



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

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NOTICE

New website and sponsorship opportunities

We have the pleasure to inform you that the Flanders-China Chamber of Commerce has a new website.

On the new website you will find:

- [Video interviews with the experiences of Chinese companies in Belgium](#)
- [Interviews with Member companies, sharing their experiences on the Chinese market](#)
- [Easy access to FCCC publications](#)
- [FCCC Weekly and Sectoral Newsletters \(Automotive, Metals & Minerals; Environment & Logistics\)](#)
- [News from Flanders : Europe's Smart Hub](#)
- [Career opportunities : members can post job vacancies](#)
- [FCCC activities](#)

Sponsorship Opportunities

Our site is already a reference for companies interested in doing business in China. With our new website ready, we will be promoting it in many ways. This means new contacts and more visitors. If you would like to advertise on our website, newsletters and events, please check out our [sponsorship opportunities](#).

FCCC ACTIVITIES

Flanders Cleantech Mission to China – 25 to 31 October 2014 – Beijing, Shijiazhuang, Tianjin and Shenyang

The Flanders-China Chamber of Commerce (FCCC), the Flanders Cleantech Association (FCA), and the Province of East-Flanders, in cooperation with Flanders Investment & Trade, are organizing the Flanders Cleantech Mission to China from October 25 to 31, 2014. The mission is organized in partnership with the Chinese Association of Environmental Protection Industry and will visit the cities of Beijing, Shijiazhuang, Tianjin and Shenyang. The mission will be led by Mr Geert Versnick, Vice Governor of the Province of East-Flanders in charge of economic affairs and international relations.

The aim of the visit is to introduce innovative Flemish cleantech technologies to Chinese institutions, governments, companies and development zones. Rapid industrialization caused many environmental challenges in China. The Chinese government recognizes the problems and aims at tackling the negative environmental impact, but there is still a long way to go. Clean technologies (cleantech) are part of the solution, ranking from clean energy and energy efficiency, to air treatment, waste management, waste water treatment and soil remediation.

This mission will visit various cities in North-China: Beijing, Shijiazhuang (Hebei province), Tianjin and Shenyang (Liaoning Province). In each city, we will organize a seminar introducing the priorities and opportunities from each side as well as a presentation of the participating companies, followed by ample networking and business opportunities. You will also have the possibility to learn about the specific projects in the cleantech sector.

The organizing parties have set up a long-term cooperation and network with the authorities in these cities and regions. The province of East Flanders has been maintaining cooperation with Hebei province since 1991. In Tianjin, FCA 's founding father VITO works together with the Tianjin Academy of Environmental Protection (TAES), and in China, CAEPI, the Chinese Association of Environmental Protection Industry, is FCA's partner for setting up Flemish-Chinese B2B matches. In Shenyang, the FCCC has already a longstanding cooperation with the different authorities.

The programme of the mission can be obtained by sending an e-mail to gwenn.sonck@flanders-china.be

if you would like to join this mission, please confirm your interest via the following link: <http://www.flanders-china.be/en/events/upcoming/flanders-cleantech-mission-to-china-/subscribe>

A subscription form with practical information and programme will be sent after having received your confirmation of interest.

ACTIVITIES

China Europa – 16~18 September 2014 – Shenyang

China Europa, the essential business gathering between Europe and China, is a key event focusing on commercial relations between Europe and China in the field of sustainable urban development, and offers European and Chinese companies and territories a unique opportunity to meet and to develop efficient economic links, in optimal conditions. It guarantees fruitful and constructive encounters with a number of qualified and targeted contractors and suppliers. It is also an opportunity to identify new development opportunities in Europe and in China and to benefit from exchanged expertise and good practice via a programme of conferences and themed workshops. The leading Chinese and European economic authorities consider China Europa to be the leading event in Sino-European business relations and exchange in the field of sustainable urban development. By providing extensive support towards the business convention's organization, these bodies assert their will to reinforce productive cooperation that will contribute towards shaping tomorrow's sustainable towns and cities.

On 16th -18th September 2014, the European Chamber will co-organize the sixth edition of China Europa in Shenyang with the theme: Innovative Solutions for Sustainable Energy and Urban Development.

Since 2006 Europe and China have come together nearly every year to host China-Europa, a comprehensive business convention on urban development that has had the highest support from China's Ministry of Commerce and the European Commission.

Why participate in China Europa 2014: five reasons

- Discover major urban projects in European and Chinese cities on China Europa exhibition area
- Update your knowledge about the last technologies and solutions of the Sustainable Urban Development thanks to a dedicated workshops programme
- Promote your expertise and products to private and public decision makers in ideal conditions during pre-arranged business meetings
- Benefit from the presence of numerous major stakeholders in energy and urban development, such as territories highly committed towards sustainable development
- Save time and money in your international prospecting efforts

Organizers expect over 300 businesses to participate in this international convention. Furthermore, this event will be graced by the presence of a Vice Minister from MOFCOM, EU Commissioner Günther Oettinger and over 10 Mayors from China.

More information on the event is available at: <http://www.china-europa.org/rendez-vous-incontournable-business-europe-chine-china-europa-2014-en.asp>

EUCBA European Business Delegation “Yangtze River Delta” – 20-27 September 2014

The Yangtze River Delta is regarded as China's economic powerhouse with Shanghai being China's financial and logistics center, and the provinces Zhejiang and Jiangsu important manufacturing bases.

As EUCBA member of Germany, DCW is organizing an EUCBA European Business Delegation to China: “Exploring the Yangtze River Delta”, 20-27 September 2014 to Shanghai, Taicang, Kunshan, Changzhou, Jiaxing and Suzhou.

