法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 29 SEPTEMBER 2014

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- FCCC Weekly. This newsletter is published in English and contains economic & trade information on China, a calendar with China-events and career opportunities. It is sent every Monday to 2,700 Belgian business leaders doing business with China and to relevant institutions, embassies, federal and regional authorities as well as the Belgian and Chinese press. It is also sent to Chinese officials and companies based in Belgium.
- News from Flanders: Europe's Smart Hub. This is a quarterly newsletter published in Chinese and English. It contains articles on Flanders' business news, education and tourism. It is sent to over 2,000 Chinese and Belgian companies, Chinese national and local authorities, Chinese companies based in Belgium, Chinese press in Belgium. It is also sent to all FCCC member companies and Belgian and regional institutions.
- The FCCC website, contains publications, newsletters, activities, and a broad range of interviews with Chinese and Flemish companies sharing their experiences.

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FCCC ACTIVITIES

China SME Session: 'Negotiating with the Chinese' – 8 October 2014 – Gent

The Flanders-China Chamber of Commerce (FCCC) is organizing a seminar focusing on 'Negotiating with the Chinese: Three 'Make or Break' differences'. This event will take place at 16h00 on Wednesday 8 October 2014 at the International Club of Flanders, Sint-Pietersplein 11, 9000 Gent.

To a Westerner, the word 'negotiation' retains its Latin meaning of 'coming to an agreement'. To a Chinese person,'negotiation' is represented by the two characters of 'discussion' and 'judgement'. During this session you will learn why the approach to 'negotiation' has been historically so very different and what you need to know to negotiate more effectively with your Chinese counterparts.

The programme is as follows:

16h00	Introduction by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
16h10	'Negotiating with the Chinese: Three 'Make or Break' differences' Mr Neil Selby, Director of Education Cheung Kong Graduate School of Business (CHGSB) Europe: former International Director of Oxford University Mr Oliver Shiell, Chief Representative of CKGSB Europe, Board Member of China Britain Business Council, former Director of Oxford University
17h10	Exchange of views
17h30	Networking reception

During this conference you will receive the publication "FCCC Members' Portraits in China'. The booklet includes 17 portraits of member companies active in China. The China-based managers of those companies talk about how their firms became active in the country and the difficulties and pitfalls they faced to on their way to success in the largest and most challenging market on earth.

The next sessions will deal with: Managing Risk in China and 10 ways to better understand your Chinese partners. These events are organized with the support of Flanders Investment & Trade. If you are interested to attend this event, please register online before 3 October 2014.

China Information Session: Current Immigration and social security landscape and recent corporate tax developments in Belgium – Wednesday 15 October 2014 – 15h to 17h – Deloitte, Diegem

The Flanders-China Chamber of Commerce, the Chinese Association of Entrepreneurs in Belgium and Deloitte, are organizing a China information session focused on the current immigration and social security landscape and the recent corporate tax developments in Belgium.

This information will be divided into two parts:

Part one: Current immigration and social security landscape and how this will evolve. Deloitte and Laga specialists will bring their views and results of the European comparative immigration study which was executed in 2014 and will elaborate on the Single Permit Directive, the EU Blue Card, the Intra Corporate Transfer Directive and the regionalization of the Belgian immigration rules. Furthermore, the social security treatment of seconded and locally hired employees will be discussed whereby the eventual conclusion of a social security treaty between Belgium and China will be debated.

Speakers:

Erwin Vandervelde, Deloitte
Filip Van Overmeiren, Laga

Part two: Recent corporate tax developments in Belgium – unknotting of the Gordian knot.
The Belgian corporate tax landscape has very much evolved over the past year(s). Inspired by budgetary constraints while aiming to boost the Belgian economy, many new and sometimes complex measures have been implemented and existing ones have been revisited to ensure proper implementation by taxpayers. During this roundtable, an illuminating overview will be given of most relevant changes in tax law, court rulings, circular letters and parliamentary questions affecting your day-to-day business.

Speaker: Coen Ysebaert, Deloitte

Who should attend?
Representatives of Chinese companies in Belgium and representatives of Belgian companies with Chinese employees in Belgium or Belgian employees in China.

This event is organized with the support of Flanders Investment & Trade. If you are interested to attend this event, please register online before 3 October 2014.
Members FCCC: €45. Non-Members FCCC €75.

Mission for Growth to Chengdu – 21-23 October 2014

Following the successful Mission for Green Growth to China of Vice-President Antonio Tajani and Commissioner Potočnik on 18-19 July 2013, Director-General of Enterprise and Industry DG Daniel Calleja will lead a technical Mission for Growth to Chengdu from 21 to 23 October 2014.

The purpose of this visit is to confirm the strong political relationship between the EU and China and to strengthen their co-operation in strategic fields.

Director-General Mr. Daniel Calleja Crespo will be accompanied by a delegation of representatives of business associations and entrepreneurs to discuss with Chinese politicians and entrepreneurs how to foster European industrial cooperation. As for their previous missions, this visit will also have the objectives to:

1. promote sustainable and inclusive growth in the EU and China;
2. help European companies and in particular our SMEs to operate internationally by exploiting business opportunities in China;
3. promote EU-China industry in the targeted sectors by participating in matchmaking events with local entrepreneurs.

The following sectors of the business delegation have been identified according to the specific interests of European and Chinese industries:

- Environmental protection
- Renewable Energy
- Bio-pharmacy and bio-technology
- Modern Agriculture (incl. organic agriculture, food quality and security, R&D on agricultural science and technology)
- Aviation
- ICT

The intention at the Mission is to meet with high level political representatives, key industry leaders, and local entrepreneurs.

