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ACTIVITIES BY FCCC STRUCTURAL PARTNERS

Lecture “New Confucianism and the Mandate of Heaven” by Prof Bart Dessein – 11 December 2012 – Ghent

Prof Bart Dessein will hold a lecture on “New Confucianism and the Mandate of Heaven” on December 11, 2012 from 12.00 h till 14.00 h. at the room Rector Blancquaert, Het Pand, Onderbergen 1, Ghent.

Contrary to what is currently customary, this session will not deal with the speed and efficiency with which the “Middle Kingdom” left its Maoist heritage behind, and, in a relatively short period of time, became one of the key actors on the world stage. A closer look at what happens in China shows that intellectual and political leaders are more and more emphasizing the reevaluation of, and affiliation with the Confucian tradition. This session will deal with the “Mandate of Heaven” as one of these Confucian concepts, and with the question how the Chinese political and intellectual classes have identified and – so it seems – still identify themselves with this concept. This “Mandate of Heaven” will be addressed chronologically, i.e., in imperial China, the Republican period and the Maoist period, to conclude with a discussion of its current interpretation.

PAST EVENTS

Conference: “How to protect your trade secrets in China?” – Thursday, 22 November 2012 – Kortrijk

The Flanders-China Chamber of Commerce (FCCC), POM West Flanders, the Province of West Flanders, VOKA and Jones Day organized a conference on “How to protect your trade secrets in China?” on 22 November 2012 at Hotel Messeyne in Kortrijk. Highly experienced attorneys from Jones Day’s China offices provided concrete guidance and shared their insights. Following a word of welcome and a brief introduction by Mrs Gwenn Sonck, Executive Director of the Flanders-China Chamber of Commerce and Serge Clerckx, Partner at Jones Day Brussels, Horace Lam and Sébastien Evrard, Partners at Jones Day Beijing, gave some interesting tips to protect trade secrets in China. Their presentation was followed by a Q&A session and a cocktail and networking session.

Seminar: “Which road ahead for China's economy?” – 19 November 2012 – Barco, Kuurne

The Flanders-China Chamber of Commerce (FCCC) organized an interesting seminar on China’s macro-economic perspectives on 19 November at the offices of Barco in Kuurne.

Mr Bert De Graeve, Chairman of the Flanders-China Chamber of Commerce (FCCC) started with the introduction of the conference. Mr Alexander van Kemenade, Senior Economist at the Economist Intelligence Unit, presented the EIU’s long-term macroeconomic forecasts for China and discussed these in light of the new leadership’s challenges and reform prospects. He also touched upon the current downturn in China and recovery prospects.

Mr van Kemenade also turned to regional growth trends within China. Over the past decade, the changing nature of China’s economy has been underscored by a profound geographical shift in growth dynamics. The centers of economic change are no longer found on the coast in Shanghai or Shenzhen, but further inland as historically-sluggish regions begin to benefit from a recent wave of investment.

Mr Alexander van Kemenade’s area of expertise is China’s macroeconomic and political outlook, with a focus on regional dynamics at the sub-national level. He regularly contributes to the Economist Intelligence Unit’s custom research and has co-authored numerous in-house publications. He manages a number of data products, including Access China’s province- and city-level demographic forecasting model, as well as the Economist Intelligence Unit’s Chinese city competitiveness rankings. He is fluent in Mandarin and has lived in China for over 20 years.

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

HSBC sells Ping An stake to Charoen Pokphand

HSBC Holdings agreed to sell its stake in China's Ping An Insurance (Group) Co to Charoen Pokphand Group for USD9.4 billion in its biggest divestment in at least 17 years. The sale of the entire 15.6% stake in China's second-largest insurer is equivalent to HKD59 a share, a 2.3% premium over Ping An's closing price on December 4 in Hong Kong trading. China's insurance market expanded an average 19% a year in the past decade to become the world's sixth biggest, while insurers' assets jumped tenfold, according to the China Insurance Regulatory Commission (CIRC). Charoen Pokphand is buying the shares through three indirect wholly-owned units. China remains a key market for HSBC Holdings, which will further build its strategic partnership with Bank of Communications (BoCom). Ping An Chairman Peter Ma has overseen the expansion of the company into the world's third-largest insurer by market value since he founded it in Shenzhen 24 years ago. The group also has banking, securities and money management operations. Charoen Pokphand will become Ping An's single largest shareholder after the deal is completed, the insurer said. Ping An's shares jumped on the news.

- The China Banking Regulatory Commission's Shanghai office started an investigation into wealth management products sold by Huaxia Bank that have caused investors to lose heavily. The bank blamed an employee at a Shanghai branch for selling the products without permission. Total sales of the products may involve over CNY100 million. Investors believed they would get 11% of returns when the products matured on November 25, but they found out they had lost their principal amount.
- The Chinese life insurance market will grow 10% annually in the next five to 10 years and surpass Japan to become the world's second largest by 2020, worth CNY4 trillion, a McKinsey report said. Total life insurance premiums amounted to 2.5% of gross domestic product (GDP) in 2010, equivalent to only a quarter of the Hong Kong market.
- China's plan to cut merchant fees for bankcard transactions may increase credit risk at the country's banks if they increase lending to offset the reduction, Moody's Investors Service said. The cuts, which start on February 25, will reduce pretax profit at Chinese commercial banks that Moody's covers by 1% to 1.5%, Katie Chen, Beijing-based Associate Analyst at the ratings agency wrote in a report. “Banks may try to accelerate volume growth to make up for the loss in fee income,” she wrote.
- China Merchants Group unveiled a new asset management subsidiary that focuses on “alternative investment”, or investment other than stocks, bonds and cash. China Merchants Capital will be managed by a 100-strong team of star fund managers and financial experts, including former JP Morgan Executive Zhang Tianwei, the fund's COO. Hong Kong's former Financial Secretary Leung Kam-chung serves as Non-executive Vice Chairman and advises the Board.
- China will launch a pilot system to monitor cross-border capital flows in a move seen as a new step toward yuan convertibility. The State Administration of Foreign Exchange (SAFE) said it would start a pilot program in Liaoning, Zhejiang (excluding Ningbo) and Shaanxi provinces, and Dalian city, to update the data collection system regarding capital transactions. The program will become effective on January 14.
- New loans at China's big four banks dropped sharply to CNY168 billion in November. Total new loans at all lenders last month were between CNY420 billion and CNY480 billion. The big four banks lent a total of CNY220 billion in October.
- Chinese largest banks must keep their capital adequacy ratio (CAR) at no less than 9.5% by the end of 2013, the China Banking Regulatory Commission (CBRC) said. “Systemically important” banks also have to keep their tier-1 capital adequacy ratio at no less than 7.5% by the end of next year and their core tier-1 CAR at 6.5% or more.

