法兰德斯中国商会 FCCC VCKK

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

# NEWSLETTER | 22 SEPTEMBER 2014

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We would like to offer you the opportunity to promote your services/ products to potential Chinese and/or Belgian clients. We can promote these in many different ways via advertisement on our website, newsletters and events.

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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.

If you'd like to advertise on our website, newsletters and events, please check out our advertising opportunities and send your interest to gwenn.sonck@flanders-china.be Please be informed that the advertisement opportunities are limited.

**ADVERTISEMENT**

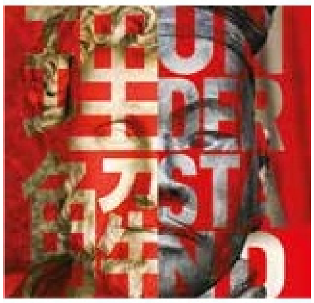
## An Executive MBA by IMD & CKGSB

GUESS WHAT?

THE BEST WAY TO LEARN ABOUT DOING BUSINESS WITH THE CHINESE IS TO LEARN FROM THE CHINESE.

All over the world, people are beginning to do business with China. All over China, people have been doing it for centuries. So, who better to help prepare you for China's increasing influence on the global marketplace? While the Chinese economy continues to grow, gaining expert knowledge from the other side of the business fence can give you an unquestionable advantage in leading the way between China and he world.

CKGSB: Cheung Kong Graduate School of Business and IMD business school can help you develop your understanding of China with a fully global perspective. CKGSB is recognized as China's world-class business school with an alumni base that accounts for 13.7% of China's GDP. Our world-class faculty represents many of the best minds from the U.S. and Europe's top business schools. IMD is a top-ranked business school.100% focused on executive education, IMD offers Swiss excellence with a global perspective. Together these two leading business schools have devised the Executive MBA program.



The Executive MBA by IMD & CKGSB is designed in two stages – the foundation stage and the mastery stage. The program will allow you to master Eastern and Western business concepts and practices whilst gaining all-important international connections. The program will also strengthen leadership, strategy and general management skills.

Made up of equal numbers of participants from both Eastern and Western businesses, the program will include 11 weeks of face-to-face learning. The program is scheduled to take place from February 2015 until September 2016 with a unique split of 50/50 program delivery

across Eastern and Western locations. Delivered by two world-class business schools, the IMD-CKGSB Executive MBA is the ideal answer for fast-rising executives who want to create value for their organizations by spanning both East and West. You'll go beyond the basics to a true understanding of the forces that will be shaping the world of business in the future.
For admission details or further information visit imd.ckgsb.info

## FCCC ACTIVITIES

### 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 the pleasure to invite you to the Seminar: Corporate compliance in China: why is your management in China not sleeping so well anymore at night? This event will take place at 15h30 on Wednesday 24 September 2014 at the House of the Province of East Flanders, Seminariestraat 2, 9000 Gent.

Philippe Snel, lawyer and chief representative of De Wolf & Partners Shanghai Office has been advising foreign companies in China for over 10 years.
He will share his insights and update us 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.

Find out why compliance is becoming such a priority for business in China. Learn what you can do to help prevent managers and employees in China from engaging in illegal practices and how to best monitor compliance in your own China operations. What happens if a breach occurs ? How to react and respond to official investigations. Who is responsible for what in a Chinese company and what to expect if a foreign manager becomes involved.

These and many more issues will be discussed by the speaker who will also be on hand to answer your questions.

The programme:

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| 15h30 | Registration |
| 16h00 | Welcome by Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce<br>Corporate compliance in China: why is your management in China not sleeping so well anymore at night? by Mr Philippe Snel, Lawyer and Chief Representative at the Dewolf & Partners Shanghai Office |
| 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.

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

If you are interested in attending this event and have a free clinic, please register online before 23 September 2014 via this link.

### China SME Session: 'Negotiating with the Chinese' – 9 October 2014 – Gent

The Flanders-China Chamber of Commerce (FCCC) is organizing a seminar focusing on 'Ten tips to negotiating with the Chinese'. This event will take place at 16h00 on Wednesday 9 October 2014 in 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 | ’10 Tips to Negotiating with the Chinese’<br>Mr Neil Selby, Director of Education Cheung Kong Graduate School of Business (CHGSB) Europe: former International Director of Oxford University<br>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.

## PUBLICATIONS

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

See FCCC Members' Portraits on the FCCC website.

## EXPAT CORNER

### Requirements for foreigner teachers working in Beijing tightened

The municipal government in Beijing has tightened requirements for foreigners working in the city, starting next month, requiring expats to have five years' teaching experience or equivalent qualifications. China is a huge market for English language teaching. According to the Ministry of Education, about 360 million students learned English in some capacity last year. There are some 50,000 schools or institutes, ranging from night schools to private schools teaching the language, and the market is estimated to be worth about CNY30 billion a year. Wang Jian, Professor at the School of Foreign Languages at Northwestern Polytechnical University, said most foreign teachers in China were not qualified to teach and did not even have a teaching certificate. Salaries for foreign teachers are competitive, with most full-time positions at secondary schools paying between CNY120,000 and CNY200,000 a year. Beijing's top international schools pay experienced foreign teachers up to CNY500,000. "It should not be the case that you can teach only if you are blond," Wang said. "Besides being a native speaker, teachers must know proper teaching methods, the ethics of education and even some psychology. It's best for teachers to learn about Chinese culture if they plan to teach for the long term. In general, there's a lack of supervision of foreign teachers in China because they are in such high demand. Chinese families are getting rich and they want the best education for their children. They make common mistakes by thinking foreigners teaching English must be better."