During this mission, the Flanders-China Chamber of Commerce will be represented by Mrs Gwenn Sonck, Executive Director. If you have a particular proposal in which the FCCC can be of support to you, please send an e-mail with your request to: gwenn.sonck@flanders-china.be.

The Mission will take place in conjunction with the **IX EU-China Business and Technology Cooperation Fair**. This event has been held for eight editions attracting 3255 Chinese companies and 1572 European companies. More than 10.000 bilateral meetings took place with one third of successful matches.

The IX fair is expected to gather 800 to 1000 representatives of SMEs, clusters, business associations, R&D institutions and government bodies.

For registration and practical information, click here:
http://ec.europa.eu/enterprise/initiatives/mission-growth/missions-for-growth/daniel-calleja/asia/china/registration-form_en.htm

ACTIVITIES

"Crododile in the Yangtze – the Alibaba Story", Exclusive First Screening in Belgium – 2 October 2014 – Brussels

Alibaba is hot: the company's IPO on the New York stock exchange is the biggest IPO ever. Chinese companies such as Alibaba and Tencent are changing the way of doing business in China and it is expected that they will also be very well known names in the global business environment in the near future. How did Alibaba's story start in China, what is really going on in the isolated e-commerce market and social media in China and how should we as European companies deal with this changing digital environment?

Horsten International and ChinaTalk are, with the support of the FCCC, co-organizing an inspiring China workshop on the occasion of the eTrade Summit in Brussels on Thursday 2 October (afternoon session). Please check for more information about the program at http://www.etradesummit.be.

Agenda of the China workshop:

13:30 – 14:30	Registration
14:30 – 15:00	Bart Horsten, Managing Director Horsten International NV: Introduction of the fast changing digital market in China and recommendations about how European SMEs should deal with these new market conditions when considering to sell their products on the Chinese market.
15:00 – 15:40	Ed Sander, Online & Database Marketing Specialist: Ed will explain how China's Tencent has opened the fight against its long-year rival Alibaba by using its extremely popular chat-app "WeChat". Ed will explain how WeChat works, what the applications are for the users and what it can mean for your company from a business perspective.
15:40 – 17:10	Exclusive Belgian Premiere of the documentary film about Alibaba "Crocodile in the Yangtze"; Porter Erisman – ex-Alibaba – Filmmaker. "Crocodile in the Yangtze" follows China's first internet entrepreneur and former English teacher, Jack Ma, as he battles U.S. giant eBay on the way to building China's first global internet company, Alibaba Group. An independent memoir written, directed and produced by an American who worked in Ma's company for eight years, Crocodile in the Yangtze captures the emotional ups and downs of life in a Chinese internet start-up at a time when the internet brought China face-to-face with the West.

Venue: Event Lounge, Generaal Wahislaan 16/F, 1030 Brussels
The price for the afternoon session is €125 (VAT excl.)/person for FCCC members. The price for the whole day program is €209 (VAT excl.)/person for FCCC members. Please register at http://www.etradesummit.be/conference/register with the promotional code 'HALFDAY' before September 26, 2014.

PAST EVENTS

Seminar: Corporate compliance in China: why is your management in China not sleeping so well anymore at night? – 24 September 2014 – Gent

The Flanders-China Chamber of Commerce and the Province of East-Flanders have organized the interesting seminar: Corporate compliance in China: why is your management in China not sleeping so well anymore at night? on 24 September 2014 in Gent.

Philippe Snel, lawyer and chief representative of De Wolf & Partners Shanghai Office, who has been advising foreign companies in China for over 10 years, shared his insights on the current concerns of foreign investors in China, in particular with regard to corporate legal compliance.

Corporate compliance has indeed become the main topic of concern for foreign businesses in China in recent months. More and more companies (including a few Belgian companies) are confronted with compliance issues and some are finding out "the hard way" what the consequences of compliance breaches can be. At the same time, it still remains quite challenging to maintain and monitor corporate compliance programs in China.

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

PUBLICATIONS

FCCC publishes “FCCC Members' Portraits in China Vol.2”

See FCCC Members' Portraits on the FCCC website.

EXPAT CORNER

London now more expensive than Hong Kong

Rising rent and a strong pound have made London the world’s most expensive city to live and work in, surpassing Hong Kong for the first time in five years. Property prices in the British capital have risen 18.4% in the past year, Savills said, while office rents have also climbed sharply. In contrast, “a combination of falling residential rents and, most importantly, a weakening currency, has increased cost competitiveness in Hong Kong. Hong Kong remains the most expensive city in the world in which to buy residential property, with prices 40% higher than in London.

FINANCE

Growth in shadow banking stabilizes

Growth in China's shadow banking sector probably began to stabilize in the first half of this year, but the slowdown in growth in key segments such as trusts belied expansion in more opaque investment products and the accumulating risk in refinanced property loans, analysts said. Trust products, already flagged as a flashpoint for defaults this year, grew by 25% year-on-year in the second quarter, down from 35% growth in the same period last year, data from Moody's Investors Services showed. Traditional bank loans rose last month to about 62% from 55% at the end of last year. The shadow banking share dropped to about 20% from a peak of almost 30% last year. While a slowdown in certain shadow banking areas was positive news for the economy, absolute growth in risky products has remained strong. The entire shadow banking spectrum, which includes wealth-management products, trusts and several other forms of loosely regulated non-bank lending, was worth CNY37.7 trillion at the end of last year, or 66% of China's gross domestic product (GDP), Moody's data showed, up from 52% at the end of 2012.