- China United Property Insurance Co, a non-life insurer specializing in agriculture, plans to bring in international strategic investors to boost its competitiveness, Chairman Li Yingchun said. The company has just received a CNY7.81 billion capital injection from China Orient Asset Management Corp, boosting its capital base to CNY15.31 billion. In terms of capital base, the company is the country's second-largest non-life insurer, after People's Insurance Company of China (PICC). China Orient is now the controlling shareholder, with a 51.01% stake, followed by the China Insurance Security Fund Co (CISF) with a 44.82% stake.
- The Bank of England should further boost business confidence in renminbi trading through a swap arrangement with the People's Bank of China (PBOC), Xia Bin, counselor of the State Council, said in London. China already has currency swap agreements with 18 countries, but not with the UK. London is competing with Singapore, Tokyo, Taipei, Luxembourg and Kuala Lumpur to become an offshore renminbi trading hub, a status currently enjoyed only by Hong Kong.

FOREIGN INVESTMENT

No sign of companies re-shoring to the U.S.

There is no indication of re-shoring – manufacturers returning to the United States – said Albert Ng, Chairman of the China operations of Ernst & Young. “Foreign investment in China shows no sign of retreating. Made in China products will still be competitive on the global market”, he said. A company report in September showed that average labor costs in China have nearly doubled in the past five years and will continue to rise, but Ng said this would not be the determining factor for investors. In the past, foreign companies invested in China mainly to produce at lower cost and supply global demand, and while this is still true many companies now eye China as the prime market rather than the factory, he said. According to the Ministry of Commerce (MOFCOM), China approved about 20,000 new foreign-funded companies in the first 10 months of this year, 10.5% less than in the same period last year. Foreign direct investment (FDI) was also down 3.45% year-on-year to USD91.7 billion. Global FDI declined 8.1% year-on-year to USD668 billion in the first half of this year, according to the United Nations Conference on Trade and Development (UNCTAD). However, U.S. investment in China went up 5.3% to USD2.7 billion in the first 10 months. “U.S. companies will only go home when the cost is lower ... but if something that cost USD100 to make in the U.S. can be made for USD60 in China, you are left with no choice,” said Ng. Although Ng admitted that there might be some industrial transfers to Southeast Asian countries, where labor costs are even lower, he said there is no need to worry about the trend because it is in line with China moving up the global value chain, the China Daily reports.

- As Western countries are shunning resources exploitation in Afghanistan because of security risks, Chinese companies are involved in two of the three big mining projects, the Aynak copper deposit in Logar province and the oil reserves in Amu Darya. According to the World Bank, revenue from the two projects will generate USD900 million per year until 2031. To date, Aynak is the biggest private investment in Afghanistan and China's biggest investment in the country. The Chinese consortium is granted the right to a copper deposit estimated to contain 240 million tons of material with a reported value of USD43 billion.
- The new Communist Party General Secretary, Xi Jinping, assured foreign experts in Beijing that China was not seeking hegemony and would continue to open up to the world. Xi made the remarks during a meeting with 20 experts from 16 countries at the Great Hall of the People, his first meeting with foreign visitors since his appointment. He added that the country's progress was not detrimental to other countries. China's development “is absolutely not a challenge or threat to other countries. China will not seek hegemony or expansionism,” Xi said. The number of foreign experts has risen from less than 10,000 at the end of the 1980s to around 530,000 by the end of 2011.
- Roche unveiled its regional headquarters, West China Management Center, in Chengdu, as it targets China's inland cities to boost sales. The Switzerland-based company hopes to double sales and employees in the west China region by 2015 compared with this year. It may also expand its research and development (R&D) activities in the capital of Sichuan province. “Western China currently contributes around 11% of Roche's sales in China, and we expect it to grow much more quickly than more developed regions in the country,” said Luke Miels, Regional Director at

FOREIGN TRADE

China becomes largest trading partner for most countries

As recently as 2006, the U.S. was the larger trading partner for 127 countries, against just 70 for China. By last year the two had clearly traded places: 124 countries for China, 76 for the U.S. It is the most abrupt global shift of its kind since the Second World War. China is now challenging America's century-old status as the world's dominant trader. China was a bigger market than the U.S. for 77 countries last year, up from 20 in 2000.

- U.S. authorities fined the China Nuclear Industry Huaxing Construction Co USD3 million for conspiring with the Chinese subsidiary of U.S. company PPG Industries to deliver high-performance epoxy coatings to a Pakistan nuclear power plant without permission. The Chashma II plant in Punjab province, under construction at the time the shipments were made in 2006-07, was on the U.S. Treasury's "Entity List" subjecting it to specific license requirements for exporting certain items to it.
- China is expected to have produced 12.8 million tons of soybeans in 2012, down 11.6% from the previous year, with the planting area falling for the third year in a row, by 9% this year. China now buys 60% of globally traded soybeans. Imports are expected to reach a record 57.5 million tons this year.
- China and South Korea have to boost the use of local currencies in bilateral trade settlement. The currency swap, valued at CNY360 billion, will be lent to trading firms through banks starting later this month for settling trade deals. About 2% of South Korean exports during the third quarter were settled in won, and the yuan was used for about 0.2%, the Korea Customs Service said in October.
- Standard Bank of South Africa said the value of China's exports to Africa is likely to increase to more than USD80 billion this year, and that of Sino-African trade is forecast to exceed USD200 billion, up from USD166 billion last year. Standard Bank estimates that 18% of Africa's imports this year have come from China, up from 16.8% in 2011, 10% in 2008 and 4.5% a decade ago.
- The Hong Kong Trade Development Council (HKTDC) says the city's export growth will double next year from this year. In terms of export value, growth is expected to be 4%, up from a 2% rise this year. Volume is expected to increase 1%, after a 1% decline this year. The HKTDC export index, which gauges exporters' confidence in the overall market, has dropped for two consecutive quarters to 31.6 points in the fourth quarter this year. The index has stayed below the threshold of 50 for the whole year.

IPR PROTECTION

2012 China Gold Patent Awards announced

The winners of 2012 China Gold Patent Awards were announced in Beijing on November 30 with 20 patented inventions and five industrial designs honored. The inventions were in fields ranging from energy and medicine to bio-engineering, electronic devices, power grid controls, telecommunication infrastructure, railway transportation, machinery, food and textiles. The five design awards were granted to home appliance makers Haier and Gree, glass production machinery maker Landglass and Zhengzhou Yutong Bus Co. Since the awards were begun by the State Intellectual Property Office (SIPO) and the World Intellectual Property Organization (WIPO) in 1989, they have had growing influence and authority in promoting innovation and industrial advancement, SIPO Commissioner Tian Lipu said. This year's award-winning patents all show strong competitiveness in their respective markets, Tian added. The 25 items had generated a total of CNY165.5 billion in sales and CNY34.6 billion in profits by the end of 2011, the organizing committee announced. Some 1.63 million patent applications were filed in China in 2011, the most in the world. International patent filings from the country through the Patent Cooperation Treaty reached 160,000 in 2011, up 33% over 2010, the third straight year its growth ranked first globally, the China Daily reports.