During the week-long meetings will be organized with high-ranking local government representatives, who will give an introduction to the investment environment of their cities and to their special services for foreign investors.

There will also be opportunities to visit economic development zones and industrial parks, meet European investors in the region and learn from their experiences in China. Furthermore, visits will be organized to international organizations and associations, where you will receive advice for your China plans.

The tour will be complemented by a sightseeing program, which will provide a better cultural understanding of the traditional and modern China. The delegation will be accompanied by Mr. Rainer Gehnen, Vice General Secretary of EUCBA.

You may [download](#) the flyer or visit www.eucba.org/visits2china for more information.

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PAST EVENTS

Weihai-Ghent: Economic Cooperation Seminar – 7 July 2014 – Weihai

The cities of Weihai and Ghent, the Flanders-China Chamber of Commerce (FCCC), Ghent University and Flanders Investment & Trade (FIT) organized an economic cooperation seminar in Weihai, Shandong province on 7 July 2014.

Mrs. ZHANG Hui, Mayor of Weihai, and Mr. TERMONT Daniël, Mayor of Ghent, welcomed the participants. Following the showing of the movie “Ghent puts knowledge to work”, Mrs. Els Pandelaere, Investment Promotion Manager, Ghent and Mr. Domien Proost, Representative China Platform: Ghent University and Province of East Flanders introduced “Ghent: research and investment opportunities”. Dr Robert ZHAO gave a talk about “Weihai: introduction to the investment environment and overview of the main sectors”. The role of the Flanders-China Chamber of Commerce and opportunities for cooperation was introduced by Mrs. Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce & Secretary General, EU-China Business Association. Finally, Isabelle Wang, Investment Deputy, Flanders Investment & Trade talked about “Flanders-Gateway to Europe”. The event was concluded by a question and answer session and a networking lunch.

Presentation: Key Findings of Business Climate Survey in China and Update on EU-China Trade & Investment Relations – 25 June 2014 – Brussels

The EU-China Business Association, BUSINESSEUROPE and the European Union Chamber of Commerce in China, organized a presentation on the business climate in China and the EU-China trade and investment relations. This meeting took place on 25 June in Brussels.

During this conference the latest findings from the China Business Confidence Survey 2014 were presented. This survey was realized by the European Union Chamber of Commerce in China and gathers together the views of over 550 European businesses in China. At this meeting, the European Commission also provided an update on the recent negotiations of the EU-China Investment Agreement.

The EU-China Business Association is the EU-wide federation of business organizations in the EU promoting business relations with China. The Flanders-China Chamber of Commerce holds the secretariate-general of the association.

Following a word of welcome by the EU-China Business Association, Gwenn Sonck, Secretary

General and BUSINESSEUROPE, Carsten Danohl, Director; Mr Adam Dunnett, Secretary General, European Union Chamber of Commerce in China, introduced the China Business Confidence Survey 2014, while a Representative of the European Commission gave an update on the negotiations of an EU-China Investment Agreement. The event was concluded by a question and answer session.

The results of the China Business Climate Survey can be downloaded via this link:
http://china.msq.be/files/docs/20140627-170033_96_business_confidence_survey_2014%5Benglish_version%5D-1.pdf

Shanghai Investment Promotion Conference – 24 June 2014 – Kortrijk

A conference on investment opportunities in Shanghai, Shanghai Fengxian European SME Industry Park and Shanghai Jinshan Zhujing Industry Park, was organized by the Flanders-China Chamber of Commerce (FCCC), VOKA West-Flanders, the Shanghai Foreign Investment Development Board, Shanghai Fengxian European SME Industry Park and the Shanghai Jinshan Zhujing Industry Park.

The current investment environment in Shanghai and preferential policies available for SMEs were introduced. Participants had the opportunity to meet with senior level delegates who provided practical advice on how to do business in China.

The conference took place on 24 June 2014 in Kortrijk. Following a word of welcome by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce and by Mr Hans Maertens, Managing Director, VOKA – Chamber of Commerce West-Flanders, Mr Tao Dong, Vice President, Shanghai Foreign Investment Development Board gave a presentation on the investment environment and policy in Shanghai. The Shanghai Fengxian European SME Industry Park and the Shanghai Jinshan Zhujing Industry Park were introduced by their respective representatives. An exchange of views and a walking dinner concluded the event, which was organized with the support of Flanders Investment and Trade.

Meeting and reception with the Flemish Trade Commissioners in China – 16 June 2014 – Gent

The Flanders-China Chamber of Commerce (FCCC), Voka Chamber of Commerce East Flanders and the Province of East Flanders organized a meeting with the Flemish Trade Commissioners in China. This event took place on 16 June in Gent. This event provided an excellent opportunity to discuss companies' activities in China with the Flemish Trade Commissioners.

Following a word of welcome by Mr Hedwig De Pauw, Director Economic Affairs and International Relations, Province of East-Flanders and an introduction by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce and by Stefan Derluyn, Director Region Ghent and Port, Manager Innovation & Internationalization, Mr Peter Christiaen, Flemish Trade Commissioner in Beijing; Mrs Sara Deckmyn, Flemish Trade Commissioner in Shanghai and Mr Dirk Schamphelaere, Flemish Trade Commissioner in Guangzhou, talked about challenges and opportunities for Flemish companies in China"

The event was concluded by an exchange of views and a networking cocktail.

PUBLICATIONS

FCCC publishes "FCCC Members' Portraits in China Vol.2"

See [FCCC Members' Portraits](#) on the FCCC website.