- The Agricultural Bank of China (ABC), the country’s third-biggest bank by assets, launched the listing of CNY1 billion Emirates bond on the Nasdaq Dubai, the first Chinese fixed-income bond on an Arab stock market. The CNY1 billion three-year Emirates bond has a coupon rate of 3.5%. The bond is part of the bank’s global mid-term bond plan.
- China Banking Regulatory Commission Chairman Shang Fulin urged members of the Basel Committee on Banking Supervision to work together to draw up simple, transparent international regulations. In recent years, international financial regulations have become increasingly complex as the banking system becomes ever more complicated and vulnerable to financial risks. Many bankers complain that the rules have become onerous, especially in terms of capital buffers and liquidity. This situation drives up compliance costs for banks and reduces the effectiveness of supervision, Shang told the 18th International Conference of Banking Supervisors in Tianjin.
- Bad-debt manager China Cinda Asset Management has agreed to sell a 21% stake in Bank of Xian and expects to book a gain of CNY5.72 million from the sale. The company has entered into an agreement with would-be buyer Tang West Market Cultural Industry Investment Group on the stale sale for CNY2.251 billion.

FOREIGN INVESTMENT

One-fifth of foreign investment found in 210 development zones

Thirty years ago, the Tianjin Economic-Technological Development Area (TEDA) was one of the first development zones to be approved. By this past July, there were 215 economic and technological zones, 115 high-tech zones, 13 tariff-free zones, 63 export processing zones, 15 border zones, and 57 zones of other types. In addition to these national zones, there were 1,170 provincial zones and numerous prefecture- or county-level economic zones. One-fifth of gross foreign investment has gone into 210 national economic and technological development zones that contributed one-eighth of GDP in 2013. However, not all of the zones have been successful. Many of the 171 state-level economic zones in 2012 reported less than CNY50 billion in GDP and no more than CNY20 billion in exports. Under the control of local governments, the zones have often become hotbeds of corruption, while local officials obsessed with GDP growth are inclined to tolerate highly-polluting industries. Vice Premier Wang Yang has advocated a new approach to the zones. “The government will strengthen macro-guidance and dynamic management, downgrading or weeding out those zones that are inefficient in land use or backward in development, and that fail to meet environmental standards,” he said.

- Adobe announced it will close its Beijing research and development (R&D) center in late December. More than 400 employees will be sacked starting late October. The California-based company will however maintain its sales offices in China. Adobe has not commented on the reason for reorganizing its business in China, but it could be linked to its weak performance in Asia.

FOREIGN TRADE

Claims of subsidizing raises tensions

Controversy over unfair subsidies provided to Chinese companies, especially those given to sectors suffering from overcapacity, has been stirred up after state media reported that almost 90% of Chinese listed firms have received subsidies. The revelation could raise tensions with foreign governments, which have already risen sharply since Beijing pursued an anti-monopoly campaign that critics say amounts to protectionism, leading some lobby groups to call for action by the WTO. “Such a practice is surely unfair and breaches market rules. In particular, granting subsidies to those companies with overcapacity would hurt China's economic rebalancing reforms,” Tsinghua University researcher Yuan Gangming told the South China Morning Post. The U.S. Chamber of Commerce in Beijing earlier this month said the central government's use of the anti-monopoly law against foreign firms may violate its World Trade Organization commitments. Some 88%, or 2,235 of China's 2,537 listed firms have been given total subsidies of CNY32.26 billion in this year's first half, up a third year-on-year, Xinhua reported. More than 90 listed firms were even able to post a first-half profit because of the subsidies, without which they would have been in the red, it added. Total net profit achieved by the 2,537 firms grew 10.1% year-on-year to CNY1.27 trillion, Xinhua said, citing the firms' interim reports. “Granting government subsidies to listed companies has been a long-time practice,” said Gary Liu, Executive Deputy Director at the Shanghai-based CEIBS Lujiazui Institute of International Finance. “If those subsidies are removed, many businesses would be posting losses.”

Companies in FTZ put info online

More than 10,000 companies registered in Shanghai’s pilot free trade zone (FTZ) have put their annual financial reports online while around 1,400 companies have the dubious honor of being on a “blacklist” for irregularities in their operations, mostly failing to deliver their annual financial reports. The Zone Administration’s data also showed some 12,000 firms have been established in the FTZ since its launch on September 29 last year. Registered capital for newly established entities in the FTZ as of mid-September has exceeded CNY340 billion. A total of 192 foreign companies were established in August, seven times as many as in the first month after the launch of the FTZ. Retail firms account for 54% of all new firms while the number of financial institutions has risen to 520, including banks, brokerages and investment service firms. Officials of the FTZ’s Administrative Committee have advertised that companies can obtain licenses to operate in the zone as fast as four days after applying, compared with an average of 29 days elsewhere in China.

- Two subsidiaries of Henan Shuanghui Investment and Development Co have gained access to the Russian market, after its parent company WH Group, the world's largest pork producer acquired Smithfield Foods and bought a stake in Campofrio Food Group of Spain, the largest pan-European packaged meat products company last year.
- China, the world's top consumer of cotton, will slash its import quotas for next year to boost demand for domestic fiber in a move that is expected to put downward pressure on international prices. Beijing would only provide import quotas next year for the 894,000 tons that it was required to offer at low duties under commitments with the World Trade Organization (WTO). In the 2013-14 marketing year, traders estimated Beijing had issued 600,000 to 800,000 tons through the additional quota system that would not be available next year.
- Customs officials in China have seized hundreds of iPhone 6s smuggled into China for resale as the latest iPhone is still not officially on sale in China. iPhones bought abroad for personal use were returned after payment of 10% customs duties. Chinese residents must declare to customs personal items brought back from overseas valued at CNY5,000 or more.
- A program was launched at Guangzhou's airport that provides faster customs-clearing services for goods imported through online vendors. Online orders, payment receipts and waybills are electronically transmitted to customs when consumers place online orders for imported items. Customs levies import duties on these orders at the rates applicable to personal items. The system will cut shipping times, including customs clearance, by more than half. A similar system was launched in Hangzhou, Zhejiang province, in March.