Outstanding patent agencies selected

China Intellectual Property News announced 20 outstanding Chinese patent agencies and 30 excellent agents in late November. Part of this year's Patent Week, the awards marked the first time an IP media named top agencies and agents, organizers said. An expert panel reviewed preliminary qualifiers based on 4,100 questionnaires received nationwide. "The patent agency is a sunrise industry in China," said He Hua, Vice Commissioner of SIPO, at the award ceremony in Nanjing, Jiangsu province. "It needs guidance." One of the 30 agent award winners, Dun Haizhou, General Manager of Guangzhou Shenlihua IP Agent, told China Daily that the key to success in the industry is service quality. Clients have shown more prudence when filing patent applications, she said. "They began to value documentation quality to obtain expanded protection." Another winner, Cao Zuliang, Director of the Wuxi Dawei Patent Trademark Agency, said a deep understanding of technological expertise in various industries distinguishes IP professionals from ordinary attorneys. "Without knowledge of related technologies, you cannot file high-quality patent documentation and will even fail to touch key issues when representing your clients in maintaining their rights in court," Cao said. He added that "just filing applications is far from enough". Latest statistics from SIPO show that more than 8,000 people in some 900 agencies are practicing as patent agents in the country. At least 14,700 had passed qualification exams to be a patent agent by the end of October, the China Daily reports.

- A man was sentenced in Shanghai to 18 months in prison for selling 335 pieces of counterfeit luxury brand watches and purses, including Gucci and Louis Vuitton, with a total value exceeding CNY9.56 million. He had already been sentenced to 15 months in prison with probation for the same crime in 2010.
- International cooperation is key to combating cross-border copyright infringement, experts from China and the United States said during a seminar in Beijing on intellectual property rights protection. Most IPR infringements are about copyright, with the internet the main channel for sharing books, videos and films, according to a report by the National Copyright Administration (NCA). The report showed that in 2010 and 2011, Chinese courts heard almost 100,000 IPR cases, with copyright cases accounting for almost 60%. More than half of those copyright violations involved the internet.

MACRO-ECONOMY

Surveys show economy is improving

China's economic performance rebounded further in November with two surveys pointing to improved operating conditions in both the service and manufacturing sectors. The official non-manufacturing Business Activity Index, a gauge of vitality among mainly state-owned service companies, rose to 55.6 last month, the National Bureau of Statistics (NBS) said. It increased 0.1 points from in October, and was the strongest in three months. Meanwhile, the HSBC Purchasing Managers' Index, which measures the performance of largely private and export-oriented manufacturers, climbed to a 13-month high of 50.5 in November, up from 49.5 a month earlier, HSBC Holdings and research firm Markit said. In both surveys, a reading above 50 indicates expansion. "China's economy has shown more signs of stabilization toward the year end," said Li Maoyu, Analyst at Changjiang Securities Co. "It is bolstered by growing demand from both home and abroad that is seen in industries such toys, retail, logistics and hospitality," he added. Qu Hongbin, Chief Economist for China at HSBC, said the HSBC PMI confirmed that the Chinese economy was continuing to recover gradually. "We expect economic growth to rebound modestly to around 8% in the fourth quarter as easing measures continue to filter through." The component indexes under the HSBC PMI showed that manufacturing production in November increased for the first time since July, new orders rose for a second month in a row and input prices also gained for a second month. For service companies, new orders rose to 53.2 last month from 51.6 in October, and expectation of business activity climbed to a five-month high of 64.6. Industrial production gained 9.6% from a year earlier in October, accelerating from the pace of 9.2% in September and August's 8.9%. Profits of Chinese manufacturers also surged 20.5% in October, the fastest in almost a year. Economists therefore don't expect the government will take additional stimulus measures, the Shanghai Daily reports.

Expatriate executives in survey plan to stay in China

Most expatriate executives plan to stay in China despite increasing competition from local talent, a recent survey conducted by the Association of Executive Search Consultants (AESC) found. According to the survey, 72% of the respondents have been working for more than three years in China. During this time, most of them (70%) said they noticed a change in the type of expatriate workers that China is attracting – most are now younger and from more diverse nations. This indicates that China is attracting more expat executives from a wide range of demographics to pursue their careers, the AESC survey found. Fifty expat executives in general management roles, including Chief Executive Officers and Chief Operating Officers, responded to the survey. Most expat executives now believe it is hard for foreign-born executives working in China to gain access to local executive positions (71%). They also cited “employers favoring local talent” as the most inhibiting factor to finding an executive job in China (42%). As much as 79% of the respondents also see a shrinking compensation package gap between expat and local executives. David Guo, Chairman at Heidrick & Struggles (China), the first executive search firm to enter China, said local executives are increasingly popular in foreign companies nowadays. To stay ahead of the game, Peter Felix, President of AESC said that expat executives invest in their cultural skills, Chinese social networks and especially language capabilities so that they may become more easily considered for top management positions in either local or multinational corporations. Local companies with an ambition to conquer overseas markets, like Haier, have already hired foreign senior executives to broaden their horizons and better manage the overseas market, the China Daily reports.

Shanghai to replace Hong Kong as China's most competitive city

Shanghai may replace Hong Kong as China's most competitive city within a few years unless the latter makes better use of its competitive edge, according to research by the China Institute of City Competitiveness. Although Hong Kong has been China's most competitive city for the 11th year in a row, Shanghai is gaining dramatically, the Institute said. On last year's list Hong Kong scored more than 15,100 points, about 1,560 points ahead of Shanghai, but this year, Hong Kong's lead slipped to about 270 points. Shanghai finished in second place followed by Beijing in third. Institute Chairman Gui Qiangfang said the list weighs cities' competitiveness in economic, social, environmental and cultural areas. “Our study shows that Shanghai's economic volume in the first half of this year has already exceeded Hong Kong's, but Hong Kong is still No 1 because of its established legal and social systems; and its [competitive] professional sector,” Gui said. “But if Hong Kong does not work hard and strengthen its [competitive] edges, it is very likely to be overtaken by Shanghai in a few years time.” The institute's ranking of Chinese cities' growth competitiveness put Hong Kong in 10th place, behind Tianjin, which topped the list, and Shanghai and Beijing – which ranked fourth and fifth, respectively. Macao was ranked the safest city in China, while Hong Kong was excluded from the list for the second year in a row, after the Lamma ferry disaster on October 1 killed 39 people. It was excluded last year because of the Mong Kok fire, in which nine people died, the South China Morning Post reports.