EXPAT CORNER

Australia favorite destination for emigrating Chinese

Australia topped the latest list of the most suitable destinations for rich Chinese who want to get overseas citizenship or permanent residency through investment. More than 25,500 Chinese received permanent residency in Australia in 2011 through 2012, and about 18% of them achieved their "green card" through investment, according to the Annual Report on

Chinese International Migration 2014 published by the Social Sciences Academic Press and the Center for China and Globalization in Beijing. China emerged as the largest source for Australia's investment migration during the period, accounting for 64%, up from less than 8% a decade ago. As Canada has tightened its investor immigration plan and economic prospects in Europe remain murky, Australia and New Zealand have won more Chinese hearts, said Yang Fang, Business Director at Globevisa, an immigration agency in Beijing. More and more Chinese are showing growing enthusiasm in purchasing properties in European countries like Portugal, Spain and Greece to get permanent residency, as housing prices in these countries almost dropped to the level of 10 to 20 years ago due to the European debt crisis. The top 10 countries for Chinese investment immigrants are Australia, New Zealand, Germany, Sweden, Singapore, Spain, France, Canada, the United States and the United Kingdom.

- Foreign staff with expertise who work in Shanghai's Hongqiao Business Zone can get city residence permits for at least three years under a new initiative. General Managers can apply for five-year residence permits; Department Managers can seek permits for four years; while other employees can apply for three-year permits. These conditions also apply to their families. Some 80,000 foreign residents live in or near the zone, including the city's biggest Japanese and South Korean communities.

FINANCE

Bank of China denies money laundering charge

Bank of China (BOC) denied helping to launder money for people planning to emigrate by ignoring the annual cap on foreign exchange for individuals. According to a report by China Central Television (CCTV), the country's largest foreign exchange bank has frequently allowed wealthy customers to transfer as much money as they want overseas. Under current regulations, individuals can convert yuan into a maximum of USD50,000 worth of foreign currency per year. BOC also failed to determine the source of the money and did not question what it would be used for, the report said. The CCTV report alleged that Bank of China opens accounts for customers seeking to move large sums overseas at its branches in Guangdong province and in the relevant foreign country. The money is then transferred across the border as a yuan-denominated transaction, but settled in the foreign currency at the overseas branch. This technique makes it impossible for the State Administration of Foreign Exchange (SAFE) to detect the deals as foreign exchange transactions. A government scheme that allows individuals to make cross-border yuan transfers of up to CNY300,000 without administrative approval is currently on trial in Guangdong.

In the past three years, almost 600,000 people have emigrated from China, prompting a spike in demand for money transfers. The accusations may lead to tighter control of the finance and banking sectors. An employee of a major state-owned bank, speaking on condition of anonymity, quoted by the South China Morning Post, said: "BOC is not the only bank providing these kinds of services. All major banks do. Many banks received directives from the government discouraging them from running the service. But this is a growth area and demand is huge." A branch employee at BOC in Guangzhou said the service has been suspended and there is no timetable for its resumption. Zhou Xiaochuan, Governor of the People's Bank of China (PBOC), said more time is needed to investigate alleged money laundering by the Bank of China (BOC). "The priority at the moment is to find out what's going on," he said at a media briefing on the sidelines of the sixth round of the China-U.S. Strategic and Economic Dialogue in Beijing.

Foreign companies still to tap full potential of yuan use in trade

Overseas companies are yet to realize the full benefits of using the renminbi as an invoice currency when doing business with China, according to a survey by HSBC Holdings. The survey shows that although 59% of the respondents plan to increase cross-border activities with the Chinese mainland over the next 12 months, only 22% currently settle transactions in yuan. According to HSBC, the figures also highlight the huge growth potential for yuan-denominated trading activities with Chinese companies, as China overtook the United States to become the world's largest trading nation in 2013 with its trade in goods surpassing USD4 trillion. HSBC estimates that about one-third of China's trade will be settled in yuan by 2015. Mark Emmerson, head of global trade and receivables finance for HSBC in the United Kingdom, said most foreign companies move toward the yuan invoicing model at the request of their Chinese partners, who look favorably on overseas partners who use the yuan as it

shows commitment and eliminates foreign exchange risks. He said that most foreign companies use yuan to manage import and export, but some also do it for liquidity management reasons. The survey questioned 1,304 international and Chinese companies that have cross-border trade activities. Half of the respondents from Singapore, 44% from the U.S. and 42% from the UK said they believe yuan usage brings financial benefits, but less than one third of their German and Canadian peers share the view, the China Daily reports.

Delays expected for the China International Payments System (CIPS)

China's quest to turn the yuan into a full-fledged global currency has hit a roadblock, as the planned roll-out of a worldwide payments system looks certain to be delayed by policy snags and technology challenges. The China International Payments System (CIPS) that would replace a patchwork of networks and allow hassle-free yuan payments was meant to debut later this year, but bankers say it is unlikely to be ready before 2016. The slippage might be good news for China's big clearing banks, such as Bank of China (BOC), and offshore yuan centers such as London or Singapore, which stand to lose their privileged position. In the long run, however, an efficient global network for yuan trades will be essential for fulfilling Beijing's wish to boost the currency's use. A spate of agreements on yuan clearing with financial centers in Europe and Asia signed over the past month has highlighted the importance of such a system. Difficulties caused by failed transactions have made some companies consider reverting to the U.S. dollar in trade deals, foreign bankers and corporate treasurers at multinational companies say. Still, few bankers doubt the new international network will eventually become a major long-term alternative to clearing banks and offshore centers, the South China Morning Post reports.