HEALTH

Sackings follow Husi food scandal

Shanghai Husi Food has announced it is laying off 340 people – most of its 500-strong work-force – as it is accused of selling expired beef and chicken to McDonald’s, Kentucky Fried Chicken (KFC) and other major restaurant chains. Six employees were arrested in August on suspicion of producing substandard products. The scandal disrupted operations for fast food brands. Parent company OSI has announced plans for a quality control center in Shanghai and said it will spend CNY10 million on a food safety education campaign.

- Authorities in Guangdong have pledged to improve efforts to control dengue fever, with around 5,000 cases reported so far this year. The outbreak is the most serious in the past 10 years in Guangzhou. At least 12 patients are reportedly in a critical condition, and two people suffering from the disease have died. If the outbreak is not brought under control in the coming weeks, Guangzhou may see over 10,000 cases this year.
- A gang of six people has been arrested in Meizhou, Guangdong province, for illegally carbonating draft beer with industrial carbon dioxide. Five restaurant owners in the city were also arrested for selling beers on draft with the toxic gas. People who consumed the tainted beer could be deprived of oxygen and suffer other health effects. Although as many as 30,000 people might have drunken the tainted beer, there was no indication of anyone being made sick by it.
- The China Food and Drug Administration (FDA) has found 12% of traditional Chinese medicine materials and tablets in a random sample check to be substandard. Irregularities including artificial coloring, weight-increasing practices and contamination by counterfeit or substandard ingredients were found in 93 out of 772 batches of TCM materials and tablets. TCM ingredients are often altered through practices such as soaking them in salt water to increase weight and mixing them with cheap materials.
- French pharmaceutical firm Sanofi opened a research hub in Shanghai. The facility is the fifth global hub for the company and its first in Asia. The operation will employ 1,400 people. The Shanghai facility will research and develop products in four broad areas – biopharmaceuticals, vaccinations, disease and animal health. Sanofi already has existing R&D capabilities in China, along with seven plants producing mainly for the China market.

IPR PROTECTION

Hundreds targeted in counterfeiting probe

More than 660 people were arrested or put under investigation in a major police operation conducted in 10 Asian countries that targeted criminal networks trading in fake and potentially dangerous products, Interpol announced. Security forces and border agencies in countries ranging from Cambodia and China to India and the Philippines seized counterfeit goods worth nearly USD50 million, including alcohol, cigarettes, cosmetics, clothing and electronics. An organized criminal group operating a factory producing fake cosmetics and packaging was dismantled in China. The cosmetics were found to contain high levels of mercury, which can be toxic to humans. On the Chinese mainland, 589 people were arrested, and USD37 million worth of illicit goods were recovered. Authorities in Hong Kong discovered false compartments in container trucks during an inspection, leading to the seizure of more than 600 smuggled electronic items.

MACRO-ECONOMY

China will not alter economic policy

China will not dramatically alter its economic policy because of any one economic indicator, Finance Minister Lou Jiwei said days after many economists lowered growth forecasts having seen the latest set of weak data. Lou made the comments at a meeting of finance ministers and central bank governors from the G20 countries in Australia, according to a statement from the People's Bank of China (PBOC). “China will not make major policy adjustments due to a change in any one economic indicator,” he said. Economists reduced their growth forecasts after data showed factory output grew at its weakest pace in nearly six years in August. China's total social financing aggregate, a broad measure of lending in the economy, was the weakest in nearly six years, data showed earlier this month, indicating credit levels were far below average. China cannot rely on government spending to increase infrastructure investment, Lou added. The economic stimulus measures adopted by China to confront the international financial crisis had boosted economic growth, but they also brought excess capacity, environmental pollution, and the growth of local government debt along with other problems, Lou said. As a result, China cannot completely rely on public financial resources to make large-scale investments in infrastructure. Macro-economic policy will continue to focus on maintaining employment growth and price stability, Lou said.

Rebound in manufacturing sector expected

China's manufacturing sector may rebound unexpectedly in September on firmer external demand, the HSBC Flash China Manufacturing Purchasing Managers’ Index showed, as it rose to 50.5 for September from the final reading of 50.2 in August. Although the figure for September grew only marginally, it marked a two-month high that surprised observers. A reading above 50 means expansion. Chang Jian, Economist at Barclays, said the result of the HSBC Flash PMI defied expectations of an easing to 49.6. But the detailed readings still suggested potential risks, Chang said. Qu Hongbin, Chief Economist for China at HSBC, said new orders and new export orders improved but employment fell further and deflationary pressure intensified. “Economic activity in the manufacturing sector showed signs of stabilization. But overall, the data still pointed to a modest expansion,” Qu said. “The property downturn remains the biggest downside risk to growth, and we continue to expect more monetary easing from the central bank in order to steady the recovery.” The components showed that production was flat at 51.8, but employment conditions deteriorated, with the index falling to 46.9, the lowest since February 2009. Deflationary pressure intensified, with both input and output prices falling faster. “We expect the government to lower its 2015 growth target to 7%,” Chang said. The activity indicators, including industrial output, fixed-asset investment and retail sales, weakened in July and August, sparking fears whether China could meet its 7.5% growth target for the year, the Shanghai Daily reports. The final HSBC/Markit PMI reading for September is scheduled for release on September 30. A separate manufacturing index from the National Bureau of Statistics (NBS) and China Federation of Logistics and Purchasing (CFLP) will be published on October 1.