- The HSBC Purchasing Managers' Index rose to 50.5 in November, up from 49.5 in October, showing the first expansion in 13 months, according to a report released by HSBC and Markit. Manufacturing output accelerated as new export orders rose for the first time since April due to stronger demand in Europe and the U.S. But economists warned about weakness at smaller firms and a worsening job situation, while big players benefited from Beijing's quicker approval of infrastructure projects since summer.
- China's economic growth may quicken to 8.2% in 2013 from an expected 7.7% this year in response to official growth-promoting policies, but downside risk remains from global uncertainties, the Chinese Academy of Social Sciences (CASS) said in its “Blue Book” on China's economy. The GDP forecast is contingent on the premise that the European debt crisis does not worsen and the U.S. avoids a “fiscal cliff”, CASS added. The think-tank forecast China's inflation would rise to 3.0% next year, with export growth at 10% and imports up 13.7%.
- Economists from the International Monetary Fund (IMF) warned that China may be overindulging in its investment binge, with potentially dangerous consequences, economically and socially. They estimate that China's over-investment in the past few years could amount to as much as 20% of gross domestic product (GDP), though they settle on the figure of 10%. “In China, a large burden of the financing of over-

investment is borne by households, estimated at close to 4% of GDP per year, while SMEs are paying a higher price for capital because of the funding priority given to larger corporations,” they said.

- The HSBC Business Activity Index, which favors private and export-oriented service companies, fell to 52.1 last month from 53.5 in October, HSBC Holdings and research firm Markit said. “Despite the moderating growth in service activities in November, service providers hired more workers and became more optimistic on their future look,” said Qu Hongbin, Chief Economist for China at HSBC. The official non-manufacturing Business Activity Index, geared toward state-owned service firms, rose 0.1 point from October to 55.6 last month, the National Bureau of Statistics (NBS) said.
- China has slipped down Transparency International’s annual corruption index, highlighting the challenges facing the country’s new leadership in stamping out graft. According to annual rankings of 176 nations published by the Berlin-based organization, China is perceived to be more corrupt than countries including Saudi Arabia and Italy. The index is based on impressions, not actual corruption. More than two-thirds of the 176 countries fail to score above 50 points in TI’s rankings, where 0 denotes “highly corrupt” and 100 “very clean”. China ranks in joint 80th place, with Serbia and Trinidad and Tobago, earning 39 points. Last year it ranked 75th out of 183 countries.
- A plan to unify electricity and coal prices has been approved by the Chinese government. After the unification, the key contract for coal will be replaced by mid- and long-term contracts. However, electricity prices will not have a real-time linkage with coal prices, a move favored by power generation companies.
- China’s Consumer Price Index (CPI) rose 2% in November, up from the previous month’s 1.7%, the National Bureau of Statistics (NBS) said. The November growth rate was largely attributable to a surge in food costs. Food prices, which account for nearly a third of the total basket, rose 3% in November from a year earlier, pushing the index up 0.95 percentage points.
- The Gini coefficient was 0.61 in China in 2010, based on a survey of 8,438 households in the country by the Survey and Research Center for China Household Finance, a body set up by the Finance Research Institute of the People’s Bank of China (PBOC) and the Southwestern University of Finance and Economics. This indicated that the benefits of economic growth averaging 10.6% a year over the past decade were going mainly to the rich.

MERGERS & ACQUISITIONS

Number of Chinese M&A deals decreases

Influenced by weak economic conditions in China and abroad, the number and value of merger and acquisition (M&A) deals completed by Chinese companies decreased in the first 11 months of this year. Chinese companies completed 820 M&A deals, a decline of 21.2% year-on-year. Of the 719 of those deals for which investment information was made public, the total value was USD43.8 billion, down 22.5% year-on-year, according to a report by the Zero2IPO Research Center. As for domestic M&A deals, 681 were completed by the end of November. For the 620 of those for which data were made public, the total value was USD14 billion, a year-on-year decline of 49.7%. Of the M&A deals completed by Chinese companies, those conducted overseas have shown resilience. The first 11 months of the year saw Chinese companies complete 139 M&As overseas. For the 99 for which data were made public, the total value was USD29.7 billion, up 4.1% year-on-year. Machinery and manufacturing had the greatest number of M&A deals from January to November, accounting for 11.8% of the total number. Measured by value, the energy and mining industries led the way. Chinese companies completed USD19.4 billion worth of M&A deals in those industries during the first 11 months, constituting 44.4% of the total. Zhu Yijie, Analyst at the Zero2IPO Research Center said M&A deals in the energy and mining industries will continue to be the most valuable in the short term. Deals related to branding, core technology and distribution networks will meanwhile become more popular. Venture capital and private-equity firms are playing an important role in M&A deals conducted by Chinese companies. Those types of firms completed 177 of the deals, totaling USD3.7 billion, in the first 11 months. “There are 808 companies waiting to go public in China,” said Liu Zhou, Managing Director of Fortune Capital. “With the way things usually go, it will take two to three years for all of them to be listed. So we

should be diversifying our exit channels, and M&A is a good way to do that.” Liu said venture capital and private equity firms used IPOs to exit from 70% of the investments they stepped out of in the first 11 months of the year, down from 90% last year, but it is still a much higher proportion than is common among investment exits in the United States, the China Daily reports.

Canada approves CNOOC's takeover of Nexen

Canadian authorities have approved CNOOC's USD15.1 billion takeover of energy company Nexen. Canadian Prime Minister Stephen Harper reiterated however that Canada would not deliver control of the country's oil sands reserves to a foreign government, implying that approval would not be forthcoming next time. Further foreign state control would not be beneficial to Canada, Harper added. CNOOC Chief Executive Li Fanrong welcomed the approval as opening opportunities for Nexen employees, partners and for CNOOC, which made a new commitment to transparency to facilitate the approval. CNOOC agreed to provide annual compliance reports to the Canadian government and make Calgary the headquarters of its North and Central American operations. CNOOC will also retain Nexen's management and employees. The CNOOC-Nexen transaction is the biggest in Canada since Calgary-based Suncor Energy bought Petro-Canada in August 2009 for about USD18 billion. Through its CAD2.1 billion acquisition of Opti Canada last year, CNOOC already owns 35% of the Long Lake oil-sands project operated by Nexen. It would also gain Nexen's 20% interest in the Usan offshore Nigerian project operated by a unit of Total. CNOOC also said it received approval from the European Union, but U.S. authorities still have to approve its takeover of Nexen's assets in the U.S. Gulf of Mexico, where the Calgary company gets 8% of its production. To secure approval, Nexen might have to sell assets close to a U.S. Naval Air Station in Louisiana.

- China's Hanlong Group has sought to extend the timetable to close its long-delayed USD1.4 billion takeover of Australia's Sundance Resources. Hanlong has told Sundance it will not be able to deliver key paperwork by December 13 as initially agreed because the China Development Bank (CDB), which is providing the majority of funding for the deal, has requested further information. Sundance said it has not agreed to amend the timetable for the deal, which was due to close on January 8.
- A group of Chinese firms, including the Industrial and Commercial Bank of China (ICBC), agreed to buy an 80.1% stake in American International Group's aircraft leasing unit, ILFC, for about USD4.23 billion. ILFC is the largest aircraft lessor in China, with a 30% market share and more than 175 aircraft leased to 16 airlines in the Greater China region.
- Glencore International won approval from China's Ministry of Commerce (MOFCOM) for its CAD6 billion purchase of Canadian grain handler Viterro, one of the largest agriculture-sector deals in years, clearing the last regulatory hurdle for the deal, delayed since July. Viterro now expects it to be completed by December 17.
- OC Oerlikon Corp, the world's largest maker of textile machinery, agreed to sell its natural fibers and textile-components units to China's Jinsheng Group. The units were the source of a quarter of Oerlikon's USD4.53 billion in revenue in 2011, and employ 3,800 people.
- The value of mergers and acquisitions (M&As) by Hong Kong and mainland Chinese companies in the U.S. soared 93.7% to USD6.96 billion in the first nine months of this year, deals data provider Mergermarket found.
- PPR, the French owner of Gucci, acquired a majority stake in Chinese jeweler Qeelin for an undisclosed price. Qeelin has 14 boutiques and its jewelry is sold in stores including Colette in Paris and Restir in Tokyo. PPR has "great ambitions" for the brand, PPR CEO Francois-Henri Pinault said. Qeelin runs seven boutiques in mainland China, four in Hong Kong and three in Europe.

