 2.1% increase from July's 206.1. The index uses the 1999 price level as the base point of 100. The index climbed over the 1997 peak (172.9) last year and since March has been setting new records every month.
- Hong Kong-based Shui On Land plans to build a large-scale shopping center near the Hongqiao integrated transport hub in Shanghai. The project, with 123,000 square meters of shop space, will have a total investment of CNY8 billion, said Bryan Chan, Project Director of Shui On Development.
- Urban management official Cai Bin of Panyu district, Guangzhou, was suspended after authorities found his family owned 21 houses, well above what his legitimate earnings would allow. He was exposed by users of microblogs. A real estate agency estimated the market value of the properties at about CNY40 million.
- Statistics from real estate service provider Homelink showed that local governments in 10 cities, including Beijing, Shanghai and Guangzhou, received CNY135.2 billion from selling land parcels in the third quarter, up 123.8% on the second quarter. Floor space sold during the same period jumped 70.1%. The four key cities — Beijing, Shanghai, Guangzhou and Shenzhen — saw their land revenue increase 355.7% to CNY41.47 billion in the third quarter.
- The U.S. National Basketball Association (NBA) plans to build the 12,000-square-meter NBA Center between Beijing and neighboring Tianjin. The center will be built by Chinese developer Yatai Lanhai Investment Group, and include an NBA-themed restaurant, an interactive games area and a store selling team apparel.
- CIFI Holdings, a Shanghai-based property developer, has revived a plan to list shares in Hong Kong next month to raise as much as USD300 million. The firm focuses on mid-priced commercial properties in Shanghai, Beijing and Suzhou. It offers affordable housing to urban newcomers at prices of up to CNY20,000 per square meter in non-core areas in first-tier cities.

RETAIL

China chocolate market is expanding

Lindt & Sprungli (China), a maker of premium chocolates, is expanding in China. The company has established more than 3,000 points of sale and duty-free outlets in China, mainly in cities. Market potential is substantial. “In China people consume 200 grams of chocolate a year each on average, while in the United Kingdom the corresponding figure is 12 kilograms and, in Japan, it is about 2 kilograms,” said Katherine Zhou, Regional Director of Ipsos, a market research company. The U.S. brand Mars is now the most successful among them, controlling 40% of the country’s chocolate market with its Dove brand, followed by Swiss brand Nestlé, with 11% of the market, and the Italian brand Ferrero, with 9%, according to Euromonitor data from last year. Behind them were Cadbury and Hershey’s. Their China-based competitors such as Golden Monkey and Le Conte are meanwhile still struggling to appeal to Chinese consumers. More and more foreign brands are flocking to the country. Chinese customers are now not only concerned with the taste of chocolate but also its ingredients, origin and even history. “My view is that China has a huge potential market, and we feel that we should allow Chinese consumers to feel the chocolate experience,” said Mohamed Elsarky, International General Manager for Godiva. The Belgian chocolate brand opened a shop in Shanghai’s Xintiandi entertainment complex in 2010. Since the brand came to China three years ago, 21

Godiva retail shops have been opened in the country. Elsarky said there are plans to have 33 shops operating under the Godiva brand in 2007, in nine Chinese cities by the end of the year, the China Daily reports.

- Domestic bank card transactions during the 8-day National Day and Mid-Autumn Festival holiday surged 41% year-on-year, while bank card spending overseas rose 33%, said UnionPay, China's sole bank card transaction firm. Spending at department stores and supermarkets soared 46% and 39% respectively from a year earlier. Transactions at domestic restaurants gained 27% on an annual basis.
- About 97.5% of respondents in a poll conducted by the China Youth Daily believe excessive packaging is a serious problem for shoppers. Some 48.4% of the 4,306 respondents said plainly packaged products are scarce and they often have to buy products in too much packaging. The survey indicated that 83.2% of respondents consider excessive packaging a waste of resources and a cause of environmental damage. In February, the Standing Committee of the National People's Congress (NPC) approved an amendment to the Law on the Promotion of Clean Production, stressing efforts to battle excessive packaging.
- Karen Millen, a fashion retailer privately-owned by Aurora Fashions, opened its first store in Beijing. The new outlet is part of a plan to open 60 stores in China over the next five years. The Karen Millen brand is positioning itself between the high-end luxury names and high-street stores.
- Chong Yik Kay, Chief Financial Officer (CFO) of sportswear retailer Li Ning resigned, effective from November 1, but would remain as an adviser to the company. Chong's move follows that of the company's Chief Executive, Zhang Zhiyong, who stepped down in July. Li Ning, backed by Singapore sovereign fund GIC and U.S. private equity fund TPG Capital, announced a major management reshuffle in July, appointing Kim Jin-goon, a partner at TPG, as Executive Vice Chairman.

SCIENCE & TECHNOLOGY

Scientists score advance in lung cancer detection

Shanghai scientists have detected a molecular "target spot" that can lead to the prevention and diagnosis of early stage liver cancer. The finding published in the journal Nature Cell Biology is a breakthrough on how a gene network can sabotage normal liver cells. The discovery can effectively help detect liver cancers at the initial stage, which is often overlooked. The cancer's development can be impaired by changing the gene network, said Hui Lijian, Researcher with the Institute of Biochemistry and Cell Biology under the Shanghai Institute for Biological Sciences.