- State-level enterprises saw slower growth in profits in the first eight months, rising 8% from a year earlier to CNY1.64 trillion in the January-August period, compared with a 9.2% gain in the first seven months. Profits at centrally administered SOEs gained

8.6% in the year to August, and those managed by local government rose 6.3%. Together, their revenue increased 5.5% to CNY31.2 trillion, and they paid CNY2.5 trillion in taxes, up 7.3% from a year ago.

- Jack Ma, the 50-year-old co-founder and Chairman of Alibaba Group Holding, is No 1 on the Hurun China Rich List 2014. The bulk of Ma's wealth comes from his 6% stake in Alibaba and 46% holding in Alipay. This year's list saw the number of U.S. dollar billionaires in China increase to 354, 39 more than last year. China had only three U.S. dollar billionaires 10 years ago. As a result of President Xi Jinping's crackdown on corruption, "18 of last year's list are in varying degrees of trouble with the authorities, of which 11 still made the list this year", said Hurun.
- Goldman Sachs has cut the forecast for China's growth and predicts the government may lower its annual growth target next year. Goldman Sachs now predicts China's real gross domestic product (GDP) growth to decelerate to 7.1% next year from the previous forecast of 7.6%. "We see further moderation in growth to 6.7% by 2017, roughly tracking potential growth lower," Goldman Sachs said in a research note.
- Consumer confidence in China is at its lowest in nearly three years, according to a nationwide survey, with the outlook for jobs at its worst since February 2009. The second successive monthly fall in the Westpac-MNI China Consumer Sentiment Index showed households are getting less confident in the government's ability to arrest a slide in the economy. The index has now fallen by 7% since January, with consumers growing increasingly concerned about the state of household finances.
- China's economy will likely grow faster next year than previously thought, the International Monetary Fund (IMF) said, downplaying the risks of the cooling property market. Economic growth in China will likely be "well above" 7% next year, Changyong Rhee, Director of the Asia and Pacific Department at the IMF, told a briefing in Manila. His remarks suggested the global lender will upgrade its growth forecast for the country next month from the current 7.1% estimate it made in July. The IMF has a 7.4% growth forecast for China for 2014, slightly below the government's official target of around 7.5%.
- The domestic market for providing essential services and products for the aging population is estimated to be worth CNY4 trillion in 2014, or 8% of GDP, but it will climb to 33% of GDP in 2050, according to the China Report on the Development of the Silver Hair Industry. China will become the largest market for businesses serving senior citizens by 2050, when its aging population will account for about one-fourth of the global total and its consumption is expected to reach CNY106 trillion. The over-60s accounted for 14.9% of the population, or 202 million, in 2013.
- Steady consumption and rising external demand will support economic growth in China this year, especially if the government continues its accommodating macro-economic policy package, the Asian Development Bank (ADB) said. According to the Asian Development Outlook 2014, ADB's annual publication, its growth forecast for China's gross domestic product (GDP) was flat at 7.5% this year and 7.4% next year. The report noted the government has made progress on its reform agenda, like development of the regulatory framework for the Shanghai free trade zone (FTZ), doubling the daily trading band of the yuan and allowing capital transfers by connecting the stock exchanges of Shanghai and Hong Kong.
- Authorities will rein in the rampant construction of new urban districts across China in an attempt to stem the appearance of so-called "ghost towns", the Ministry of Land and Resources said. Permission will not be given for construction of any new urban area unless central districts of the city have become overcrowded or there is a need to avoid natural disasters. The aggressive pace of urban development has created a large number of sparsely populated urban areas on the fringes of cities.
- The Asian Development Bank (ADB) slashed the growth forecast for Hong Kong to 2.5% this year from a previous forecast of 3.5%, but expects the mainland will be able to meet this year's growth target.

MERGERS & ACQUISITIONS

Acquisitions in China fall to decade low

The number of deals by overseas firms acquiring companies on China's mainland fell to a decade low amid economic uncertainties in China, a KPMG survey showed. Cross-border acquisitions between developed-market acquirers and China's mainland declined by one third to 52 deals in the first six months of 2014, down from 78 registered a year earlier, according to the latest edition of KPMG's High Growth Markets International Acquisition Tracker. Hong Kong remains the major acquirer in the mainland's deal flow, accounting for 32 of 52 deals. KPMG excluded deals backed by government, private equity firms or other financial institutions, KPMG said. China remains the most active emerging market buyer though the number of deals dropped from last year. Chinese companies' acquisition in developed markets dropped 35.2% in the first half of 2014 to 35 deals, but China remained ahead of Southeast Asia and India to keep its first place. Natural resources and energy remain key outbound targets by Chinese companies, while agribusiness and food sectors continue to see increased activity. Additional deals were also recorded in the telecom and technology sector, the Shanghai Daily reports.

- Fidelidade-Companhia de Seguros, a Portuguese insurer subsidiary of Fosun International, China's biggest listed privately owned conglomerate, has offered to take over hospital operator Espirito Santo Saude for €451 million, trumping a rival offer by 73%. The take-over will only become effective if Fidelidade holds at least 50.01% of Espirito shares upon receiving expression of interest from the latter's shareholders to sell their shares.
- New Zealand-based dairy processing company Synlait Milk is expected to acquire 25% of Sichuan New Hope Nutritional Foods Co, a unit of New Hope Group, to gain access to the country's lucrative infant formula market. Akara, the formula brand of Sichuan New Hope Nutritional Foods Co, which was founded in 2013, is manufactured by Synlait and marketed by New Hope as an imported product in China. New Hope is expected to continue to hold ownership of the Akara brand along with its distribution channels and marketing after the acquisition.
- Shanghai Industrial Urban Development Group (SIUD), a subsidiary of Shanghai Industrial Holdings, the municipal government's listed investment arm in Hong Kong, has agreed to form a joint venture with Hong Kong's Nan Fung Group to buy the majority owner of trade exhibitions venue Shanghaimart for USD579.3 million. SIUD and Nan Fung's joint venture Advantage World Investment has agreed to buy Continental Land Development, which has a 99% stake in Shanghai World Trade. Shanghai World Trade owns Shanghaimart, a permanent international trade mart located in the Shanghai Hongqiao Economic & Technological Development Zone.