PETROCHEMICALS

More natural gas to be imported

Imports may account for 35% of China's natural gas supplies by 2015, up from 15% in 2010, raising pressure to push ahead pricing reform, the government said. China's annual imports

will reach 93.5 billion cubic meters in 2015, based on contracts already signed, according to a five-year plan on the gas sector posted on the National Energy Administration's website. Domestic output will increase to 176 billion cubic meters in 2015, including 37.5 billion cu m of unconventional fuel such as coal-bed methane and gas turned from coal. Gas use in China has been rising rapidly as the government tries to reduce pollution from coal burning and reliance on oil imports. Chinese energy companies led by PetroChina have been losing money in their gas import business because prices are regulated by the government. According to the five-year plan, it will "take time" for the government to reform gas prices to make them more liberal. The plan foresees the ex-factory price of shale gas to be set according to the market as the government encourages development of the nascent but promising sector. China is believed to have the world's largest deposits of shale gas but it has yet to produce any gas commercially due to technology issues.

- China aims to produce 15 billion cubic meters of natural gas a year from the South China Sea by 2015, raising the possibility of disputes with neighbors over over-lapping territorial claims.
- The National Development and Reform Commission (NDRC) has approved an integrated refinery and petrochemical project to be built in Taizhou, Jiangsu province, with a designed annual capacity to refine 20 million metric tons of oil and producing 1.2 million tons of ethylene, said Cheng Jing of the local management commission of the Taizhou Bay Circular Economy Industrial Clustering Zone. Three oil firms, CNOOC, Royal Dutch Shell and Qatar International Petroleum, will invest CNY110 billion in the new facility, Cheng said.
- China and Russia inked four agreements on energy cooperation following the 9th China-Russia energy negotiators' meeting. The agreements include a memorandum of understanding on cooperation on energy market assessment, a roadmap on cooperation in the coal sector, the minutes of the meeting on coal cooperation and an agreement on electricity supply. The meeting was co-chaired by Chinese Vice Premier Wang Qishan and Russian Vice Prime Minister Arkady Dvorkovich. It is also expected that China will import 15 million tons of crude oil from Russia this year.

REAL ESTATE

Home prices keep rising

Home prices in China rose for the sixth straight month in November with 60 cities seeing higher prices, according to the China Index Academy's report. The average price of new residential properties across 100 cities gained 0.26% from that of a month earlier to CNY8,791 per square meter. That compared with an increase of 0.17% in October. The 60 cities that recorded price rises compared with 56 in October, with 17 seeing an increase of more than 1%. Heze in Shandong province led the gainers with a 1.97% rise. 28 cities reported price drops, with 10 registering a fall of more than 1%. Only two cities' prices remained unchanged from a month ago, the Academy said. Song Huiyong, Research Director with Shanghai Centaline Property Consultants, said first-time buyers, in the main, were responsible for the price rises. "The trend will probably carry on for another month or two," Song said, "most likely at a decelerating pace as pressure for a downward price is already emerging in some second or third-tier cities due to their extremely high inventories." Transactions of new residential properties, excluding government-funded affordable housing, totaled 3.87 million sq m in Shanghai, Beijing, Guangzhou and Shenzhen in November, a month-over-month gain of 7% and a year-over-year surge of 108%, according to a report by the E-House China Research and Development Institute in Shanghai. New home sales in 10 major cities including Beijing, Shanghai and Nanjing totaled 7.71 million sq m during the same period, a monthly increase of 7% and a yearly rise of 92%. "Robust sales registered over the past few months probably dampened hopes among home seekers that prices might go southward further so many of them simply decided to stop waiting," said E-House Researcher Wu Xiaojun. The average price for a home in the country's 10 largest cities advanced 0.39% from October to CNY15,686 per sq m, the Shanghai Daily reports.

More Chinese buy houses abroad

An increasing number of Chinese are considering buying houses – that would bring permanent resident visas – in Europe after several countries launched property policies targeting

overseas investors. Cyprus has now emerged as the front-runner in this race. It is currently the only European nation that offers permanent resident visas, instead of residency rights, to Chinese who buy property worth at least €300,000. Under a new fast-track procedure, it takes prospective migrants only 30 to 50 days to get visa approval, Georgios Leptos, Member of the Executive Committee of the Cyprus Chamber of Commerce and Industry, said at a forum in Beijing. Cyprus, which has a population of 870,000, has sold more than 65,000 properties to foreigners since 2000 and more than 500 properties to Chinese buyers since May, he said. The Spanish government is considering granting residency to foreigners who buy a house in the country worth €160,000 or more. The plan is expected to be approved in the coming weeks, and would be principally aimed at Chinese and Russian buyers. Madrid's proposal would not allow foreigners to work in Spain. This year, Ireland and Portugal also offered residency to foreigners who buy properties – in Ireland, for property worth more than €400,000, and in Portugal, more than €500,000. However, the top attraction for Chinese parents is higher education facilities in traditional destinations like the United States and Australia, said Wang He, Supervisor of the Business Immigration Project Department of Well Trend United in Beijing, the China Daily reports.

- China Vanke, the country's largest property developer by turnover, more than doubled its sales last month from a year earlier to CNY17.13 billion. For the first 11 months, sales rose 9.9% to CNY127.2 billion, it said in a statement to the Shenzhen Stock Exchange. Vanke's strong showing comes on the back of 12 new projects.
- Sales of pre-owned homes in Shanghai jumped to 19,744 units in November, an increase of 21.6% from a month earlier and a surge of more than 200% from a year ago, Shanghai Deovolente Realty Co said. "Like the new home market, the city's existing residential market also registered robust sales over the past month, with almost all districts recording double-digit growth by transaction area," said Liu Wuyang, Director of Sales and Marketing at Deovolente. The pre-owned houses were sold for an average CNY17,410 per square meter last month, an increase of 4.2% from October.
- Land sales in China's 10 major cities hit a 16-month high of CNY66.3 billion in November, a growth of 23% month-on-month and 0.4% year-on-year, according to a report from Shanghai E-house China R&D Institute. In the 10 cities, which include Beijing, Shanghai, Guangzhou and Shenzhen, the average home price rose 18% in November to CNY2,580 per square meter from a month ago. Rising transaction volumes and home prices have shown the domestic property market is speeding up its recovery, said Wu Xiaojun, an analyst from E-house (China) Holding.

