



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

# NEWSLETTER | 11 MAY 2015

## FCCC activities

[Seminar: How China is improving its foreign investment climate – 28 May 2015, 16 h – Ghent](#)

[EXPO Milano 2015 – EU-CHINA Days: Joint cooperation to enhance investments and business opportunities 9 – 10 June 2015](#)

## Activities supported by FCCC

[Asia-Europe Meeting Industry Dialogue on Connectivity – 27-28 May 2015 – Chongqing](#)

## Past events

[8<sup>th</sup> China Green Companies Summit \(CGCS\) – 20-22 April 2015 – Shenyang](#)

[Lunch-meeting: Building a Successful Plant in Weihai, Shandong Province – 16 April 2015 – Gent](#)

## Notice

[FCCC takes on new challenges within the EU-China Business Association](#)

[New addresses, telephone and fax numbers of the Flanders-China Chamber of Commerce \(FCCC\)](#)

## Publications

[FCCC publishes “10 Years: Flanders-China Chamber of Commerce 2005 – 2015”](#)

## Advertisement opportunities

[Advertisement opportunities FCCC 10<sup>th</sup> Anniversary publication, Newsletters and Website](#)

## Advertisement

[An Executive MBA by IMD & CKGSB](#)

[Hainan Airlines, your direct link from Belgium to China](#)

## Members' news

[Huawei sets up European Research Institute in Leuven](#)

## Automotive

[Car sales growing at the slowest pace in 5 months](#)

## Finance

[Top bank executives' remuneration to be cut](#)

[Big Four banks sweep the Forbes list](#)

[Central bank slashes interest rates again](#)

## Foreign investment

[BASF inaugurates polymerization plant in Shanghai](#)

## Foreign trade

[Transactions down almost 10% at Canton Fair](#)

[Exports continue their decline in April](#)

## Health

[Foreign medical equipment makers investigated](#)

## IPR protection

[Chinese company sells traditional medicine patent database](#)

## Macro-economy

[Manufacturing remains weak in April](#)

## Mergers & acquisitions

[Bright Food and Liangyou Group set to merge](#)

<u>Real estate</u>	<a href="#">Real estate firms promoting smaller luxury flats</a> <a href="#">Purchases of luxury homes double in Shanghai in April</a>
<u>Advertisement</u>	<a href="#">ChinAccess: Professional Interpreting &amp; Translation Services (EN/NL/CN)</a>
<u>Retail</u>	<a href="#">Half of top shopping center markets are in China</a> <a href="#">Sales of gold bars hit by anti-corruption campaign</a>
<u>Science &amp; technology</u>	<a href="#">Premier Li Keqiang visits Inno Way in Beijing's Zhongguancun</a>
<u>Stock markets</u>	<a href="#">Stock indicator dropped more than 8% last week</a>
<u>Travel</u>	<a href="#">China Railway to participate in construction of Moscow-Kazan railway</a>
<u>VIP visits</u>	<a href="#">EU Vice President Mogherini celebrated 40 years of ties in Beijing</a> <a href="#">Chinese President visits Kazakhstan, Russia and Belarus</a>
<u>One-line news</u>	

## FCCC ACTIVITIES

### Seminar: How China is improving its foreign investment climate – 28 May 2015, 16 h – Ghent

The Flanders-China Chamber of Commerce (FCCC) is organizing a seminar focused on 'How China is improving its foreign investment climate'. This event will take place on 28 May 2015 at 16 h. in Ghent (location to be determined).

The investment climate in China for foreign investors is undergoing profound and hopefully positive changes recently. In this presentation, Mr. REN Qing, partner of Zhonglun Law Firm, will share his insights about these changes and their implication for foreign investors and foreign invested enterprises, particularly covering:

- (1) The draft Foreign Investment Law published in January 2015;
- (2) The Catalogue of Industries for Guiding Foreign Investment revised in March 2015,
- (3) The uniform Negative List applying to Shanghai, Guangdong, Tianjin and Fujian FTZs published in April 2015, and
- (4) The latest development of anti-trust enforcement in China, including the landmark Qualcomm case.