## FINANCE

### Premier Li attends launch of gold trading in Shanghai FTZ

Chinese Premier Li Keqiang made an inspection tour of the Shanghai free trade zone (FTZ), which has failed to live up to expectations in its first year. He went to the FTZ on the occasion of the launch of the Shanghai Gold Exchange, thereby showing his support for reforms and experiment in the zone. Authorities consider the debut of gold trading in the FTZ as marking a milestone. Spot gold trading in the zone is the first financial reform in the zone since its establishment about a year ago. The Shanghai Gold Exchange launched the platform 11 days ahead of schedule, coinciding with the Premier's visit. The zone has been dogged by criticism for the past year, with investors and analysts venting their disappointment over its slow progress and rigid bureaucracy, the South China Morning Post reports. The launch of an international trading platform for crude oil in the zone was anticipated to take place in the first half of this year, but it has yet to receive the green light. The Premier was believed to have faced strong opposition from ministry-level financial authorities when the State Council drew up a blueprint for the zone last year, with the banking and securities regulators highlighting the risks of hot money flows through the zone. Li did not attend the launch ceremony of the trade zone last year, with the no-show by top state leaders seen as a sign of the leadership's ambivalence towards the project.

## Foreign-invested insurance companies expect flat market share

Foreign-invested insurance companies in China expect to see flat market share in the coming years as regulations continue to be a major obstacle to their expansion, an Ernst & Young survey showed. The survey covered 27 foreign-invested life and property insurers operating in China. The respondents predicted an average 20% annual premium growth for their life insurance business in the next three years and around 15% for the property sector. Ten out of 12 life insurers expect foreign life insurers to take a combined market share of below 4% in 2017, compared with 5.6% recorded by the end of last year. Property and casualty insurers also expect a combined market share of below 4% in 2017. The figure rose to above 2% this year due to several foreign take-overs of domestic property insurers, said Brian Metcalfe, co-author of the report and Associate Professor of Marketing at Brock University, Canada.

- Industrial and Commercial Bank of China (ICBC) raised CNY4 billion through its Singapore branch in the Lion City's biggest offshore yuan bond issuance. The deal includes three different tranches by maturity. The bonds were listed on both the Singapore Exchange and Taiwan's GreTai Securities Market.
- Invesco, which had USD812 billion under management globally at the end of August, is applying to trade China's local government bonds directly. China surpassed France, Italy and Britain this year to become the third-largest bond market in the world, behind only Japan and the U.S. Issuance so far in 2014 totals CNY3.8 trillion, more than all notes sold in 2013. Invesco had applied for a renminbi qualified foreign institutional investor (QFII) license to operate in the Chinese sovereign debt market and was expected to start trading in 2015.
- A CNY500 billion injection from the People's Bank of China (PBOC) into the country's five biggest banks might not be enough to stave off an economic slowdown in the second half of the year. Each bank received CNY100 billion through the standing lending facility, which has tenures of three to six months. The lending facility would keep interbank rates low, especially during the end of the quarter and the National Day “golden week” holiday, when demand for liquidity would surge, UBS Economist Wang Tao said in a note. They could also boost investor sentiment and help banks better manage loans after the regulator imposed new lending requirements.
- Chinese banks sold more foreign currencies than they bought in August for the first time in 13 months as hopes for the yuan to appreciate waned. The transactions left a deficit of USD800 million, the State Administration of Foreign Exchange (SAFE) said. Economists said the data indicated Chinese individuals and companies are more willing to hold foreign currencies as the yuan still faces pressure to depreciate. UBS forecasts the yuan trading at 6.20 per U.S. dollar by the year end and 6.35 by the end of next year.
- The People's Bank of China (PBOC) has appointed the Paris branch of the Bank of China (BOC) as a yuan clearing bank as efforts continue to promote the international use of the yuan. BOC said in a statement that it will start offering clearing services as soon as regulatory procedures are completed. It is the third time BOC has been appointed as a yuan clearing bank in Europe this year.
- China's insurance regulator has approved Shanghai Life Insurance Co to be regis-

tered as the first large-scale financial institution in the city's free trade zone (FTZ). With a registered capital of CNY2 billion, the insurer is co-invested by a consortium of eight state-owned and private companies. The investors have the green light from the China Insurance Regulatory Commission (CIRC) to start working on setting up Shanghai Life. The consortium is led by Lanhai Holdings, a real estate developer. The new insurance company will offer both insurance and asset-management services.

- The People's Bank of China (PBOC) cut the interest rate it pays on repurchase agreements to 3.5%, the lowest since January 2011, as it sold CNY10 billion 14-day bonds to banks. The move is expected to lower funding costs and encourage companies to issue bonds. Economists consider the move a de facto interest rate cut, albeit at a much smaller scale. Barclays said the move was a "strong signal of the start of a rate-cutting cycle" .
- Li Ruohong, former Board Chairman of China Guangfa Bank, is under investigation for corruption, the Supreme People's Procuratorate of China said. Guangfa Bank is partially owned by Citigroup, which acquired a 20% stake in the Guangzhou-based lender in 2006. Li, 59, was Chairman and Party Secretary of Guangfa Bank since December 2006 until he resigned on health grounds in June 2009.
- Bank of China (BOC) will be the pioneer market maker for the renminbi futures of the Singapore Exchange (SGX). Bank of China will also be SGX's first Chinese settlement bank for its derivatives market.