RETAIL

Consumer sentiment improves

Consumer sentiment in China has risen to its highest level in almost five months. The MNI China Consumer Sentiment Indicator rose to 95.5 in November from 92.3 in October, marking a second straight month of gains, according to a report issued by MNI, a unit of Deutsche Boerse Group. Both current and future indicators improved in November. The current indicator rose to 98.7 from 93.6 the previous month, while expectations rose for the third consecutive month, to 93.7 from 91.6. Consumers' willingness to buy large household items rose in November to its highest since May 2011, after dropping each of the previous three months. Moreover, car purchase sentiment rose again in November, with morale improving among so-called middle-income respondents. Car purchase sentiment rose to the highest level since March, as Japanese car sales started to recover. Sentiment on the real estate market increased to 110.1 from 109.8, the first gain since January, amid growing confidence that the government would not tolerate a collapse in property prices despite its efforts to stem runaway price growth. The number of consumers saying it was a good time to buy a house increased marginally in November, with the outlook for housing prices rising for the second straight month.

List of 50 most valuable Chinese brands published

The brand value of top privately-held companies in China is growing faster than that of state-owned enterprises (SOEs), a study by Millward Brown says. The global research agency credits private firms' bigger efforts to innovate, closer bonds with consumers and more precise

marketing positioning. It has released its BrandZ list of the 50 most valuable Chinese brands. The report found non-SOEs' share of brand value has risen to 27% this year, from 22% when the ranking started two years ago. "We believe private companies will continue to gain a larger share in our ranking over the next few years, although the large-scale state-owned companies will still dominate the list," Doreen Wang, head of branding at Millward Brown China, said. The total value of the top 50 Chinese brands has fallen 1.6% this year owing to the slowing economy, the study shows, but the brands' influence on consumers is increasing. China Mobile topped the ranking for the third consecutive year, with an estimated brand value of USD50.6 billion. Industrial and Commercial Bank of China (ICBC) and China Construction Bank (CCB) were second and third. Baidu and Tencent are among the top gainers, moving up from sixth and tenth to fourth and fifth, respectively. Other brands rising significantly include menswear retailer Septwolves, dairy producers Yili and Bright Dairy, the well-known liquor Maotai, meat food manufacturer Shuanghui, and Tsingtao beer. There are four newcomers in the top 50: Bank of Communications (BoCom), Harbin Beer and fashion retailers Youngor and Semir. The list is based on the views of more than 35,000 Chinese consumers, financial data and market information.

Yum Brands to be more selective in opening restaurants

Yum Brands, parent of KFC and Pizza Hut, will be more selective in its expansion in China as rents and labor costs rise, Yum China Chief Financial Officer Weiwei Chen said at the company's investor meeting in New York City. Yum warned that it expected same-restaurant sales in China to fall 4% in the fourth quarter. The company has more than 5,100 restaurants in China, which contributes more than half of its overall revenue and operating profits. It already has announced plans to open 700 new units in China next year. Chen said Yum's restaurants in China's smaller cities have better returns due to lower costs and "consumer enthusiasm for our brands" – so the company is focusing building efforts in those areas. China's smaller cities will become bigger cities due to the government's urbanization efforts and Yum "will already be in position to take advantage of the larger and more affluent population," Investment Technology Group Analyst Steve West said. Yum also is speeding up openings of Pizza Hut restaurants because they have better margins and less competition, Chen said. "It won't be too long before we reach 1,000" Pizza Hut restaurants in China, said Angela Loh, Yum China's Chief Concept Officer. KFC accounts for the lion's share of Yum's restaurants in China, where the company was a pioneer and remains the largest Western restaurant operator. Yum's rivals in China include U.S. companies such as McDonald's, Subway, Papa John's International and Starbucks; and Asian chains such as Taiwan-owned Dico's and Japan's Ajisen (China) Holdings; as well as a host of Chinese chains such as Golden Jaguar, Yonghe King and Country Style Cooking.

- Starbucks said China was projected to become its largest market outside the U.S. in 2014 and was on track to have 1,500 outlets in 70 cities in 2015. The China and Asia-Pacific region will have about 4,000 outlets by the end of next year.
- Chinese retail sales were expected to top CNY20 trillion this year and would grow fast on government efforts to boost domestic demand. The figure could exceed CNY30 trillion in 2015 given an annual growth rate of 15%, said Zhang Zhigang, Director of the China General Chamber of Commerce. The retail sector would expand rapidly as authorities had adopted a long-term strategy to expand domestic demand and promote consumption, Zhang said at a forum.
- The world's largest convenience store retailer, 7-Eleven, confirmed store closures in Guangzhou, saying it was part of its business adjustment in China, "which was caused by the poor efficiency of the outlets," the company said.

SCIENCE & TECHNOLOGY

Debate about university entrance exam heats up

The public debate over whether the children of migrants should be allowed to take the national college entrance exam in major cities is growing in intensity. Authorities are expected to address the question by the end of 2012, but no detailed plans have yet been revealed by Beijing and Shanghai. Authorities in Guangdong province would allow migrant children to take the high school and college entrance exams in the province. The controversy has led to arguments and even clashes between city natives and those from other provinces. Under the

current system, students must go to high school and take the gaokao in the place where their parents' registered residence (hukou) is located, a place where many of them have never lived. This means children of migrants are often forced to return home for the last three years of their schooling, even if they have studied in their adopted city since kindergarten. Campaigners for a change in the rules said it would be a milestone on the road to equality. Beijing's Education Commission said its draft policy could come into effect before the next Lunar New Year in February. Parents with hukou in major cities are fighting to maintain the status quo, arguing that changing the rules would lead to a further overcrowding of metropolitan education systems. Students who take the exam in Beijing and Shanghai can qualify for the cities' colleges with lower scores than if they take it in other provinces. If the children of migrants also qualify, competition for scarce university places will become more intense. China had a migrant population of 221 million in October 2010. More than 35% of all Beijing residents do not have their permanent legal residence in the city. The number of non-hukou holding children in the capital's primary and junior high schools is about 478,000.

Quality of Chinese academic papers improving

The quality of Chinese academic papers has been improving lately. The Institute of Scientific and Technical Information of China published its annual report, the Statistical Data of Science and Technology Papers 2012. Between 2002 and 2012, 7.3% of the top 1% most-cited papers were from China, making the country the world's fifth-largest producer of high-quality papers, after the United States, the United Kingdom, Germany and France. From 2001 to 2012, Chinese scientists published altogether 1,022,597 science and technology papers, ranking second across the globe. These papers were cited 6,653,426 times, the sixth-highest result globally. Out of the 17 countries and regions in which the papers were cited more than 200,000 times in the past decade, China ranked 14th in terms of the average citation rate. "At this growth rate, the overall citation rate of China's science and technology papers is likely to become the fifth highest in the world by 2014, which is six years ahead of our target," said He Defang, Director of the Institute of Scientific and Technical Information of China, the China Daily reports.