- Several new bank branches, including the first privately-owned bank, are expected to open in the Shanghai free trade zone (FTZ) in the coming months before the zone's first anniversary in October. The private bank will be funded by the Juneyao Group and other private investors. China Citic Bank, Minsheng Bank and Singapore's United Overseas Bank will also set up branches in the zone.
- CITIC Resources Holdings has started legal action to recover its alumina and copper stocks that went missing from Qingdao port, which is at the center of a major metal financing fraud probe. The commodities trader said last month it had been unable to locate 123,446 tons of the 223,270 tons of alumina it left at the port in Shandong province. It has filed a claim in the Qingdao Maritime Court against the operator of the bonded warehouse at the port.
- Ten foreign banks have opened subsidiaries in the Shanghai free trade zone, but none has obtained a key permit that would allow them to take advantage of the liberalization offered. Released from the tight controls on foreign exchange elsewhere on the mainland, firms registered in the zone are supposed to be able to freely convert and transfer capital between overseas accounts and free trade accounts (FTAs), which the central bank will treat as offshore accounts. Banks in the zone must apply to the central bank for a permit to allow them to open FTAs for their corporate clients. Five Chinese banks have already received the permit.
- Tianjin will launch a pilot program for companies and individuals in the Sino-Singapore Tianjin Eco-city to conduct cross-border yuan transactions with Singapore. The program, approved by the People's Bank of China (PBOC), will allow firms registered in the region to obtain yuan-denominated loans from banks in Singapore and issue yuan-denominated bonds in that country. According to the PBOC, individuals in the city can conduct cross-border yuan settlement services using current accounts and make foreign direct investments with their personal financial assets.
- French and German companies are leading among countries outside greater China in the use of the yuan. HSBC Holdings surveyed 1,304 businesses that have ties with China in 11 major economies. Some 26% of French corporates and 23% of German companies now settle trades in the Chinese currency, the highest proportion apart from mainland China, Hong Kong and Taiwan.
- JPMorgan Chase & Co has hired UBS's former China Chairman David Li to lead its operations in China. Li will join JPMorgan in October and be based in Beijing. Li spent nine years at Zurich-based UBS and helped set up UBS Securities Co, the firm's Chinese brokerage venture. He replaces Shao Zili, JPMorgan's former China Chairman and CEO, who was named the bank's Asia-Pacific Vice Chairman in April.

- The China Banking Regulatory Commission (CBRC) has told banks that they must set up special departments to run wealth management products (WMPs) and establish separate accounting systems for those departments to prevent risk spreading from WMPs to banks' deposit and loan businesses. Each WMP should have its own detailed accounts that are compiled independently, the CBRC said in a statement. Banks are also prohibited from using clients' wealth management funds for proprietary trading businesses. Wealth management businesses have grown rapidly in China. By the end of May, more than 400 financial institutions in the banking sector offered 50,918 such products, with a total balance of CNY13.97 trillion.

FOREIGN INVESTMENT

Chinese companies' foreign spending set to drop 9% this year

The amount of money invested by Chinese companies overseas dropped for the first time since the financial crisis, according to a new report by the American Enterprise Institute (AEI). The Washington-based research and policy group ascribed the fall to declining Chinese interest in the capital-intensive energy and mining sectors. "It is a useful reminder that China is not buying the world," wrote Derek Scissors, the report's author and an AEI scholar. However, the apparent slowdown in transaction flow could be reversed by "a single large deal". For the first half of this year, outbound investment totaled USD39.2 billion, according to the AEI. This compared to USD86.3 billion reported for the whole of 2013, suggesting a 9% annualized decline. Using a different methodology, China's Ministry of Commerce reported USD40.6 billion in 2014 first-half deals and USD90.2 billion in 2013 transactions. The annualized percentage drop is almost the same. "While China's USD4 trillion pile of foreign reserves, with perhaps USD800 billion more at state banks, suggests an unstoppable tide, investment cannot occur without opportunities in foreign markets. And the availability of these opportunities ebbs and flows," wrote Scissors. The AEI's China Global Investment Tracker recorded over USD500 billion in Chinese overseas deals since 2005. U.S. firms invested USD2.2 trillion in foreign markets during the same period.

- Shanghai's free trade zone plans to roll out a tax incentive to encourage outbound investment by private equity funds. The rule would be drawn up at the end of this year as part of the efforts to reinforce China's go-global strategy. Funds registered in the zone would be treated as "offshore funds" and would receive special tax treatment.

FOREIGN TRADE

China scores partial victory at WTO

China's appeal to overturn a U.S. law targeting unfair trade subsidies at the World Trade Organization (WTO) has failed, although the Commerce Ministry claimed a partial victory when the WTO's appeals panel said Washington violated trade rules by double counting the punishment on Chinese goods for being both subsidized and unfairly priced. The Commerce Ministry in Beijing said in a statement the result was "another significant victory of China's challenge against the United States' abuse of trade remedy measures". The dispute was over U.S. Public Law 112-99, also known as GTX legislation, which was signed by President Barack Obama in March 2012. Beijing had complained that the law "explicitly allows for the application of countervailing measures to non-market economy countries", saying it violated WTO trade rules. China had also claimed that the U.S. failed to investigate and avoid double remedies in some countervailing and anti-dumping duties. The WTO panel ruled in favor of the U.S. in March. China appealed and the WTO appeals body disagreed with several of the panel's interpretations of the law, but it did not have enough information to overturn the ruling, effectively leaving the March decision in place, allowing both sides to claim victory. The Chinese Commerce Ministry statement said the annual value of trade affected was USD7.2 billion, the South China Morning Post reports.