## FOREIGN INVESTMENT

### FDI dips for 2nd straight month, not related to anti-monopoly measures

China's Ministry of Commerce (MOFCOM) denied any connection between two straight months of decline in foreign direct investment (FDI) in China and the government's anti-monopoly measures. FDI into China fell by 14% to USD7.2 billion last month from a year earlier, after a 17% drop in July. It was the first consecutive double-digit decline since 2009. In In the first eight months of 2014, China's FDI fell by 1.8% from a year ago to USD78.3 billion. Ministry Spokesman Shen Danyang attributed the drop to the weak global economy, fluctuation of the yuan and soaring costs, which made investing in China's low-end manufacturing unattractive. Last year, average manufacturing costs in China were only 30% lower than in the U.S., he said. As a consequence, FDI in China's manufacturing sector in the first eight months slumped by 15.7% compared with a year earlier, and its share in total inbound investment retreated to 35%. By comparison, FDI in the service sector grew by 8.9% in the same period, accounting for 55% of FDI. Shen said he was confident that FDI in 2014 could hit USD120 billion. Asked whether there is any link between China's recent anti-trust investigations and the fall of FDI, he said: "This is more of an emotional response from some foreign-invested companies and the exaggeration of the media. It is not an indication that China's business environment has deteriorated." Three anti-trust regulators stressed at a joint news conference that only about 10% of anti-monopoly investigations have involved foreign businesses, the China Daily reports.

### EU Ambassador to China: Probes not targeting foreign firms

The new European Union Ambassador to China said it does not make sense to say the country is targeting foreign companies for anti-trust investigations based on just one or two cases. Hans Dietmar Schweisgut said the EU is looking forward to a constructive dialogue on anti-trust issues and will push forward a bilateral investment treaty during his tenure in China. "When you look at Chinese policy objectives and the need to bring about the transition to a more balanced economy, it would not really make much sense to scare away foreign investors and the economic actors who could make an important contribution to achieving this change," Schweisgut said, adding that regarding China's anti-trust probes, "we need to look at how the situation can be judged in a larger context". The EU will closely follow the Chinese investigations while continuing to have a constructive dialogue with Chinese authorities to push forward principles of transparency, the right of defense and objectivity, the Ambassador said. Schweisgut was the Austrian ambassador to China from 2003 to 2007. In the seven years since he was last in Beijing, he said the EU-China relationship has advanced in all fields and now constitutes "a strategic partnership that shows we are indispensable partners".

## Negative list in Shanghai FTZ to be cut

The list of off-limit areas for foreign investment in the Shanghai Free Trade Zone (FTZ) will be further slashed, Premier Li Keqiang said. The remark, amid a decline of foreign direct investment (FDI) into China, is expected to ease mounting foreign businesses' worries that China's is closing its door to them, experts said. Earlier this year, the pilot zone slashed a quarter of the off-limit areas from its negative list, giving more freedom for investment in finance, education, medicine and cultural sectors. In addition, the number of government documents setting limits on investment and business operation in the FTZ has also been cut from 186 to 35. The 29-square-kilometer zone was meant as a model to open up and implement the boldest reform measures in decades, including currency liberalization, market-determined interest rates and free trade. The Premier said the current negative list still has too many restrictions, especially in the financial sector, and there might not be a breakthrough in the short term as there are too many risks and too much resistance.

- China's outward direct investment (ODI) more than doubled year-on-year to USD12.62 billion last month, while foreign investment inflows slumped to a four-year low, marking a huge shift in the growth pattern. MOFCOM Spokesman Shen Danyang said FDI might reach USD120 billion this year, up 2% from last year. Outward direct investment (ODI) might continue to grow at a pace similar to the 15% recorded in the first eight months of the year, and exceed foreign direct investment (FDI) by next year.
- The head of one of the world's top engineering groups has voiced support for China's anti-trust investigations. Uli Spiesshofer, CEO of ABB, said that despite growing concerns internationally that China is targeting foreign companies in its anti-trust inquiries, he congratulated Beijing on its actions to make the market more competitive. He stressed that China will remain an important market and a platform to take the company to the next level. ABB employs more than 19,000 people in 109 cities in China.
- Dupont has opened its new innovation center in Shanghai. DuPont Shanghai Innovation Center, the U.S. company’s first on the Chinese mainland and 13th in the world, will focus on the latest scientific innovations, applications and products that meet the needs of the market in food, consumer electronics, automotive and energy industries.

# FOREIGN TRADE

## Chinese exporters still facing difficulties

Chinese exporters are still grappling with difficulties, even though overseas shipments have improved in recent months and the government has acted to support trade and ensure the 7.5% foreign trade target is met. Thanks to government support and a recovery in developed economies, China's foreign trade has rebounded. In the first eight months of this year, total trade grew 2.3% year-on-year, compared with a 0.5% contraction in the first four months.

- Business continued to improve for small and medium-sized exporters in the Pearl River Delta in August, lifted by increased overseas demand and government policies to support foreign trade, according to a report by Shenzhen Onetouch Business Service Co, a subsidiary of Alibaba Group Holding. The trade climate index stood at 102.65, with many Delta exporters reporting increased orders.
- Dai Haibo, Deputy Director of the China (Shanghai) Pilot Free Trade Zone's Management Committee, has been removed from his post because of alleged disciplinary violations, but will remain Deputy Secretary General of the Shanghai municipal government. Dai was in charge of daily operations in the pilot zone since its official launch in September 2013.