PETROCHEMICALS

Brightoil Petroleum reports net profit

Brightoil Petroleum (Holdings), which in July bought stakes in two China-producing offshore oilfields from United States oil firm Anadarko Petroleum for HKD8.35 billion, returned to the black with a lower loss on oil hedging activities and administrative expenses. The Shenzhen-based fuel trading and logistics firm had a net profit of HKD599.3 million in the 12 months to June 30, compared to a loss of HKD721.65 million in the previous year, it said in a filing to Hong Kong's stock exchange. Revenue surged 52.4% year-on-year to HKD84.5 billion, primarily on a doubling of sales of petroleum products to HKD65.39 billion, thanks largely to a long-term crude oil supply contract with a Chinese oil company. Marine bunkering sales dropped 22.5% year-on-year to HKD17.68 billion. Brightoil is China's only privately-owned supplier of fuel to ocean-going vessels. Operating profit from fuel trading and bunkering amounted to HKD964.23 million in the 12 months, a sharp turnaround from a loss of HKD478.19 million in the year-earlier period. Its marine transportation operation also turned in an operating profit of HKD55.5 million, compared to a loss of HKD134.9 million, as its oil tanker fleet capacity increased. Operating profit from oil and gas production grew 54.8% to HKD299.65 million, helped by higher gas prices, the South China Morning Post reports.

- China BlueChemical, which has recently booked CNY376 million of impairment losses on a soured coal-mining joint venture, has agreed to lease three production facilities worth CNY630.47 million to a sister firm to expand financing channels and cut funding cost. The fertilizer manufacturing unit of China National Offshore Oil Corp, the parent of listed CNOOC, will lease the phosphoric acid and sulfuric acid production facilities and the common utilities of one of its phosphorus fertilizer plants to CNOOC Leasing, a wholly-owned unit of CNOOC's parent.

- Sinopec Yizheng Chemical Fiber, which has agreed to sell its chemical assets to parent China Petroleum & Chemical (Sinopec) and buy the oilfield services and engineering assets of the latter's parent, China Petrochemical Corp, will save time and costs on completing the major acquisition after the local bourse decided not to subject it to reverse take-over rules. The decision means China Petrochemical will be able to list the oilfield services assets, valued at CNY24 billion, without going through time-consuming compliance procedures similar to that of an initial public offering (IPO).

REAL ESTATE

Shanghai banks to relax housing loan measures

The Shanghai branches of some banks said they are planning to relax housing loan measures to home buyers who have no outstanding mortgages. Buyers who have paid off their mortgages and don't have a home registered under their names in Shanghai were previously not seen as first-home buyers and had to pay higher rates or were not eligible to get mortgages from banks. The minimum down payment required for first-home buyers is 30%. Mortgages could be relaxed across China as the government attempts to boost the property sector. Fuzhou, Fujian province, said that people who had paid off mortgages could be considered first-time buyers and enjoy preferential conditions.

- Hopes that housing sales might be making a comeback this month have been dashed: during the first 20 days of the month, sales in 20 cities monitored by the E-house China R&D Institute fell 2% month-on-month.
- Nanjing has become the latest city to remove property curbs to boost the struggling real estate market. Nanjing's decision leaves just six cities out of the 47 that have yet to ease the curbs put in place by the government to cool the once-hot property market. The cities are Beijing, Shanghai, Guangzhou, Shenzhen, Zhuhai and Sanya. Home prices in Nanjing fell 0.6% month-on-month in June, ending a 24-month period when prices rose in the city. Prices again fell 1.1% in July and 1.3% in August.
- New World China Land said it cut its sales target for the current financial year by 15% given the downturn in the sector as it reported net profit last year rose marginally, although it came in slightly above market expectations. "Although over 40 cities have relaxed the restrictions in buying homes, the inventory in third- and fourth-tier cities remains high," said Lynda Ngan, Executive Director at New World China. "End-users have still adopted a wait-and-see attitude. Unless the economy has stabilized and property loan requirements are relaxed, property sales would remain weak in the second half," she added.
- China Vanke Co, the country's biggest developer by sales, has again turned to online marketing with an unusually structured home auction that is getting a mixed reaction. In what the company is calling a "crowdfunding" program, its Suzhou branch is offering an apartment of 100 square meters in an online auction. Investors who "crowdfund" the project by donating at least CNY1,000 can participate in the auction.
- Hong Kong will see a 10% increase in prime office rents in the next five years at a rate below the average of other global cities, according to international property consultant Knight Frank. In contrast, Singapore is expected to see strong rental growth as the country is seen as a strategic base for global companies to expand into Southeast Asia.

RETAIL

Chinese home appliances gain acceptance in Europe

Chinese home appliance brands are expanding into European markets, a report of market research consultancy GfK said. The number of TV sets exported to Europe has picked up in the past few years. Qingdao-headquartered Hisense recorded sales of 3.7 million sets in Europe last year and forecast a growth to 6 million sets in 2014. Shenzhen-based Skyworth sold 288,000 TVs in the European market in August, a 40% increase year-on-year, while Qingdao's Haier reported 15% year-on-year growth in TV sales in the first half of 2014. Chinese smartphone makers such as Huawei, Lenovo and Xiaomi are also doing well worldwide, said Alfred Zhou, Managing Director of GfK China.