June trade figures show improvement

China's trade growth strengthened last month, reinforcing the belief that the economy is stabilizing under a mini stimulus. June exports grew 7.2% year-on-year to USD186.7 billion, accelerating from 7% in May, the General Administration of Customs said. Imports gained 5.5% to USD155.2 billion, reversing a dip of 1.6% a month earlier. "The data suggest that both

external and domestic demand are on the way to recovery,” said Zhou Hao, Economist at Australia & New Zealand Banking Group. Zhu Haibin, Chief Economist for China at JPMorgan, said that although June’s exports grew less than expected, the outlook for the year remains positive. “Global demand will likely improve, and we expect exports to accelerate in the second half of the year,” he said. China’s trade figures have fluctuated a lot this year due to different monthly comparative bases and the government’s efforts last year to combat speculative capital. Overall, trade edged up 1.2% in the first six months, against a full-year target of 7.5%. China’s trade with the European Union in the first half gained 9.6%, with figures for the UK and Germany up 19.7% and 10.2% respectively. Trade increased 2.8% with the United States in the period and rose 1.3% with Japan. The trade surplus narrowed to USD31.6 billion from USD35.9 billion.

- The Chinese government has approved the construction of a new city on the border between China and Kazakhstan in Xinjiang to serve as an international trade and logistics hub. Work on the new city of Horgos has already begun. When completed, it will cover 1,970 square kilometers, including the 73 sq km existing Horgos Special Economic Zone. Horgos port has become the largest land port in northwestern China.

HEALTH

China urged by WHO to strengthen tobacco control

Margaret Chan, Director General of the World Health Organization (WHO) has urged the Chinese government to strengthen tobacco control to save huge numbers of lives and to ensure the country has a healthy workforce to continue its development. She said there was a real risk that the economic achievements of the past three decades could be cancelled out by the huge burden of coping with diseases linked to smoking. Chan met Premier Li Keqiang, Health Minister Li Bin and Vice Chairman of the National People’s Congress Chen Zhu during her visit to Beijing. “The devastation of tobacco smoking outweighs any revenue that you can imagine. It’s false economy,” she said. More than 80% of deaths in China are related to non-communicable diseases linked to lifestyle, including smoking and poor diet, while the global average is 63%. The Chinese government has ratified the WHO Framework Convention on Tobacco Control, but failed to meet a deadline to ban smoking in public areas. Anti-smoking campaigners say one major problem is that the organization in charge of implementing the convention is the State Tobacco Monopoly Administration, which also oversees the industry, creating a conflict of interest. China is the world’s largest cigarette manufacturer and consumer, with more than 300 million smokers.

- Hospitals must not turn away patients who need emergency care but cannot pay, China’s National Health and Family Planning Commission said. Access to hospital care remains a pervasive problem for the poor. The new rules will help eradicate the social problem of “waiting for money before saving lives,” the Commission added. In a meeting with World Health Organization Director General Margaret Chan, Premier Li Keqiang said China has been reforming the medical and health care system to make it cheaper and to cope with the aging population.

IPR PROTECTION

WIPO opens Beijing office

Director General Francis Gurry of the World Intellectual Property Organization (WIPO) spoke highly of China’s achievements on intellectual property protection after the United Nations agency opened an office in Beijing. In a meeting with Premier Li Keqiang, WIPO said China’s “remarkable” progress in IP protection has helped transform and advance China’s economy and has been a boon to global economic growth. Li told Gurry the Chinese government is trying to help scientists and high-tech talent by reforming their rights to benefit from their research. He said China expects to enhance cooperation with WIPO to further develop international intellectual property rules. The ceremony at WIPO’s office was attended by a group of high-ranking Chinese officials, including Beijing Mayor Wang Anshun, Director of the State Administration for Industry and Commerce Zhang Mao and Shen Changyu, Commissioner of the State Intellectual Property Office (SIPO). The Beijing office is WIPO’s fifth overseas following those in Brazil, Japan, Singapore and Russia. Established in 1967, the Geneva-based agency has 187 member states. China joined the organization in 1980.

- U.S. electric carmaker Tesla Motors is being sued in China for trademark infringement. Chinese businessman Zhan Baosheng had registered the “Tesla” trademark in 2006, before the U.S. company came to China, and is now taking Tesla to court, demanding that it stop all sales and marketing activities in China, shut down showrooms and supercharging facilities and pay him CNY23.9 million in compensation. The Beijing Third Intermediate Court will hear the case on August 5.
- A “Patent Prosecution Highway” that opened between the State Intellectual Property Office (SIPO) and the UK Intellectual Property Office allows patent owners to request accelerated processing in each country. James Younger, the UK Minister for Intellectual Property, said that the program will encourage growth and enable UK businesses to work more closely with China, one of its most important economic partners.
- Apple insisted it will continue using voice recognition software Siri on the iPhone and iPad in China despite a Beijing court rejecting its appeal on a related patent. The Beijing No 1 Intermediate People’s Court turned down Apple’s request to the State Intellectual Property Office (SIPO) to cancel the original patent of Xiao i Robot, a Siri-like product, developed by Shanghai-based Zhizhen Network Technology. Apple said it was not using Zhizen’s patent.

MACRO-ECONOMY

Sinopec enters top three of Fortune Global 500

Sinopec Group is the first Chinese company to enter the Fortune Global 500 Top Three. The list has a record 100 Chinese companies, including 91 companies based on China’s mainland, five in Taiwan, and four in Hong Kong. The number of Chinese companies rose by five from last year. The number of U.S. companies fell to 128 from 132, the magazine said. Beijing-based Sinopec Group, with 2013 revenue at USD457.2 billion, moved up a rank to replace Exxon Mobil as the world’s third largest company. Sinopec was followed by Beijing-based China National Petroleum Corp (CNPC) that also beat Exxon Mobil with a USD432 billion revenue last year. Walmart replaced Royal Dutch Shell as No 1. The combined sales of all 500 largest companies reached USD31 trillion last year, up 2.5% from 2012, while their combined profit surged 27% to USD1.96 trillion. But companies on China’s mainland and Hong Kong underperformed in terms of profitability as the average profit of the 95 firms was USD3.22 billion, USD700 million short of the world’s average and slightly more than half of the U.S. average. The 128 U.S. firms on the list generated 40% of the total profit in 2013, the Shanghai Daily reports.