# HEALTH

## GlaxoSmithKline fined CNY3 billion

The Chinese branch of British drugmaker GlaxoSmithKline (GSK) has been fined CNY3 billion for bribery, the biggest fine ever imposed by a Chinese court, and five officials have been given suspended prison terms. The closed-door trial was held at the Changsha Intermediate People's Court in Hunan province. GSK China had "resorted to bribery to boost sales of its medical products and sought benefits in an unfair manner," the court statement read. Mark Reilly, a British national and former Manager of GSK China, was sentenced to three years with a four-year reprieve and will be expelled from China. Former Human Resources Director Zhang Guowei, former Vice President and Operations Manager Liang Hong, and former Legal Affairs Director Zhao Hongyan, were given two to three-year sentences with reprieves. Former Business Development Manager Huang Hong received three years with a four-year reprieve for both giving and receiving bribes. The court said the sentences were reduced since the officials had confessed the facts fully and were considered to have given themselves up. The court found that from 2009, Reilly, then head of GSK China, advocated a "sales- led" philosophy in the company, which bred a thirst for sales expansion in an ambiance of ignorance with regard to Chinese laws and regulations. The company allowed its employees to bribe hospital staff. GSK's revenue in China increased from about CNY3.9 billion in 2009 to CNY6.98 billion in 2012.

## IPR PROTECTION

### Conference calls for more patent commercialization

The Patent Information Annual Conference held in Beijing drew more than 1,800 attendees from China and abroad. "Patent information is the key and basis to shape up scientific research and thus promote innovation," Wang Binying, Deputy Director General of the World Intellectual Property Organization (WIPO) said. Shen Changyu, Commissioner of the State Intellectual Property Office (SIPO), told the audience that the number of patent documents that SIPO publicized in Chinese surpassed 10 million since the Patent Law took effect in China in 1985. Filings continued their momentum, with invention patent applications growing 10.8% year-on-year to 351,000 in the first half of this year. During the same period, SIPO dealt with 11,000 international filings through the Patent Cooperation Treaty (PCT), up 20.5% year-on-year, reinforcing the country's third position in the global PCT ranking last year. Invention patent applications with IP offices in the United States, Europe, Japan and South Korea from China increased 32.6%, according to Shen. "The fast rise in patent numbers and continuous improvement in quality provide a strong support for the popularization and use of Chinese patent information," he noted. Wu Handong, Director of the IP Research Center at Zhongnan University of Economics and Law, said Chinese filers accounted for 27.8% of global invention patent applications in 2013. They were followed by the U.S. with 23.1%, 14.6% from Japan and 8% from South Korea, according to WIPO statistics. "Northeast Asia represented by China, Japan and South Korea is the most innovative region in the world," Wu said. Still, IP-intensive industries contributed less than 27% of China's GDP, while the figure was 34% in the U.S., the China Daily reports.

- The Ministry of Commerce (MOFCOM) held the fourth annual IPR exchange in the United States. Chen Fuli, Counselor at the Chinese Embassy to the U.S., introduced China's recent IP reforms, including the Trademark Law amendments and the efforts to establish dedicated IP courts in Beijing, Shanghai and Guangzhou.
- The fifth China International Copyright Expo was held in the Sichuan provincial capital Chengdu. It is the first time that the expo has been held outside Beijing. The three-day event, organized by the National Copyright Administration and the Sichuan provincial government, comprised one exhibition and 12 themed activities, including an international copyright forum, a music copyright protection forum and the China digital rights summit and fair.
- Police in Guangzhou, capital of Guangdong province, seized counterfeit Louis Vuitton products worth more than CNY1 billion in multiple raids in June. 14 people were detained. The haul included 11,000 bags and suitcases, plus 494 rolls of leather and accessories to make about 180,000 handbags. All of the confiscated items were printed with the Louis Vuitton trademark. Guangzhou police also said that in May they seized more than 63,000 items of counterfeit sportswear worth almost CNY19 million.

## MACRO-ECONOMY

### August economic data disappoint

Economic data for August from the National Bureau of Statistics (NBS) took the market by surprise. Industrial output rose 6.9% year-on-year in August, the slowest pace since 2008 and a sharp drop from 9% in July. Fixed-asset investment (FAI) growth slowed to a 14-year low of 16.5% in the first eight months of the year. In particular, electricity output dropped 2.2%. The message from the August data dovetailed with previous figures that showed the second straight decline in imports and a 40% drop in the broadest measure of new credit. “To maintain growth at the 7.5% target will necessitate continued inefficient investment that will exacerbate the current imbalances,” warned Trey McArver, London-based Consultant specializing in Chinese business. Chinese Premier Li Keqiang said that the government would have a higher tolerance for a lower growth rate. Some analysts however advocated a cut in benchmark interest rates or in the overall reserve ratio. “They have to introduce more stimulus. Otherwise, how can they even maintain 7.3% growth?” asked Shen Jianguang, Chief Economist with Mizuho. Wang Tao, Chief Economist with UBS China, said: “A cut in the benchmark lending rate is the most direct and effective way to lower financing costs in the economy as nearly 70% of credit is priced off of the benchmark. That said, we think a cut in mortgage lending rates may more likely come first.” Analysts with ANZ warned that growth in GDP may slip to 6.5% to 7% in the third quarter if September numbers are also weak. Government economists said the annual target for job creation has nearly been reached, suggesting there is still room for tolerance.