- Novo Nordisk, the world's biggest producer of insulin, officially launched its largest overseas R&D center in Beijing recently. With an investment of more than USD100 million, the Danish company hopes the facility can support scientific research into new products and technology that will be used around the world.
- China is planning to collect samples from the surface of Mars by 2030, according to Ouyang Ziyuan, Chief Scientist of the country's lunar orbiter project. China's lunar probe, the Chang'e-3, is expected to land on the moon in the second half of next year.
- China has successfully launched the Practice-9 A and Practice-9 B satellites from the Taiyuan Satellite Launch Center in Shanxi province. They are the first in a series of civilian satellites for technological experimentation. The satellites will be used to test domestically developed components, satellite formations and inter-satellite measurement.

STOCK MARKETS

Bear market continues after holiday

The Shanghai stock index fell on the first day of trading following the eight-day public holiday for National Day and the Mid-Autumn Festival. Some 1.8 billion non-tradable shares, valued at CNY17.9 billion, were set to flood the Shanghai and Shenzhen markets last week. Xiangcai

Securities cautioned that unlocking non-tradable shares may hurt stock prices in a bearish market. Experts said the release of more non-tradable shares and the restarting of the processing of initial public offering (IPO) applications in October may lead to an oversupply of stocks. Other analysts said that investors may have overreacted to this “negative news,” which, they maintained, should have a limited impact on overall share prices. IPO approval procedures had been suspended for nearly two months, the longest halt on new offerings since July 2009, and the restart may raise concerns that the move will further drag down the already sluggish stock market. As many as 758 domestic companies in the IPO pipeline awaited regulatory approval to list as of September 6, according to CSRC figures.

- Dynasty Real Estate Investment Trust, an investor in Chinese real estate backed by ARA Asset Management, is seeking as much as CNY5.4 billion in the first dual-currency initial public offering (IPO) in Singapore. Dynasty plans to offer as many as 901.3 million units at CNY4.40 to CNY4.70 apiece, its prospectus says. It also plans to sell about 108.8 million units to Singapore-based ARA, backed by billionaire Li Ka-shing. About 137.6 million units will be sold to cornerstone investors. The shares will be traded in yuan and Singapore dollars.
- China and the United States have reached an agreement that will allow U.S. authorities to observe official Chinese audits, but they will not have access to detailed results of specific audits.
- China Securities Finance Co plans a CNY10 billion capital increase to CNY22 billion via the issuance of 10 billion shares. China Securities Finance serves as a centralized financing body in China from which securities companies are allowed to borrow money or stocks on behalf of their clients to facilitate margin trading and short-selling activities.

TRAVEL

New high-speed rail between Dalian and Harbin tested

A high-speed railway linking Dalian, a port city in Liaoning province and Harbin, capital of Heilongjiang province, is undergoing trial runs. It is the world’s first high-speed railway built to withstand extreme cold weather conditions. The trip between the two cities will take three-and-a-half hours compared to nine hours on an ordinary train. The new line will make 24 stops and connect 10 cities. Construction of the 921-kilometer line began in 2008. It is designed for trains to reach a top speed of 350 kilometers per hour, but they will travel initially at a maximum of 300 km/h, railway authorities said. The line has to withstand extreme temperatures as low as -39.9 ºC in winter and as high as 40 ºC in summer, which poses major challenges to the trains and railway construction. The railway is fitted with special facilities to remove snow and ice from the line and to protect its power supply systems from the elements. The line could provide a boost to the tourism industry in Harbin and Dalian, both major holiday destinations. Harbin is notable for its beautiful ice sculptures in winter and its Russian legacy, and Dalian is well known for its mild climate and many beaches.

Foreign air booking agencies fighting for market share

China's decision to break the monopoly of state-controlled TravelSky Technology in online air ticket sales has foreign players Amadeus, Galileo and Abacus fighting for market share. Before the change on October 1, TravelSky, was the only computerized reservation system for flight bookings and ticketing in China, generating CNY2 billion in sales a year. Foreign competitors have so far been allowed to process only the bookings for overseas carriers, which account for just 4% to 5% of total bookings. About 318.6 million reservations were made on domestic and international airlines in China last year. For international carriers alone, the number of bookings was projected to reach 16 million this year, compared with 12.83 million last year, according to Winnie Lau, General Manager at Abacus Distribution Systems (Hong Kong). Abacus, which has a 75% market share in Hong Kong, Taiwan and Macao, is to ramp up its operations in Beijing, Shanghai, Shenzhen, Guangzhou and Chengdu by hiring more staff to handle the expected increase in business. “We expect to see double-digit growth in our segment of flight bookings on foreign carriers in 2013,” Lau said. Amadeus China, a subsidiary of Amadeus, one of the world's largest global air ticket distribution systems, also said it was preparing for the huge Chinese market, forecast to be the largest travel market by 2015. The company will ramp up its three Chinese offices and reach out to other cities when international carriers expand their network. A major challenge will be the limited supply of skilled operators, the South China Morning Post reports.