Growth in energy consumption slows

Energy demand growth in China fell below the 10-year average, BP said in its annual global energy report. China, the world’s largest energy consumer, accounted for 22.4% of global energy consumption and 49% of the net growth in the world in 2013. China’s energy use rose a mere 4.7%, falling below the average annual growth rate of 8.6% over the past decade. Last year, coal accounted for 67% of China’s overall energy pie. The demand for oil, the second-largest fuel in China, also hit its lowest point since 1991, accounting for 17.8% of the country’s energy consumption, BP said. Over the past decade, natural gas has doubled its share of total energy consumption to 5.1%, and the share of non-fossil fuels increased by more than 50% to 9.6%.

- The People’s Bank of China (PBOC) struck a slightly more optimistic tone in assessing the economy at the recent quarterly meeting of its Monetary Policy Committee, saying economic and financial structures had begun showing “positive changes” and that economic operations remained in a “reasonable range”. The comments indicate a rebound in economic growth. Premier Li Keqiang also said that the economy did better last quarter.
- China should allow more companies to file for bankruptcy protection to avoid closure, Liu Shiyu, Vice Governor of the People’s Bank of China (PBOC) said. He also said companies and creditors should not expect the government to settle cases of insolvency, and urged them to find their own ways out of the difficulties.
- The Consumer Price Index (CPI) rose 2.3% from a year earlier last month, slowing

from the pace of 2.5% in May, after food costs rose only 3.7% in June from 4.1% a month earlier. The Producer Price Index (PPI) remained negative for the 28th straight month by declining 1.1% in June. In the first half, CPI inflation expanded 2.3%, below the full-year target limit of 3.5%.

MERGERS & ACQUISITIONS

Regulator streamlines M&A process

The China Securities Regulatory Commission (CSRC) will simplify the review process for major asset restructuring programs and take-overs of listed companies. Listed companies will no longer need CSRC approval for major asset restructuring programs, except in the case of backdoor listings. Such listings involve acquisitions of companies that already trade on stock exchanges by enterprises that don't qualify for listings on their own. If a listed company plans to acquire assets by using its own shares, it will still need CSRC approval. The regulator also said that listed companies no longer need to provide profit forecasts when they acquire assets. The requirements for backdoor listings are the same as those for initial public offerings, and no listings by purchasing shell companies will be allowed on the ChiNext board, China's Nasdaq-style market. Separately, the CSRC announced that it will no longer review take-over bids of listed companies, a move that it said will lower the acquisition cost for bidders. The CSRC also announced rules establishing a shelf registration system for public mutual fund issues. Effective August 8, fund firms need only register with the regulator to issue new products. The CSRC said it will complete all registration processes for products within 20 days after the required documents are submitted, the China Daily reports.

REAL ESTATE

High-end residential project still popular in Beijing

Demand for high-end residential property continues to be robust in Beijing, with prices still high. From April to June, in the high-end Beijing residential market, the average price increased by 9.5% quarter-on-quarter to CNY56,307 per square meter, according to a report by property service provider DTZ. Transaction volume reached 204,482.2 sq m, an increase of 2.7% from the same period last year. High-end residential property is defined as projects where the sales price is above CNY45,000 per sq m for apartments and more than CNY30,000 per sq m for villas. "The growth in the sector can be attributed to the slight relaxation of government restrictions on pre-sale permits," said Zhao Yan, Director of Research for North China at DTZ. On the demand side, high-quality, stable value and scarcity, and expectations of price appreciation prompted more buyers, including those scaling up, to make purchases. In terms of market segments, villa transaction volumes saw a sharp increase of 41.4% to 89,098.2 sq m from the same period in 2013. The average price increased by 18.6% to CNY53,119 per sq m. According to Zhao, high land and construction costs will bolster high-end residential property prices. Property developer Poly Real Estate Group recently got the green light for sales of its high-end housing project Haide Park, indicating that Beijing is easing its home purchase restrictions. In Beijing's high-end leasing market, the average rent increased by 0.8% to CNY175.9 per sq m per month, the China Daily reports.

- A residential land parcel in downtown Shanghai that was sold for an average gross floor area price of CNY59,859 per square meter is the most expensive plot sold in the country so far this year. The 6,885-square-meter plot in Wuliqiao, Huangpu district, was acquired by a subsidiary of Lai Fung Holdings, the property development and investment arm of the Lai Sun Group. Excluding affordable housing to be built accounting for 30% of the total GFA space, the real cost of land exceeds CNY85,000 per sq m on average, a record on the Chinese mainland.
- Wanda Group plans to invest USD900 million in a five-star hotel and apartment complex in Chicago, as it acquires more assets in the United States. The project will be the city's third tallest building with a height of 350 meters. It will be a mixed-use development consisting of a 240-room "super five-star" hotel, residential units and commercial space. Wanda is also spending GBP700 million on London's tallest residential towers.
- Jinan, the capital of Shandong province, became the latest area to lift home buying curbs and bring some relief to the property market. "As long as you have enough money, you can buy as many apartments as you wish," real estate agent Zhang Di

told Xinhua. Over the past couple of months, more than 10 cities have lifted or eased bans on ownership of more than one home, imposed in early 2011 to cool the market. At that time, more than 40 cities made use of the limits.