- Rural Chinese are almost twice as likely to be suffering financially than their urban counterparts, according to the first ever Gallup-Healthways Global Well-Being Index. The index measures five elements of well-being – purpose, social, financial, community, and physical – in 135 areas and countries around the world. One area in which China outstripped many of its neighbors is financial well-being.
- 47% of rich Chinese with more than USD1.5 million in total net worth aim to move to another country within the next five years, according to a Barclays Wealth report. Only 16% of of wealthy Hongkongers planned to emigrate. 23% of Singaporeans said they planned to relocate within five years, the second highest, followed by 20% of British respondents. Around 30% of Chinese respondents listed Hong Kong as their top destination, followed by Canada at 23%.
- Business sentiment in China dropped sharply in the third quarter, weighed down by slowing orders, rising costs, and general global uncertainty, a ThomsonReuters-INSEAD survey showed. The index fell to 66 in the third quarter from 74 in the previous quarter, its steepest decline in three years. A reading above 50 indicates an overall positive outlook.
- Standard Chartered Bank says China's total debt likely hit 251% of gross domestic product (GDP) at the end of June, with interest payments rising about 50% since the mid-2000s. Growth in China is decelerating sharply from sky-high levels, with August industrial production slipping to a 6.9% growth rate not seen since the financial crisis in 2008 amid a broad-based slowdown in the kind of fixed investment that has traditionally powered its economy. This makes the official government target of 7.5% annual economic growth look a vain hope, with economists rapidly ratcheting down their forecasts.
- China is to further strengthen its support for small and micro-businesses through political and fiscal measures, including tax exemptions for companies with monthly sales of less than CNY30,000. The central government also vowed to make “tangible progress” in establishing small and medium-sized banks funded by private capital to facilitate financing. From October 1 until the end of 2015, companies with monthly sales of less than CNY30,000 will be exempted from the value added tax (VAT) and business tax.
- China's top three mega-cities have scored high on the World Health Organization's Urban Health Development Index but rated poorly for city management and environmental conditions. The top three positions went to Shenzhen, with a score of 69.27; Shanghai, with 60.75; and Beijing, with 59.11. Zhaotong, in Yunnan province, ranked lowest of the 287 cities covered by the research, with 28.69. The Urban Health Development Index, introduced by the WHO in the 1980s, is a globally recognized gauge of the health of a city's ecosystem, city management, economy, culture and society.
- The central government has chosen 62 locations as experimental areas for new-style urbanization. The 62 areas range from provincial and city levels to county and town levels, although the focus will be on medium-sized and small cities and towns. “New-style urbanization is a big strategy for modernization and will improve the lives of several hundred million people. It is our biggest structural adjustment,” Premier Li Keqiang said.

- Premier Li Keqiang called for promoting the quality of Chinese products to help set off the side effects of decelerating economic growth. He made the remark at the China Quality Conference, the first meeting of its kind held in China. Li said that the miracle of the Chinese economy has to rely more on the improvement of quality, instead of speed, as the country is losing its traditional advantages to support economic growth.
- Many local governments are considering to spin-off some state-owned assets to alleviate their mounting debt repayment pressure, according to the Economic Information Daily, although they are unlikely to admit that these moves are being driven by debt pressures. More likely, they would describe them as efforts to restructure the lethargic state-owned sector in line with the central government's call for a move to a "mixed-ownership" model.
- Shanghai's industrial production contracted for the first time in five years in August by 2.5% from a year earlier to CNY263.5 billion last month. "The city's economy seemed to be decelerating rapidly," said Li Maoyu, Analyst at Changjiang Securities Co. "The fast deterioration in manufacturing indicated a potential economic slowdown." The production of vehicles fell 4.4% to CNY40.3 billion in August, information technology lost 9.2% to CNY46.6 billion, and bio-medicine shed 3.4%.Earlier data showed Shanghai's trade rose 1.3% to USD38.4 billion last month, with exports adding 0.6% and imports up 1.9% – above the national average.
- Business confidence among Chinese entrepreneurs fell in the third quarter, marking the third consecutive quarter of decline, a central bank survey showed. The People's Bank of China (PBOC) said the entrepreneurs' confidence index slid to 63.6, down by 1.3 points from the second quarter. The central bank surveys 5,000 entrepreneurs, 3,100 bankers and 20,000 households on a quarterly basis.

## MERGERS & ACQUISITIONS

### KPMG eyeing more M&A deals in China

KPMG China will maintain double-digit growth this year despite the economic slowdown and will be on the lookout for suitable merger and acquisition opportunities. "China will continue to be one of the fastest growth markets for KPMG in the next three to five years, though the country's economic growth is slowing," said John Veihmeyer, Chairman of KPMG International, a global consultancy firm. China's August economic data are pointing to a weakening picture. "The trend-down, however, will not change the fundamental that more Chinese companies will go global. Therefore, the demand for tax and advisory services – two of our major business lines – are still there," said Veihmeyer. Chinese companies' appetite for mergers and acquisitions (M&As) declined in the first half of 2014, but the outlook remains positive thanks to reforms and changes in the macro-economic environment, KPMG said in a recent report. The company is looking for M&A opportunities, especially in the technology and strategic consulting sectors.

## PETROCHEMICALS

### Sinopec sells 30% of its fuel distribution unit to 25 investors

China Petroleum & Chemical (Sinopec) saw its shares drop 6.8% following the news it agreed to sell 30% of its fuel distribution unit to 25 investors for CNY107 billion since a lack of big-name retailers in the buyers' list raised question on the strategic value they would bring. Home appliance major Haier Electronics Group has agreed to buy 0.34% of Sinopec Sales and a firm controlled by China Huiyuan Juice Group's parent will take a 0.84% stake. Both have agreed to cooperate with Sinopec on cross-selling and logistics. "With 25 firms participating, there will be questions as to the effectiveness of the consortium to drive reform, but it also highlights the broad appeal of this business," said Sanford C. Bernstein Analyst Neil Beveridge. Separately, Sinopec Yizheng Chemical Fiber said it would sell all of its polyester products production operation to Sinopec and buy all of Sinopec Oilfield Service Corp for CNY24 billion by issuing shares. A Barclays research report said Sinopec Oilfield Service posted a net profit margin of 1% to 2% between 2011 and last year, much lower than the 7% to 15% at privately-owned firms.