STOCK MARKETS

Funds give Chinese citizens chance to invest in Alibaba stock

Domestic investors have complained that they are unable to invest in Alibaba stock, as the company listed on the New York Stock Exchange (NYSE). Chinese investors can't purchase overseas equities directly due to government restrictions and only the wealthiest can buy them indirectly through qualified investor programs. Alibaba surpassed Facebook by market capitalization on its first day as a public company, and closed for the day with a valuation of more than USD231 billion. Some funds have been set up for investors looking to tap into Alibaba. Harvest Fund Management Co, one of China's oldest and largest asset managers, has started Harvest Opportunities Target Fund 1 to give Chinese investors access to the Alibaba IPO. Chinese investors can purchase foreign securities indirectly through what's known as a Qualified Domestic Institutional Investor (QDII) program. Such funds are run by asset managers who give broad guidelines of what they plan to invest in and then choose specific stocks. Alibaba's initial public offering (IPO) now ranks as the world's biggest at USD25 billion, surpassing a previous global record set by the Agricultural Bank of China (ABC) in 2010, when the lender raised USD22.1 billion.

- Shares of China Galaxy Securities Co slumped in Hong Kong after the state-owned brokerage announced that the chief officer of its fixed-income business was under investigation. Fixed-income chief Dai Xu and two other employees were cooperating with China's judicial authorities due to "personal reasons," China Galaxy said in a filing to the Hong Kong stock exchange. China Galaxy's President Gu Weiguo will take over Dai's role and duties.
- The China Securities Regulatory Commission (CSRC) has approved the issuance of 1.4 billion preferred shares worth up to USD29 billion by Agricultural Bank of China (ABC) and Bank of China (BOC).
- Bank of China's asset management arm plans to apply for CNY1 billion investment quota to expand its investment capability. The company currently has CNY800 million of quota under the renminbi qualified foreign institutional scheme (RQFII), all invested in Chinese equities. The RQFII quota would be among the first batch of fund products available to European retail investors to invest in China's interbank bond market.

TRAVEL

Transforex helping Chinese travelers to obtain tax refunds

As Chinese travelers become big overseas spenders, some companies are focusing on the huge amount of unclaimed overseas tax refunds of about USD3.86 billion this year, accounting for 20% of the total amount. Transforex partnered with MasterCard and seven leading tax groups to launch the largest tax refund platform in Shanghai. It will enable MasterCard holders to obtain tax refunds at home instead of lining up at an airport and will shorten the time needed for refunds to less than five days. Last year, about 98 million Chinese travelers spent USD128.7 billion on shopping overseas, other than travel and accommodation expenses. The platform will cover more than 50 countries and about 420,000 merchants in Europe and Asia and include about 90% of the world's travel tax refund market. A survey by Swiss tax group Global Blue showed that tax refunds claimed by visitors from China rose by 9% year-on-year in the second quarter, compared with a 3% decline globally. In France, tax refunds for each Chinese visitor rose by 23% to an average of €1,315, Global Blue said.

China's tourism deficit to exceed USD100 billion

China is set to see its tourism deficit exceed USD100 billion this year as Chinese traveling overseas spend much more than foreign visitors to China, according to a report by the China Tourism Academy (CTA). About 116 million Chinese are expected to travel and spend USD155 billion overseas in 2014, up 20% from a year ago. The expected net tourism deficit reflects the increasing purchasing power of Chinese abroad, as many splash out on luxury goods in European cities such as London and Paris. Last year, per capita spending by Chinese traveling overseas was almost three times the amount foreign visitors spent in China, according to Fan Zhiyong, Associate Professor at the School of Economics of Renmin University. Chinese tourists made a total of 98.2 million trips overseas last year, climbing 18% from a year earlier, according to the China National Tourism Administration (CNTA). For the first half of 2014, the Administration estimated that Chinese spent more than USD70 billion on their overseas trips during the period, up 20.7% year-on-year. Currently, Chinese can travel to 151 countries for tourism purposes, with Senegal the latest destination under a memorandum of understanding (MOU) between the countries this month. China first recorded a tourism deficit in 2008, when the global financial crisis discouraged foreign spending in the country while a stronger yuan encouraged tourist outflow. Zhao Xijun, Vice Dean of the School of Economics, said the tourism deficit could help internationalize the Chinese renminbi currency as the yuan is converted and used internationally by a growing number of tourists.

- The number of travelers during the upcoming Golden Week starting on October 1 is expected to reach a new high, boosted by easier visa procedures and increased flight routes to popular destinations. Destinations in Asia continue to dominate online searches by Chinese tourists with Taipei and Seoul being the top choices. The 10 most searched destinations included Tokyo, Hong Kong and Bangkok, with Paris being the only non-Asian destination, a report by Hotels.com said.
- Airbus raised its 20-year forecast for jet demand, citing growth in emerging markets. Airbus sees total demand for 31,400 passenger and freighter aircraft between 2014 and 2033, an increase of 7% from its previous rolling 20-year forecast. During that time, the world's in-service fleet will double, and China is poised to displace North America as the world's largest domestic market within a decade.
- Assembly work on China's homegrown narrow body jet, the C919, will take another year and it should make its maiden flight by the end of 2015, Tian Min, CFO of the Commercial Aircraft Corp of China (Comac), told aviation industry leaders at a Comac-organized summit in Shanghai. The plane has secured 400 orders from 16 customers.