Mr. Ren Qing is a partner of Zhonglun Law Firm, specializing in M&A, anti-trust and trade law. Before joining Zhonglun, Mr. Ren was a deputy director at Department of Treaty & Law, Ministry of Commerce (MOFCOM) of China, and once worked at Embassy of China in Belgium from 2009 to 2011.

Mr. Ren was invited by MOFCOM to participate in the preparation of the Draft Foreign Investment Law as an external expert. He has written a series of articles in Chinese and English to interpret the draft law since the draft law was published this January. Mr. Ren's firm Zhonglun, recognized by Chambers Asia Pacific as PRC Law Firm of the year for 2014, also represented Qualcomm before the National Development and Reform Commission (NDRC) in the landmark anti-trust case which was closed this February.

If you are interested in attending, please register online at [www.flanders-china.be](http://www.flanders-china.be)

Participation fee for FCCC members: €45, non-members: €75.

### EXPO Milano 2015 – EU-CHINA Days: Joint cooperation to enhance investments and business opportunities 9 – 10 June 2015

The EU-China Business Association (EUCBA) and the Flanders-China Chamber of Commerce have the pleasure to invite you to the EU-China Days organized by the European Commission at the World Expo in Milan. The Flanders-China Chamber of Commerce is a member of the

EUCBA and is in charge of the Secretariat-General at the EUCBA, which has recently set up an office in Brussels. The EUCBA is an Association of Associations in the European Union countries promoting business relations between European enterprises, institutions and their Chinese counterparts. Today it counts 20 members from 20 different countries. The European Commission – the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs – is organizing an event focusing on the EU and China, that will see the participation of European and Chinese companies, clusters and institutions.

The event will allow you to get information on the European Commission tools, which can assist and support the internationalization of businesses (in particular SMEs), as well as business relations between Europe and China. You will also have the chance to meet Chinese and European counterparts during the B2B sessions in order to discuss concrete cooperation projects in business, technology transfer and research. By attending this event, you will gain easy access to enterprises, clusters and stakeholders and will get new opportunities and competitive advantages!

You can find detailed information and registration forms for the conference and B2B meetings at the following links:

- EU – China Days (9-10 June, 2015): <http://www.euexpo2015-china.talkb2b.net>
- [Detailed draft programme of the EU-China conference](#)

#### Participants

- SMEs and big companies
- Clusters
- Research Centres
- BSOs and Institutions

#### Sectors of the B2B Meetings

- Agro-food manufacturing
- Creativity, cultural heritage and local traditional food
- Space application to agriculture and environmental management
- Health biotechnologies
- Food and wine, tourism
- Other topics relevant to the thematic focus of the brokerage event.

To register for the Conference and/or the B2B, [click here](#).

#### Programme

6 Apr-29 May	Registration for the Conference.
6 Apr-22 May	Registration for the B2B meetings. Support will be provided for the drafting of cooperation profiles. Once your profile is duly filled, it will be validated by the organizers and will be published online and promoted.
25-29 May	Selection and booking of the B2B meetings. Support will be provided for the matchmaking based on cooperation profiles. Confirmation of the participation at the B2B.
1-8 June	Delivery of the confirmed B2B meetings schedule.
9-10 June	EU-China Event.
10 Jun-14 Oct	Follow-up.

We remain at your disposal for any further information you require and look forward to meeting you at the EU-China Days at the World Expo in Milan!

For more information: [www.flanders-china.be](http://www.flanders-china.be)

## ACTIVITIES SUPPORTED BY FCCC

### Asia-Europe Meeting Industry Dialogue on Connectivity – 27-28 May 2015 – Chongqing

The Asia-Europe Meeting Industry Dialogue on Connectivity will be organized in Chongqing, China from 27 to 28 May, 2015. The cooperation on connectivity is the most important area discussed by leaders of Asian and European countries in recent years. This meeting will be a good opportunity to know and participate better in the connectivity cooperation between Europe and Asia.

Background: At the 10<sup>th</sup> ASEM Summit in 2014 in Italy, leaders “underscored the significance of connectivity between the two regions to economic prosperity and sustainable development and to promoting free and seamless movement of people, trade, investment, energy,

information, knowledge and ideas and greater institutional linkages.”