## Sinopec injects its oil machinery business in Kingdream

China Petrochemical Corp (Sinopec) has announced its second asset injection deal in a week, injecting its oil machinery business into its Shenzhen-listed drilling equipment and chemicals manufacturing unit, Kingdream, for CNY1.6 billion. "Upon completion of the deal, Kingdream's product line will expand from drill bits to a wider array of products used in both onshore and offshore oil and gas drilling and transportation," Kingdream said. "It will improve our product structure and expand our sales, profit and capacity to cope with market risks." Sinopec Petroleum Engineering Machinery makes machines used in drilling and fracturing underground formations to release oil and gas, as well as steel pipes used to transport them. Kingdream plans to issue 120 million new shares to raise no more than CNY1.8 billion to pay for the acquisition. The deal forms part of China Petrochemical's state enterprise reform, which will subject more of its assets to investors' scrutiny and add pressure for it to improve its profitability. China Petrochemical announced earlier that it was injecting CNY24 billion of oilfield services operations into Hong Kong and Shanghai-listed Sinopec Yizheng Chemical Fiber. Yizheng will sell all of its chemical production assets to China Petrochemical's listed flagship, China Petroleum & Chemical. Kingdream's first-half net profit tumbled 85% year-on-year to CNY7.9 million as lower domestic exploration expenditure cut demand for its mainstay product, cone drilling bits. The firm forecast net profit would rise to CNY136.3 million this year and CNY170.2 million next year from CNY67.1 million last year.

## Shale exploration making great strides

China has made great progress in shale gas exploration with about 400 wells drilled as of July, and production this year is estimated at 1.5 billion cubic meters. As of July, about CNY20 billion had been invested to find and develop shale gas resources, mainly in the Sichuan Basin, according to the Ministry of Land and Resources. Shale gas reserves are expected to hit 500 BCM, distributed over 170,000 square kilometers, it said. "To accelerate shale gas exploration, the Ministry is preparing for the third shale gas auction and encouraging more private investors to enter the field," Che Changbo, Deputy Director of the Ministry's Geological Exploration Department, said at a news conference in Beijing. China has held two auctions of shale blocks since 2011. Exploration rights for 21 blocks were awarded to oil companies and private investors. Peng Qiming, Director of the Geological Exploration Department, said the winners had invested more than CNY2 billion in exploring these blocks since 2013. China's initial goal of producing 60 to 100 BCM annually by 2020 has been cut to 30 BCM. Che said "complex geological structures and high costs" are hindering exploration and production.

- The central government has cut domestic fuel prices by less than 2% last week, in the fourth consecutive reduction since late July, as global crude oil prices continued to fall on the back of ample supply and lackluster demand growth. The price of petrol has been reduced by CNY140 a ton and that of diesel by CNY135 a ton, energy price regulator National Development and Reform Commission (NDRC) said in a statement. The move implies a reduction of 1.5% for users in Beijing.
- China will begin commercial production of gas hydrate or flammable ice in permafrost and ocean sediments around 2030 as it tries to diversify its energy mix. According to the China Geological Survey, deposits of gas hydrate in China are estimated to be 110 billion metric tons in oil equivalent in permafrost and ocean sediments, while China consumed 2.6 billion tons in oil equivalent last year. To realize commercial production, China is speeding up research and development (R&D) in exploitation technology, and production testing in the South China Sea is expected to begin in 2017.
- China's largest producer of offshore oil and gas CNOOC said that CNOOC 981, the country's first deepwater drilling rig, has made its first deepwater gas-field discovery in the South China Sea: the Lingshui 17-2 gasfield. The well would produce 1.6 million cubic meters of gas per day.

# REAL ESTATE

## Housing prices continue to drop

Housing prices in most Chinese cities continued to drop in August in both the new and existing home markets, the latest national survey showed. The number of Chinese cities seeing month-over-month price decreases rose to 68 last month from July's 64, according to the National Bureau of Statistics (NBS), which monitors housing prices in 70 major cities. Among the 68 cities that saw monthly price decrease in August, 21 fell at a decelerated pace, an increase of 13 from July. Home prices dropped the most in Hangzhou by 2.1%. Shanghai and Guangzhou both recorded a 1.3% month-over-month drop, while Beijing and Shenzhen registered a decline of 1.2% and 1.1%, respectively. In the existing home market, 67 of the 70 cities saw prices going south in August, compared with 65 in July. Year-on-year, prices fell in 32 cities, compared with 15 in July. The latest data provided further evidence that China's property sector is still undergoing a correction which started in the beginning of the year amid tight credit as well as cautious sentiment among buyers who have been kept away from the market due to high prices. The total area of new housing sales dropped 10% to 570.94 million square meters in the first eight months of this year.

- Zhang Xin, former Deputy Director of the Hangzhou Housing Security and Management Bureau, was sentenced to death with a two-year reprieve after being found guilty of taking bribes worth almost CNY124 million. He abused his powers and caused losses to the state of CNY89 million. He was suspected of owning more than 20 properties worth hundreds of millions of yuan. Many of the properties were given to him as gifts by real estate developers.