VIP VISITS

China and Spain sign 14 agreements

China and Spain signed business deals worth about €3.2 billion during a visit by Spanish Prime Minister Mariano Rajoy to China. Chinese and Spanish companies signed 14 deals in industries including telecom, nuclear power and finance. Rajoy met Chinese President Xi Jinping and Premier Li Keqiang. Rajoy said that companies in the food and consumer industries could increase cooperation. The 14 agreements included deals between China's Huawei Technologies and Spain's Telefonica and a 150 megawatt contract in Hebei province for wind turbine maker Gamesa. Spain will also deliver visas to Chinese tourists within 48 hours.

- China, Japan and South Korea have agreed to push for the resumption of a trilateral meeting among their foreign ministers this year. The Asian neighbors have been locked in bitter historical and territorial disputes. Both Chinese President Xi Jinping and South Korea's Park Geun-hye have refused to hold bilateral talks with their Japanese counterpart Shinzo Abe since he took office in late 2012. The three countries' annual trilateral summit has been halted since it was last held in Beijing in 2012.

ONE-LINE NEWS

- Sheng Maolin, newly-appointed Director of the Organization Department of the Shanxi Provincial Party Committee, has called for all corruption to be rooted out in the coal-rich province. He described the graft situation as "grim". Organization Department Directors in Jiangsu, Anhui, Heilongjiang and Hubei provinces and in Shanghai were also replaced with personnel from other areas to avoid cronyism amid a nationwide crackdown on corruption.
- Wang Yujun, President of China Resources Power, has been sacked and is under criminal detention on corruption allegations. CR Power is the power generation subsidiary of state-owned retailing-to-energy conglomerate China Resources (Holdings). Chairwoman Zhou Junqing would assume the role of President until a suitable replacement had been found.
- China's central government has installed incumbent Chui Sai-on as Macao Chief Executive. Chui, 57, was re-elected by the electoral college for a second term on August

31. He was the sole candidate. Chui's new five-year term will start on December 20, the 15th anniversary of Macao's return to Chinese sovereignty.

- The former Chief Executive of embattled Germany-listed Chinese shoe manufacturer Ultrasonic, Wu Qingyong, has resurfaced in China to deny absconding with millions of dollars of company money, telling local media he had been traveling and lost his phone. He added that the company's financial situation remained normal.
- Guo Yipin, Vice Mayor of Luoyang, Henan province, has been missing for over a month and is wanted by police for alleged corruption. He took bribes totaling CNY5 million from real estate developer Zhang Jinyuan in May 2012. Guo's wife is also missing and the couple's child had already fled overseas.
- Liu Tienan, a former Director of the National Energy Administration (NEA) and ex-Vice Chairman of the National Development and Reform Commission (NDRC), stood trial at the Langfang City Intermediate People's Court in Hebei province, accused of accepting more than CNY35.58 million in bribes. The bribes came from various business people in exchange for benefits such as project approvals and assistance in securing car dealerships. Liu told the court he was so ashamed he would accept any punishment.
- The Shanghai Municipal Commission for Discipline Inspection announced that 11 officials had been placed under investigation for corruption after the central government dispatched a high-profile disciplinary inspection team to Shanghai in August.
- Two top executives of the embattled Guangzhou-based 21st Century Media were taken away by police, amid an ongoing government crackdown on extortion by news outlets and a push to tighten regulation of the industry.

JOBS

Operations Manager Reynaers Aluminium

Working at Reynaers. A challenge worth taking up.

Reynaers Aluminium was established in 1965 in Belgium and specialises in the development and marketing of innovative aluminium systems for building industry: windows, doors, sliding systems, conservatories, curtain walls and brise-soleil. We develop, market and distribute aluminium systems for new-build and renovation projects worldwide. Reynaers in China is a fully operational entity with local sourcing and sales in since 2005. Currently more than 20 people, HQ in Shanghai with warehouse & insulation plant in Jiangsu province.

To support our growth strategy in China we are looking for an Operations Manager.

Duties & responsibilities
The successful candidate will report directly to the General Manager with a dotted line into the Global purchasing structure and will be responsible for:

- Local sourcing, supply chain and logistics, Quality Control, customer
- services,
- Warehouse and production,
- ERP,
- Daily management of his team,
- Developing and managing supplier base for sourcing aluminium
- extrusions, accessories, gaskets, surface treatment, find new suppliers,
- Developing and implementing strategies and principles to drive cost/quality/service/KPI of suppliers in close collaboration with Global
- purchasing team,
- Implement and manage Quality Control system,
- Communication with customers,
- Monitor and constantly improve performance towards customers,
- Communication with related departments HQ in Belgium.

Requirements
Education:

- You are a master, or engineer, or equal experience in manufacturing and supply chain.

Experience:

- At least 6 year managerial experience in the field of operations or supply chain preferably in windows and doors, building materials or construction related industries. Experience in the aluminium industry is a plus.

Knowledge, skills and abilities:

- Proven record in logistics organizations, operations, supply chain and people management
- Ambitious and positively assertive in your approach
- You are skilled in planning & follow up
- You handle projects and manage people in a result oriented and communicative way and are able to make decisions quickly from a helicopter point of view,
- Negotiation is a key skill together with analysis capabilities,
- You are able to work in a team and proficient in using standard IT tools
- The face to face contact in the field is important for your function
- Frequent travel is expected both within as outside China
- Entrepreneurial attitude

Languages:

- Fluent knowledge of English is a requirement. Knowledge of Chinese will be considered a big advantage.

The selected candidate will be part of local senior management team, based in Shanghai and will be traveling within country and abroad according to the business needs.

Interested to apply? Please send your CV to albertas.jerusevicius@reynaers.com

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