China to promote public transport

The Chinese government has told cities across the country to make development of public transportation a priority. Road conditions for cyclists and pedestrians should also be refined, it said. The government also plans to unveil policies include tax cuts, oil price subsidies and electricity price cuts for the public transport sector. Private funds will also be encouraged to take part in the construction and operation of public transport. So far, 28 cities have had their rail transit development plans approved by the National Development and Reform Commission (NDRC). According to those plans, 2,500 km of subway will be built between 2010 and 2015. In Chengdu, 33 bus routes operating on, and in between, Chengdu's Second and Third Ring roads will be free of charge, and another 11 free bus routes will start operation by the end of this month. Motorists in Chengdu will be allowed to drive only on alternate days in downtown areas of the city. Chengdu joins Beijing and a number of provincial capital cities in China by introducing strict traffic control measures. The average road speed during rush hour in the city was only 13 km per hour as of August, Chengdu Daily reported.

- Construction on a CNY3 billion Buddhism-themed park in the ancient city of Dunhuang kicked off earlier this month. When it is finished in about two years, the World Buddhism Culture Park will consist of a prayer square, a center for studying Buddhist relics, a hall for debating Buddhist scripts, and a meditation center.
- Online travel agency Ctrip reached an agreement with hotel chain operator Jumeirah Group to allow web users to book hotel rooms directly online. "Jumeirah hopes to lift the proportion of Chinese guests in its worldwide hotels to around 10% next year compared to around 6%, and our online distribution channel is a key step," said Nicholas Clayton, COO of Jumeirah Group.
- Since the Ritz hotel in London started accepting Chinese credit cards linked to the UnionPay system, spending by Chinese guests increased 25% during 2011 as more customers opted for expensive suites rather than standard rooms. Wealthy Chinese visitors are becoming an increasingly lucrative niche for the UK's tourist trade. Last year the London department store Harrods reported a double-digit sales jump after it installed 75 China UnionPay terminals.
- China's fixed-asset investment in railways soared 93% year-on-year to CNY72.66 billion last month, the highest level this year, the Ministry of Railways (MOR) said. The surge cushioned the fall of investment in railways for the first nine months, which was 13% down from the same period last year. For this year, the Ministry again revised upwards its target for fixed-asset investment to CNY630 billion and railway construction spending to CNY516 billion in a railways construction bond prospectus published last week.
- Foreigners have been given the go-ahead to hunt unprotected wild animals across China without the State Forestry Administration's approval. The measure only covers wild animals not on the national animal protection list and Wang Wei, General Manager of China Adventure Travel, said government control would remain.

ONE-LINE NEWS

- The number of China Eastern's international passengers fell 18% to 641,340 last month from 783,240 in August amid a row between China and Japan over disputed islands in the East China Sea. The Shanghai-based carrier blamed the drop on weaker demand for travel to and from Japan.
- Chinese writer Mo Yan was awarded the Nobel prize for Literature, becoming the first Chinese citizen to win the prize. The Swedish Academy hailed Mo Yan for his "hallucinatory realism" which merged "folk tales, history and the contemporary". Mo is best-known in the West for Red Sorghum, a 1987 novel that was adapted into a film by Zhang Yimou. Mo Yan's publisher announced that four new books would be published by the year's end.
- Germany established a new consulate in Shenyang, following festivities to celebrate the 40th anniversary of the establishment of diplomatic relations. The new consulate is

Germany's fifth in China, in addition to those in Shanghai, Guangzhou, Chengdu and Hong Kong.

QUOTES OF THE WEEK

“In each country [the U.S. and China] there are domestic pressures that emphasize disagreements that might arise. We see that in our political campaign in which both candidates are using language about China which I think is extremely deplorable.”

Former U.S. Secretary of State and National Security Advisor Henry Kissinger, quoted in the Washington Post, October 9, 2012.

ADVERTISEMENTS

Canton Fair--Encouraging Growth at a Difficult Time

China's Largest Trade Show register more buyer attendance

The 111th Canton Fair concluded early this May, attracted 210,000 buyers from 213 countries and regions. The buyer attendance increased 0.23% over the 110th session.

Though trade volume with Europe and USA went down, export deals with emerging markets such as India, Brazil, Russia and Africa displayed an encouraging 4.1% increase. The experience of those who visited the Fair was also overwhelmingly positive.

A first-time visitor to the Fair, Kristrian Holmqvist from Finland, said the Canton Fair "does provide better ideas on doing trade business and make us to be more competitive".

The 112th Canton Fair will be held from October 15th to November 4th in Guangzhou, China. For more information, please visit **http://www.cantonfair.org.cn**

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Contact:

Flanders-China Chamber of Commerce
Voldersstraat 5, B-9000 Gent
Tel.: +32 9 264 84 86/82 – Fax: +32 9 264 69 93
E-mail: info@flanders-china.be
Website: www.flanders-china.be

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