## RETAIL

### Chinese shoppers fuel U.S. retail sales

The United States is the top overseas destination for Chinese shoppers and the first choice for a growing number of online shoppers who buy goods through the websites of foreign retailers, a report published by the Economic Information Daily and global card solution provider Visa, said. 98.19 million Chinese people made overseas trips last year, making China the largest source of tourists in the world. Nearly 96% of these people traveled on private business. "Travelers from second- and third-tier cities in China and those who went abroad for the first time have made a major contribution to overseas consumption," said Fan Zhiyong, co-author of the report and Associate Professor at the School of Economics of Renmin University of China. According to Fan, Chinese tourists spent CNY128.6 billion in overseas markets last year, eclipsing the previous high with a 24% jump year-on-year. Like many other shopping malls in the United States, Bloomingdale's at South Coast Plaza, Los Angeles, is planning to attract Chinese customers by offering them customized shopping experiences.

- Spending on media advertising in China may post the lowest growth this year after expanding by double digits in the past four years but a rebound is forecast in 2015. Total advertising spending in China this year will increase by 9.8% from that in 2013 to CNY473 billion, according to WPP's media investment unit GroupM's "This Year, Next Year: China Media Forecasts" report. The report also predicts ad spending to increase 11% year-on-year in 2015 to CNY525 billion.

## SCIENCE & TECHNOLOGY

### Officials withdraw from EMBA programs

Officials from government departments and state-owned companies have been withdrawing from Executive MBA programs after a ban on expensive training courses. Officials in such programs must quit or face administrative punishment. EMBA programs, which range in price from CNY400,000 to CNY700,000, are on the circular's list of banned courses. Many participants had their fees paid by their companies.

- Zhejiang province and Shanghai both announced new plans for the gaokao, the national college entrance exam. The annual gaokao will no longer be the only criterion for college admission. Liu Xiping, Director of the Zhejiang provincial Education Department, said that the new plan is to reduce the burden of the exams by splitting them into different periods.

## STOCK MARKETS

### Alibaba makes Wall Street debut

Alibaba made its long-awaited Wall Street debut on the heels of a record stock offering that opens the door to global expansion for the online retail giant. From an IPO price of USD68, the stock opened at USD92.70, an increase of more than 36%. The sale raised more than USD8.2 billion for the company after fees for underwriters, and about USD13 billion for major shareholders. Company founder Jack Ma was on the floor of the New York Stock Exchange (NYSE) as trading opened, while a group of Alibaba customers rang the opening bell. "This is the biggest IPO the world has ever seen, so there's a celebratory mood on the floor, whether you like it or not," said Benedict Willis, Director of Floor Operations at Sunrise Securities on the NYSE floor. Analysts were upbeat about Alibaba, which dominates the Chinese online retail space with Taobao.com and Tmall.com. "Alibaba is the biggest e-commerce firm in the world in terms of gross merchandise volume," research firm Trefis said. The IPO allows investors to get a piece of the huge Chinese market, but it will also fuel Alibaba's international ambitions. The company is nearly unknown to most people in the United States, but is ubiquitous in China, where it is responsible for 80% of online sales. The company earned USD3.7 billion in the 12 months ended March 31, up about USD2 billion year-on-year. The IPO will give Alibaba a market valuation of USD167.6 billion, bigger than that of its Western e-commerce rivals such as Amazon and eBay. In 2013 alone, the company handled USD250 billion worth of merchandise, more than Amazon and eBay combined. With the large amount that Alibaba raises from the IPO, it is expected to consolidate its leading position in China's e-commerce market.

- The Hong Kong Monetary Authority (HKMA) is setting up a CNY10 billion repurchase facility to ensure an adequate supply of China's currency as the city's investors gain greater access to Shanghai's stock market. HKMA will announce in the coming weeks a list of banks that will act as primary liquidity providers for the yuan, Chief Executive Norman Chan said at a Treasury Markets Summit in Hong Kong. The Shanghai-Hong Kong Stock Connect program, which is scheduled to start in October, will allow a net CNY23.5 billion of daily equity purchases between the two cities.

## TRAVEL

### Assembly of C919 passenger jet started

Assembly work began in Shanghai on the nation's first C919 single-aisle airliner. The plane is expected to make its maiden flight at the end of next year. The various parts of the aircraft, including the nose, front and middle fuselage, wings and tail sections were designed by the corporation and manufactured in Chengdu, Shenyang and Harbin. Other sections will be supplied by local company Baosteel, and foreign firms like General Electric, Honeywell, and CFM. By 2020, the assembly line in Zhuqiao is expected to have the capacity to build 150 C919 narrow body aircraft and 50 ARJ21 regional jets every year. The development of the C919 is seen as China's attempt to enter the global aircraft market, which is dominated by Boeing and Airbus. To date, its manufacturer has secured 400 orders from 16 customers, mostly from China, but also including United States-based GE Capital Aviation Services and Irish budget carrier Ryanair.