- The Chinese Academy of Sciences (CAS) has authorized the set up of three new institutes, the Shanghai Advanced Research Institute, the Tianjin Institute of Industrial Biotechnology, and the Suzhou Institute of Biomedical Engineering and Technology. Established in November 1949, the CAS is the highest level scientific institution in China, with 60,000 employees working in 12 branch offices, more than 100 institutes, more than 100 national key laboratories and national engineering research centers, and about 1,000 field stations nationwide.
- More than 1,000 students and their parents attended an introductory ceremony for NYU Shanghai – a new university jointly set up by New York University and East China Normal University. The new university has recruited 151 Chinese students for its first class next autumn.
- Three officials who approved and conducted a trial of genetically modified rice on children in Hunan province in 2008 have been sacked. They were punished for "violating relevant regulations, scientific ethics and academic integrity," according to a joint statement by the organizations they worked for. The project was led by Tang Guangwen, Professor at Tufts University in the U.S., Yin Shi'an from the Chinese Center for Disease Control and Prevention, and Wang Yin of the Zhejiang Province Academy of Medical Science. Its aim was to discover effective solutions to the problem of vitamin A deficiency in children. The pupils are to receive compensation of CNY80,000 each.

STOCK MARKETS

U.S. supplants China in ranking of biggest listed firms

U.S. companies are supplanting Chinese ones in the listing of the world's 500 biggest stocks faster than at any time in the past decade. U.S. corporations led by Apple and Exxon Mobil make up 171 of the top 500 with a market capitalization of USD10.6 trillion, or 40.3% of the total, compared with 159 valued at USD8.24 trillion in 2009, according to data compiled by Bloomberg. PetroChina and Industrial & Commercial Bank of China (ICBC) lead the 24 Chinese firms worth USD1.74 trillion, down from 34 with a capitalization of USD2.19 trillion.

China's share of the world's biggest companies diminished even though its government-directed economy has continued to expand while the U.S. and Europe showed anaemic growth during the past four years. While the Standard & Poor's 500 Index doubled since reaching a 12-year low in March 2009, the Shanghai Composite Index fell 6.5%. Valuations for Chinese companies declined to half of those in the U.S. While China boosted gross domestic product (GDP) by 62% from 2009 to 2011 and passed Japan to become the No 2 economy, its share of the top 500 fell to 6.6% from 9.3%, the biggest drop over the comparable period since Bloomberg data began in 2002. Earnings from the largest companies in China increased seven-fold on average over the past three years, more than double the rate for American corporations. But faster growth isn't being rewarded as the combined value of Chinese companies fell 9% since the end of 2009, compared with an advance of 31% for top American stocks. Chinese shares trade at 8.3 times reported earnings in the past 12 months, compared with 15 in the U.S. All but five of the 23 largest Chinese companies are government-controlled, the South China Morning Post reports.

- The U.S. Securities and Exchange Commission (SEC) has charged the Chinese affiliates of five accounting firms – Deloitte, Ernst & Young, KPMG, PwC and BDO – with violating the U.S. Securities Exchange Act and the Sarbanes-Oxley Act for refusing to produce paperwork related to investigations into accounting fraud at nine Chinese companies. The accounting firms say they would violate Chinese law if they shared the documents with the SEC. To date 50 China-based companies have been delisted from U.S. exchanges, and the SEC has filed fraud allegations against 40 individuals or companies. The regulators of both countries are discussing the problem.
- South Beauty, a Beijing-based restaurant chain, is expected to be listed in Hong Kong next year. The company opened nearly 20 restaurants in 2012, up from last year's 16, An Yong, President of South Beauty Group, said. Recently, South Beauty Chairwoman Zhang Lan changed her nationality from Chinese to a foreign one, causing a controversy and forcing her to resign from the Chinese People's Political Consultative Conference (CPPCC), the Chinese parliament's advisory body.
- Shanghai stocks rose last week as investors were cheered after the central government pledged proactive fiscal policies to sustain economic growth. The index rose 4.1% during the week, the biggest weekly gain since October 28, 2011. China should keep implementing proactive fiscal and prudent monetary policies to sustain economic growth, Xi Jinping, General Secretary of the Communist Party of China, said. The market also rose amid optimism over November's economic data, including retail sales and industrial production, that were to be released at the weekend.
- Ernst & Young has agreed to pay CAD117 million to settle shareholder claims regarding its audits of Sino-Forest Corp, the tree-plantation company that filed for bankruptcy protection this year. The Ontario Securities Commission, Canada's securities regulator, said Ernst & Young's audits of Hong Kong- and Ontario-based Sino-Forest were not in accordance with accounting industry standards. The class-action settlement is the largest by an auditor in Canadian history and one of the biggest worldwide.
- The China Securities Journal says the 10 richest stock-holders at China-listed firms lost CNY35.6 billion in tandem with a 7.7% decline in the stock index. The combined value of the shares owned by the 10 in the firms stood at CNY125.5 billion, 23.2% less than at the end of last year. Liang Wengen, Chairman of Sany, who holds shares in four listed firms, lost nearly CNY11 billion. Liang was the biggest individual loser in terms of value on the share market this year, according to the journal.
- Globally, Chinese companies have raised USD20.1 billion in initial share sales this year, down 58% from the same period last year and the lowest since 2008. The average size, excluding PICC Group, was USD95 million. In the second-biggest offering on the Chinese stock market this year after PICC Group's, Citic Heavy Industries raised USD507 million in Shanghai in June.

TRAVEL

Flight delays expected this month

Some 17% of flights landing or taking off at Shanghai's two airports are likely to be delayed this month, mostly by fog, and passengers are most likely to see flight delays on Wednesdays,

according to Veryzhun. About 20% of domestic flights are expected to be delayed by fog and another 3% delayed by snow this month. "Every Wednesday will see the lowest punctuality rate because more business trips are arranged on that day and flight takeoffs and landings are the most intense," said a Veryzhun Press Officer. The punctuality rate is expected to be only 73% on Wednesdays this month. Fridays are expected to also see severe flight delays with an on-time rate of 78%. Passengers are advised to fly on Saturdays, when the on-time rate should be around 85%, the week's highest. Fewer flight delays also are expected on Tuesdays and Sundays, which have punctuality rates of 83%. Flights are more likely to take off and land on time between 7 a.m. and 8 a.m. every day, with delays increasing after noon. Only about 69% of flights are likely to be on time after 11 p.m. "Many night flights had to wait after the earlier delayed flights, so more flight delays occur at night," the Press Officer said.