RETAIL

Yili enters world's top 10 of dairy companies

Chinese dairy company Inner Mongolia Yili Industrial Group was ranked tenth among the world's largest dairy companies by revenue, according to Rabobank. It was the first time Shanghai-listed Yili entered the top 10, and it was also the highest-ever ranking attained by an Asian dairy enterprise in the annual study. The company, based in the Inner Mongolian capital of Hohhot, posted revenue of USD7.6 billion last year to jump from 12th place in the previous ranking. Domestic rival China Mengniu Dairy climbed one place to rank No 14 as the Hong Kong-traded firm recorded USD7 billion in revenue last year. Swiss dairy group Nestlé remained at the head of the industry table, with revenue of USD28.3 billion. Rabobank Analyst Tim Hunt said Yili's ascent into the top 10 was a landmark for Asia's dairy industry.

- Parkson Retail Group has temporarily closed one of its Beijing stores following two closures in Jinan (Shandong) and Changzhou (Jiangsu). Sam Au, Chief Financial Officer of Parkson Retail Group, said the Beijing store is being closed for remodeling and that it will reopen at a later date. He did not give a timetable for the reopening.

SCIENCE & TECHNOLOGY

Shanghai 15-year-olds have best financial literacy

Shanghai school students were the best in an international test of financial literacy, organized by the Organization for Economic Cooperation and Development (OECD). More than 40% of Shanghai entrants showed the highest level of proficiency, compared to an overall average of less than 10% among other countries. The PISA financial literacy test was taken by 15-year-old students in 18 countries. Shanghai students had the highest average score of 603 points, while the average for all countries was 500 points. The South China Morning Post reported that Shanghai was followed by the Flemish community of Belgium, Estonia, Australia, New Zealand and the Czech Republic. At the bottom of the list were Croatia, Israel, the Slovak Republic, Italy and Colombia. The testing was part of the Program for International Student Assessment, which aims to evaluate education systems worldwide. The financial literacy study was administered in 2012 to about 29,000 15-year-old students in 13 OECD countries and economies and five partner countries and economies.

Building of Yenching Academy in doubt

Peking University President Wang Enge said plans to build the elite Yenching Academy at the campus' Jingyuan Park was up for debate, constituting a small victory for students and scholars who fear the prestige project would sow divisions and elitism. They fear the 100 Yenching students will become the super-elite with other students becoming second-class. The Academy is modeled on the Rhodes scholarship program. Yenching fellows would receive graduate degrees after only one year of classes. Students said they did not expect the project to be cancelled because of their opposition to it, because it was simply too high-profile to disappear. UN Secretary General Ban Ki-moon and American first lady Michelle Obama congratulated Peking University on the establishment of Yenching Academy earlier this year.

- An anti-corruption inspection team has criticized Shanghai's Fudan University for mismanaging scientific research funds, lack of supervision of campus infrastructure work and school-run companies, which could lead to corruption. Central disciplinary authorities said the problems were deeply rooted because of a lack of supervision by Fudan's Party committee.

STOCK MARKETS

WH group relaunches IPO plans

Sino-U.S. pork producer WH Group will relaunch its stalled initial public offering (IPO) in a deal that could raise USD3 billion in one of the biggest share sales in Hong Kong this year. "The deal is expected to be completed before mid-August," a source with knowledge of the listing plan told the South China Morning Post. The April flotation at first aimed to raise USD6 billion and was eventually scaled back to USD1.9 billion before being scrapped. WH updated its prospectus with new financial data showing a surge in first quarter net profit to USD407 million, more than three times the USD125 million it earned in the same period a year ago. Bankers believe the improved profit performance, U.S. pork prices at record levels and steadily increasing demand for China's favorite meat should be enough to counter any lingering doubts among investors who rejected the April deal as overpriced. The shares are likely to be priced at around 12 to 15 times 2014 expected earnings, said one investment banker. The original April deal marketed shares in the range of 16 to 20 times earnings. The listing aims to raise funds to pay back loans incurred by the formation of WH when Shuanghui, China's top meat producer, bought out U.S. pork supplier Smithfield Foods in a landmark USD4.7 billion deal last year.

TRAVEL

Wharf launches Niccolo luxury hotel brand in China

Wharf has launched a new luxury hotel brand for hotels located at its flagship commercial complexes. Niccolo, named after Marco Polo's father, enters the market almost 30 years after the company launched its Marco Polo brand. Last month, Wharf Chairman Peter Woo said the group had reservations about investing in China's residential market in the next two years because of risks from the government's austerity measures. The Niccolo and existing Marco Polo brands will be under Wharf's wholly-owned subsidiary, Marco Polo Hotels. The first Niccolo hotel will open in the first quarter of next year within the newly opened International Finance Square (IFS) Chengdu in Sichuan province.

- Domestic airlines have stopping selling tickets to defaulting debtors, the Supreme People's Court (SPC) said. The court has passed the list of defaulting debtors to the civil aviation ticket selling system. "Some 400 debtors were blocked almost 4,400 times by the flight ticket selling system on July 3 alone," the court said. The ticket selling system is operated by state-owned TravelSky Technology. The 12306 railway ticket selling website is also linked to the system.
- Beijing is planning construction of its seventh ring road with a length of 940 km. Around 90% will be in Hebei province. The new highway is expected to open in 2017.
- The Chinese government has unveiled a guideline on the management of the China Railway Development Fund of the China Railway Corporation to attract private investment. Under a five-year plan from 2011 to 2015, CNY1.85 trillion will be invested to build 230,000 kilometers of new railway lines in central and western regions.
- Passengers can now check in for flights from Shanghai's airports in neighboring Wuxi, after a terminal building was put into service. This is part of efforts to attract more passengers from the Yangtze River Delta region to the city's Hongqiao International Airport and Pudong International Airport. Passengers must arrive at the Wuxi Terminal Building four hours before take-off for flights from Hongqiao, and five hours for those departing from Pudong.