- Sanya is considering building a new airport by reclaiming land from the sea, to cope with the massive influx of tourists. Officials hope to build the new airport between the Tianya Haijiao resort and the Nanshan Buddhism Cultural Zone, and it would be linked to the existing Phoenix International Airport. Construction has also begun on an airport in Dalian, set to be the world´s largest airport on reclaimed land when it is completed.
- President Xi Jinping has chided Chinese tourists, saying that they should behave themselves better when traveling abroad. Xi's light-hearted comments came during an official visit to the Maldives. "Do not litter water bottles everywhere. Do not damage coral reefs. Eat less instant noodles and more local seafood," the Chinese President said. Chinese travelers are expected to make about 400,000 trips to the Maldives this year. Of the 1.1 million foreign tourists visiting the Maldives last year, Chinese tourists accounted for about one-third. The number of Chinese traveling abroad rose 18% last year compared with 2012.
- Many of China's top-rated tourist attractions are raising prices in anticipation of a surge in visitor numbers during the National Holiday. Tourists can expect to pay be-

tween CNY100 and CNY200 at more than half of China's 171 5A (the highest grade) attractions. About a dozen will charge more than CNY200. China allows scenic spots to raise prices every three years after holding public hearings. Shanghai has three top-rated attractions – the Oriental Pearl TV Tower, Shanghai Wildlife Park and the Shanghai Science and Technology Museum – but prices are not going up this year.

- United Airlines, the main carrier in the United States, is due to start flights from Shanghai to Guam in October. It will be the first regular direct flight from China to the overseas territory of the U.S., which is a famous tourism destination. Dynamic Airways, an U.S.-based carrier, launched direct scheduled charter flights between Beijing and Guam from June 21.
- Ten Chinese cities have so far adopted visa waiver policies for foreign tourists. Beijing, Shanghai, Guangzhou, Kunming, Chengdu, Chongqing, Shenyang, Dalian, Guilin and Xian reported increases in inbound tourists. Beijing, the first city to adopt the policy nationwide, vowed to come up with more incentives and further promote its visa waiver through cooperation with hotels, shopping areas and airline companies.

## VIP VISITS

### Chinese President makes historic visit to India

President Xi Jinping's visit to India has led to a significant improvement of relations. Indian President Narendra Modi hopes to attract more Chinese investment to boost job creation. India drew only USD313 million of Chinese investment between April 2000 and April 2014 compared with USD20 billion from the UK and USD12 billion from the U.S. A perceived security threat is the reason why India's "strategic assets" such as railways and ports have so far been off-limits for Chinese businesses. After coming to power, Modi has removed the 49% cap of foreign direct investment (FDI) in railways and made it clear that Chinese investment will be sought in this sector. China announced the setting up of two industrial parks specializing in cars and power equipment; and two more, specializing in textiles and food processing are under discussion. China is India's biggest trading partner with two-way trade totaling nearly USD70 billion, but India's trade deficit with China has risen to USD40 billion from just USD1 billion in 2001-02. India also complains about the quality of trade as China buys mostly raw materials from India but sells finished goods. China will try to increase its investment in Indian industrial and infrastructure projects to USD20 billion in the next five years.

In Sri Lanka, Xi Jinping launched construction of a Chinese-backed USD1.4 billion port city as as part of his vision of a "maritime silk road". Sri Lanka is a midway point on one of the world's busiest international shipping lanes. China has overtaken India to become the largest investor in Sri Lanka. The ambitious port city project will include a luxury marina and a Formula One race track. Xi is the first Chinese head of state to visit Sri Lanka in 28 years. Beijing has already financed the construction of Sri Lanka's second international airport and another deep sea port in the southern district of Hambantota. China and Sri Lanka also announced the start of negotiations on a free trade agreement.

## ONE-LINE NEWS

- The Beijing municipal government has set up a committee to crack down on "immoral" media practices after recent graft scandals resulted in the detention of top journalists. The media ethics commission was formed to place "more emphasis on ethics in the media industry of the city", the Beijing Times reported.
- Pan Yiyang, 53, Vice Chairman of the Inner Mongolia autonomous region, is being investigated on suspicion of corruption. He is also an Alternate Member of the Communist Party's elite Central Committee. Separately, Li Qiang, Party Secretary of Lianyungang in Jiangsu province, has been detained in a graft investigation.
- China's high-spending gamblers are looking to bet outside Macao amid a government assault on corruption and extravagance, boosting casinos from the Philippines to the Las Vegas Strip. Macao has suffered three consecutive months of declining gambling revenue as the anti-graft crackdown shows no signs of abating. Macao remains the world's top gambling hub despite recent declines, with USD45.2 billion of casino revenue last year, seven times more than that at the Las Vegas Strip.
- More than 200 cross-border criminal cases have been solved through police coopera-

tion between China and Europe since the beginning of last year, the Ministry of Public Security said. Some of those cases involve drug trafficking, cigarette smuggling and telecom fraud, Xu Naigang, Deputy Director of the Ministry's International Cooperation Bureau, said at the China-EU Conference on Law Enforcement Cooperation and Police Training in Hangzhou, Zhejiang province.

- Bai Guizhi, who until a few days ago headed the China-Singapore Suzhou Industrial Park Development Group (CSSD), "seriously violated discipline" – usually a euphemism for graft – according to the Jiangsu provincial discipline inspection authority. A CSSD official said Bai was implicated in the investigation of Feng Yajun, formerly a Member of the Standing Committee of the Nanjing Party Committee. CSSD operates more than 40 subsidiaries and employs nearly 3,000 people.
- A growing number of government figures, known popularly as "naked officials", are believed to have sent stolen money and family members abroad. On July 22, authorities launched a campaign dubbed Fox Hunt to track down corruption suspects abroad. The official Xinhua News Agency said authorities wanted to "block the last route of retreat for corrupt officials". Globally, 320 such suspects in corruption cases had been brought back to China in the first half of this year.

## 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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**Contact:**
Flanders-China Chamber of Commerce
Lammerstraat 18, B-9000 Gent
Tel.: +32 9 266 14 60/61 – Fax: +32 9 266 14 41
E-mail: info@flanders-china.be
Website: www.flanders-china.be

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