Massive Chinese theme park planned near Sydney

An AUD500 million Chinese theme park is to be built in Australia – an ambitious project officials say could rival the popularity of Sydney Opera House as a tourist draw. The seven-sectioned theme park, which will feature a full-size replica of the Forbidden City gates, restaurants and a resort, will be built 80 kilometers north of Sydney. It will include a 400-year-old Ming dynasty museum that will be dismantled in China and rebuilt at the site. The Wyong Shire Council on the New South Wales central coast signed a AUD10 million deal to sell 15.7 hectares of land to the company behind the proposal, Australian Chinese Theme Park. Construction is set to begin in 2015 and be finished by 2020. On completion it is expected to employ up to 2,000 people. China is Australia's fastest growing and most valuable international tourism market with more than 400,000 Chinese visitors going to New South Wales state each year. "What this proposal will do is turn Wyong Shire into a tourist mecca and bring millions of dollars worth of tourism into the area – which will have a flow-on effect to the entire region's economy," Wyong Mayor Doug Eaton said. "Outside the Opera House and Harbor Bridge, this has the potential to be among the biggest tourist attractions in the state."

- More than CNY4.76 billion worth of deals were signed at the 7th Xinjiang Winter Tourism Industry Expo in Urumqi, a 20% increase from last year. About 270,000 people, mainly from travel agencies in China and abroad, attended the fair, up 34% from last year.
- Starting next month, overseas air travelers visiting Beijing may stay 72 hours without a visa if they have an onward ticket to a third country. The increased visa-waiver period is a day longer than the one given in Shanghai and Guangzhou. Authorities in the capital said the new policy was intended to boost the local economy and create jobs. But the waiver applies only to tourists from 45 countries, mostly developed ones like the U.S., France, Britain and Belgium. A similar policy will be introduced in Shanghai next year. Visitors will not be allowed to travel to other cities.
- Traffic authorities have devised a "congestion index" to help passengers on Beijing's subway plan their journeys. The index will be displayed on large screens outside stations from this month. The lower the number, the more comfortable it will be for passengers. As the index reaches 1.2, passengers should consider other forms of transport.
- Tibet received a record 10 million domestic and foreign tourists in the first 11 months of the year. Tourist numbers rose 22.6% year-on-year to 10.34 million.
- The check-in counters and gates of three air carriers – Shanghai Airlines, Spring Airlines and Juneyao Airlines – will switch terminals at Pudong International Airport as of December 18. Spring and Juneyao airlines will move to Terminal 2 from the current Terminal 1, while Shanghai Airlines will be switched to Terminal 1 from 2. Shuttle buses will operate between the two terminals for passengers who go to the wrong terminal.
- China Southern Airlines has agreed to buy 10 Airbus A330-300 aircraft for about USD1.9 billion, to be delivered in stages from 2014 to 2016. The deal comes after China Eastern Airlines said in late November that it had agreed to buy 60 A320 aircraft for about USD5.4 billion.

VIP VISITS

Wen Jiabao visits Russia on his last trip as Premier

Premier Wen Jiabao returned from visiting Russia, with leaders of the two countries vowing to deepen cooperation but still failing to reach final agreement on a massive natural gas deal. Wen, who held talks with Russian President Vladimir Putin and Prime Minister Dmitry Medvedev, said at a press conference in Moscow before returning to Beijing that he valued the trip because it was the last overseas visit of his political life. "This is the 10th time, and also the last time, for me to attend Premier-level talks between the two countries, and it helps form a bridge between the previous talks and the future ones," said Wen, who is scheduled to step down in March. Russian and Chinese officials signed a protocol on the construction of two more reactors for the Tianwan nuclear power plant in Lianyungang, Jiangsu. The new reactors, to be built by Russia's state nuclear company, Rosatom, would start operating in 2018. But there was still no major breakthrough on a massive deal that would see Russia supply 68 billion cubic meters of natural gas to China each year for the next three decades, even after Chinese officials said that progress would be achieved. Talks on the deal have been going on since the two countries signed a framework agreement in 2009, with the price to be paid for the gas a stumbling block. China reportedly wanted to pay USD250 per 1,000 cu m, while Moscow agreed to sell at a price of more than USD400, the South China Morning Post reports.

ONE-LINE NEWS

- Authorities announced that former Shenzhen Vice Mayor Liang Daoxing was under investigation for corruption. He was in charge of the preparation and construction work for the World University Games, which were held in Shenzhen last year and are also known as the Universiade. Former Shenzhen Mayor Xu Zongheng received a suspended death sentence in May last year. The massive bill that Shenzhen paid for the Games has been a persistent subject of controversy in the city.
- Gambling revenue in Macao rose 7.9% from a year earlier to MOP24.88 billion (Macao patacas) in November, boosted by strong spending from Chinese gamblers, who continue to flock across the border. Annual revenue is expected to reach USD38 billion, more than six times that of Las Vegas.
- Communist Party General Secretary Xi Jinping has ordered that visits around the country by top leaders should no longer be met by red carpets, welcome banners or banquets. Meetings must be shortened and empty talk banned, according to a statement by the 25-member Politburo. Officials' visits abroad should only be arranged when needed in terms of foreign affairs with fewer accompanying members, and on most of the occasions, there was no need for a reception by overseas Chinese people, institutions and students at airports, the statement added. Inspection tours as a mere formality should be strictly prohibited.
- Beijing judges and experts said China urgently needs to reach agreements with other countries on legal cooperation to curb cross-border economic crimes. Since 2003, the Beijing No 2 Intermediate People's Court has dealt with 118 cases of cross-border economic crimes involving at least five victims in each case, and a total amount of money of CNY4.9 billion. The total number of victims was more than 94,600, a report said. The majority of economic crimes from overseas are related to telecom fraud, and the internet has been the main tool used to commit them.
- Sichuan Deputy Party Secretary Li Chuncheng, 56, who was named an Alternate Member of the Communist Party's Central Committee last month, has been placed under investigation for breaching party discipline. He is a former Mayor of Chengdu. He was regarded as a key architect of Chengdu's building boom, including a USD176 million city government headquarters.
- Xi Jinping traveled to Shenzhen for his first inspection trip as the Chinese Communist Party's new General Secretary as a tribute to the famous southern tour of Deng Xiaoping in 1992, thereby sending a signal of commitment to deepening reform. Deng gave Xi's father Xi Zhongxun the task of setting up experimental zones for economic reforms in 1979, one of which was in Shenzhen.
- The Lanzhou New Area will be built in Gansu province by leveling 700 mountains and hills. The zone will become a strategic platform for opening up the western regions. Leading the initiative is one of China's largest private companies: the Nanjing-based

China Pacific Construction Group.

- China's new leadership occupied two of the Top 20 places in Forbes' latest ranking of the 71 most powerful people in the world. Xi Jinping, China's newly-elected General Secretary of the Communist Party of China (CPC), ranked ninth, while Vice Premier Li Keqiang ranked 13th. Chinese entrepreneurs are also featured on the list. Chairman of China Investment Corp (CIC) Lou Jiwei ranked 39th, and Founder and CEO of Baidu Robin Li ranked 64th. U.S. President Barack Obama again led the list, followed by German Chancellor Angela Merkel.

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