VIP VISITS

Agreements signed during Chancellor Merkel's visit

China and Germany signed a series of trade and investment deals during a visit by Chancellor Angela Merkel. They included agreements to build two new Volkswagen factories in Tianjin and Qingdao with an investment of €2 billion and the sale of 123 Airbus helicopters over up to six years to three Chinese companies. Merkel's visit was her seventh to China since coming into power in 2005. Lufthansa also said it had signed a memorandum of understanding to form a joint venture with Air China. The new partnership, which will come into force in October, will give passengers additional travel options and flight connections, and allow Lufthansa "to have

even better access to the second largest aviation market after the United States”, according to the German carrier. China also agreed to grant Germany an CNY80 billion investment quota under the qualified foreign institutional investor (QFII) program. In his meeting with Merkel, President Xi Jinping called Germany an “important strategic partner.” Chinese Premier Li Keqiang will visit Germany in October.

China and U.S. hold 6th Strategic and Economic Dialogue

United States Secretary of State John Kerry and Treasury Secretary Jack Lew led the U.S. delegation in Beijing for the 6th round of the bilateral strategic and economic dialogue (S&ED). State Councillor Yang Jiechi and Vice Premier Wang Yang led the Chinese side in the two days of talks. President Xi Jinping gave a keynote speech at the opening of the talks. The annual dialogue comes amid rising tensions between Washington and Beijing after the U.S. charged five Chinese military officers with hacking into U.S. companies to steal trade secrets, prompting Beijing to suspend a bilateral cybersecurity working group established last year. Negotiations on an investment treaty took center stage at the talks. The United States also tried to break the deadlock in talks to expand the scope of the Information Technology Agreement (ITA). ITA negotiations in Geneva were suspended on November 21 after China refused to pare down the number of products in its “sensitivities” list that it wanted excluded from an expanded ITA. Vice Premier Wang Yang said that China will quicken its exchange rate reform. But he also warned that “if reforms go too fast, we could be bogged down in details and make fatal mistakes”. Finance Minister Lou Jiwei said Beijing also faced challenges in managing “hot money” inflows resulting from the winding down of super-loose U.S. monetary policy. The two countries agreed to try to reach consensus on the core issues of the text of the bilateral investment treaty, and pledged to start the second phase of negotiations in 2015 over the negative list. The S&ED, held in Beijing, narrowed divergences and brought about more than 90 agreements, Chinese Vice Premier Wang Yang said. U.S. Treasury Secretary Jack Lew praised the annual dialogue with his Chinese counterparts as “good and productive”, after Beijing agreed to reduce intervention in the currency market as conditions permit. Lew added that how that promise would be met remained to be seen.

- President Xi Jinping has departed for a visit to four South American countries: Brazil, Venezuela, Cuba and Argentina. Xi will be stopping on the Greek island of Rhodes on his way, where he will hold talks with Greek Prime Minister Antonis Samaras. He will next attend a meeting, hosted by Brazil, of the BRICS (Brazil, Russia, India, China and South Africa) group of emerging powers in Brasilia, where the establishment of a BRICS development bank will be discussed. Brazil is expected to announce the sale of about 25 planes made by Embraer to Chinese airlines.

ONE-LINE NEWS

- Beijing is one of three cities still in the race to host the 2022 Winter Olympics. Almaty in Kazakhstan and Oslo in Norway also made the list of finalists, as had been expected after the withdrawal of Stockholm in Sweden, Krakow in Poland and Lviv in Ukraine. The International Olympic Committee (IOC) approved the three remaining contenders as official candidate cities. The cities must submit their detailed bid files to the IOC by January. The host city will be selected on July 31 next year.
- State Grid Corp of China is one of two bidders for a large stake in Italy's CDP Reti, which controls gas grid Snam and power grid Terna, from Italian state lender Cassa di Risparmio di Padova e Rovigo (CR). Terna is one of Europe's biggest power grid operators with 63,000 kilometers of high-voltage lines. State Grid aims to more than quadruple its overseas assets to USD30 billion to USD50 billion.
- The three-day China International Robot Show was held in Shanghai, attracting more than 200 companies from over 50 countries and regions. Industry heavyweights such as the Comau Group from Italy, Staubli Robotics of Switzerland and Kawasaki Heavy Industries from Japan participated in the expo. China became the largest robotics market last year with a total of 27,000 industrial robots being sold by overseas companies, up 20% year-on-year.
- Yang Gang, former Vice Director of the Committee for Economic Affairs of the Chinese People's Political Consultative Conference (CPPCC), was sacked after being accused of having taken huge bribes and committing adultery. The case has been

passed to prosecutors. Three officials from Guangdong province have also been kicked out of the Party and sacked for the same offense. The trio are: Cao Jianliao, former Vice Mayor of Guangzhou; Tu Yaosheng, former Director of the Guangdong Second Traditional Chinese Medicine Hospital; and Li Heping, Deputy General Manager of Guangdong Guangye Assets Management.

ANNOUNCEMENTS

Candidate for Prince Albert Fund project sought

Brewery “De Halve Maan” is always looking for talent to help expand its exports. It is seeking a young manager for the Chinese market to implement a project through the Prince Albert Fund. The general objective of the mission is to set up a structure for beer import and brand development in China. Description of the project: The brewery is looking for a candidate who will play a key part in expanding its knowledge about the Chinese beer market. The candidate will investigate the current behavior of the Chinese consumers and examine their future needs and requirements.

- Master degree in business and economics
- At least 3 years proven experience with complex business development issues, requiring both quantitative and qualitative research techniques.

For more information, send an e-mail to info@flanders-china.be

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