Objectives: The dialogue is intended to provide a platform for ASEM government officials, entrepreneurs, scholars and other stake-holders to share and exchange valuable findings and thoughts on various aspects of connectivity, such as opportunities and challenges, ways of promotion, investment and financing.

Topics:

- New opportunities and industrial cooperation outlook
- Key areas of cooperation in connectivity
- Innovation of cooperation in trade, investment and finance
- Role of major stakeholders
- The way forward

Date: 27-28 May, 2015

Venue: Chongqing Yuelai International Convention Center, Chongqing

For more information and registration: contact Ms Wang Bingdan ([wbd\\_2015@126.com](mailto:wbd_2015@126.com)) or Mr Meng Dan ([dforest@sina.com](mailto:dforest@sina.com))

## PAST EVENTS

### 8<sup>th</sup> China Green Companies Summit (CGCS) – 20-22 April, 2015 – Shenyang

The 8<sup>th</sup> China Green Companies Summit (CGCS) was held on 20-22 April, 2015 in Shenyang, Liaoning province. Mrs Gwenn Sonck, Executive Director of the Flanders-China Chamber of Commerce (FCCC) and Secretary General of the EU-China Business Association (EUCBA) attended the Summit. The EUCBA was a supporting partner of the summit, which was organized by the China Entrepreneur Club (CEC). The Summit promotes smart and sustainable growth, and builds partnerships through matchmaking events with enterprises and organizations. The three-day event had a theme of “Game changers: Creating new business value”. The summit was first held in 2008 in Beijing with the focus on sustainability in the economy and is one of China's most influential meetings of its kind. Participants discussed the “One belt, one road” initiative, the new Silk Road, the Industry 4.0 concept, the environment, innovation and start-ups. Investment roundtables were held on health, agriculture, and consumption. Green companies roundtables discussed corporate development; the trend from “made in China” to “created in China”; an

### Lunch-meeting: Building a Successful Plant in Weihai, Shandong Province – 16 April 2015 – Gent

The Flanders-China Chamber of Commerce and the Weihai EU Office in Ghent organized an information meeting on ‘Building a Successful Plant in Weihai, Shandong Province’. This meeting took place on April 16<sup>th</sup> at the Voka Box in Gent.

Representatives from the Weihai Economic and Technological Development Zone (Weihai ETDZ) offered an insight into the economic environment and main sectors for investing in the Zone and the EU-China (Weihai) Industrial Park. In addition, Bekaert also shared their experiences of building a successful plant in this zone.

Weihai City is a coastal city in Shandong. Located south of downtown Weihai, the Weihai Economic and Technological Development Zone was set up by the State Council in 1992. The pillar industries of Weihai ETDZ are electronics, pharmaceuticals, automobile parts, textiles, machinery, food processing, ICT and Environmental Protection Technology. It consists of several industrial zones, including Export Processing Zone (Weihai EPZ), Harbor Industrial Park and EU-China (Weihai) Industrial Park. The EU-China (Weihai) Industrial Park was set up in 2012 and covers an area of 14.4 sq km.

The City of Weihai and the City of Ghent have a sister city agreement, while the Flanders-China Chamber o

## NOTICE

### FCCC takes on new challenges within the EU-China Business Association

We have the pleasure to inform you that with 10 years of success behind us, the FCCC is still growing and ready to take on new challenges. We were asked earlier this year to take a leading role in the EU-China Business Association (EUCBA), the organisation that unites all the Chinese business associations in Europe. The EUCBA promotes economic and trade relations between the EU and China.

This will lead to some exciting changes. With the support of the Government of Flanders, we are increasing our activities at the EU level. Our next big challenge will be the co-organisation of the EU-China Business Summit. This Summit and future similar events will give you and other members better exposure to companies and institutions at an EU level.

As from April 1st 2015, EUCBA will operate from their new office at the premises of Flanders Investment & Trade in Brussels. The FCCC will be responsible for the secretariat-general of the EU-China Business Association and we will be partly working in Brussels and in Ghent.

The FCCC will continue to:

- Offer Advice and Expertise: the FCCC provides information about the latest economic and trade developments via publications, weekly newsletters and interviews with member companies offering valuable information on how to enter the Chinese market.
- Meet Chinese Delegations: thanks to its extensive network the FCCC plays an important role in welcoming Chinese delegations to our country. We introduce Flemish entrepreneurs to non-traditional investment areas and help facilitate entry in the Chinese market.
- Exchange Experiences and Share Knowledge: the FCCC regularly organises conferences and round tables on China so participants can exchange experiences, facilitate, collaboration and create networking opportunities.

Our new contact details are provided below.

Members are always welcome to suggest topics for activities (e.g. seminars, lunch meetings, etc.) they would like FCCC to organise.

We look forward to meeting you at one of our next activities and thank you for your support.

### New addresses, telephone and fax numbers of the Flanders-China Chamber of Commerce (FCCC)

Please note the new addresses, telephone and fax numbers of the Flanders-China Chamber of Commerce (FCCC).

Offices: Ajuinlei 1, B-9000 Gent – Belgium

New telephone and fax numbers:

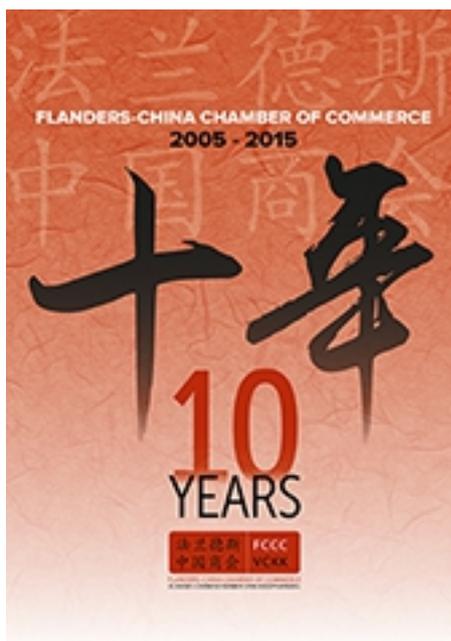
Tel.: +32/9/269.52.46

Fax: ++32/9/269.52.99

Registered office: Zenith Building, Koning Albert-II laan 37, 1030 Brussels

## PUBLICATIONS

FCCC publishes “10 Years: Flanders-China Chamber of Commerce 2005 – 2015”



On the occasion of its 10<sup>th</sup> anniversary, the Flanders-China Chamber of Commerce has issued the publication “10 Years: Flanders-China Chamber of Commerce 2005 – 2015”. The publication bundles interviews with H.E. Qu Xing, Ambassador of the People's Republic of China to Belgium; H.E. Michel Malherbe, Ambassador of Belgium to the People's Republic of China; Mrs. Claire Tillekaerts, CEO of Flanders Investment & Trade; Mr. Stefaan Vanhooren, President Agfa Graphics; Mr. Matthew Taylor, CEO, Bekaert; Mr. Stephan Csoma, Executive Vice President and two other Executives, Umicore; Christian Dumoulin, CEO, Vitalo; Filip Goris, General Manager Asia, Recticel; Mr. Hudson Liu, CEO, Huawei; Mr. Li Shufu, Chairman, Zhejiang Geely Group; Mrs. Chai Hui, General Manager Brussels Branch, ICBC; Mr. Robert Zhao, Chief Representative of the Weihai EU Office in Ghent; Mr. David Liu, Deputy Managing Director, APM Terminals; and Mr. Ma Jian, Chairman, Tianjin Liho Group.

Mr. Geert Bourgeois, Minister-President of the Government of Flanders, wrote the foreword to the publication. Chairman of the FCCC, Mr. Bert De Graeve, provided the introduction and Mrs. Gwenn Sonck, Executive Director of the FCCC, provided some more details about the FCCC.

The publication is available to Members of the FCCC free of charge.

[Here is the link to the brochure online.](#)

## ADVERTISEMENT OPPORTUNITIES

**Advertisement opportunities FCCC 10<sup>th</sup> Anniversary publication, Newsletters and Website**

This year, the Flanders-China Chamber of Commerce celebrated its 10<sup>th</sup> anniversary! We would like to give your company the opportunity to give more exposure about your companies' activities to Belgian companies active on the Chinese market and Chinese companies present in Belgium.

There are still opportunities to advertise in the second printing of the 10<sup>th</sup> anniversary publication.

In the link below you can find further information and a proposal for sponsorship as well as advertisement opportunities on our website and newsletters.

[Link advertisement opportunities](#)

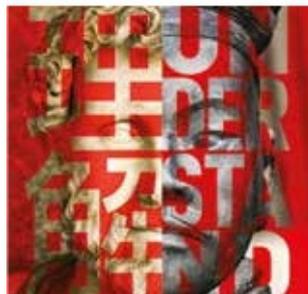
## ADVERTISEMENT

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 the 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](http://imd.ckgsb.info)

## Hainan Airlines, your direct link from Belgium to China



Hainan Airlines, your direct link from Belgium to China.

Hainan Airlines is your 5 Star Airline awarded by Skytrax,  
operating direct flights from Brussels to Beijing.

Save time, fly in comfort and have the possibility to connect  
to 50 domestic destinations including Hong Kong and Taipei.

A seamless connection and a convenient transfer service will bring you  
via Beijing to your destination in Hong Kong.

## MEMBERS' NEWS

### Huawei sets up European Research Institute in Leuven

Huawei announced the launch of its European Research Institute (ERI) at the European Business Summit (EBS) in Brussels. The Institute, to be located in Leuven, Belgium, represents a milestone in the company's global innovation strategy. As a key tool for helping Europe achieve the targets of its Digital Agenda, the Institute will further strengthen the ongoing partnership between Huawei and European industry. The Institute will manage the company's growing array of European R&D facilities, overseeing the work of the 18 R&D sites that Huawei has established in eight European countries. The research activities of the network focus on next-generation network technology. Currently, Huawei has over 1,200 R&D employees in Europe.

"Europe enjoys a favorable industrial environment, and is the global competence center for Huawei. The ERI will manage Huawei's European research and innovation activities, and strengthen our cooperation with European industry and academia," said Huawei Rotating CEO Guo Ping. "As digitization transforms every business into a digital business, Huawei is working with its partners to achieve a smooth transition towards 'Europe 4.0' – the digitized European

Union of the future in which everyone and everything will be connected. Our aim is to help Europe achieve smart growth and build a better connected Europe.”

The Institute will support Huawei’s various 5G projects underway in Europe. As a member of several 5G research projects, including the EU’s METIS and 5G-PPP, Huawei is working with partners to achieve breakthroughs in technology research. It is conducting joint research into future mobile networks and implementing a 5G testbed at the University of Surrey’s 5G Innovation Centre in the UK. It has also launched a 5G Vertical Industry Accelerator (5G VIA) and built a 5G testbed with European partners in Munich, Germany to simulate real-world scenarios in vertical industries, enabling a more rapid application of 5G technology.

The new ERI will be headed by Dr. Zhou Hong, who has been in charge of Huawei’s European R&D, standardization and technical cooperation activities since 2014. Dr. Walter Weigel, former Director General of the European Telecommunication Standards Institute (ETSI), has been appointed Vice-President. Leuven, with its proximity to numerous EU institutions and partner organizations, was chosen as a strategic location for the new R&D hub.

The launch of the new Institute also highlights Huawei’s commitment to delivering on its European investment plans. Having operated in Europe since 2000, Huawei had 9,900 employees there as of year 2014. Last year, Huawei signed more than 200 technical collaboration agreements with European partners, participated in 17 Framework Programme and Horizon 2020 projects, and cooperated with over 160 European scholars and experts as well as more than 120 academic institutions.

## **AUTOMOTIVE**

### **Car sales growing at the slowest pace in 5 months**

Passenger vehicle sales in China rose at the slowest pace in five months as weaker economic expansion hurt demand for big-ticket purchases. Retail deliveries of cars, multipurpose and sport utility vehicles climbed 6.2% to 1.61 million units in April, the China Passenger Car Association (CPCA) said, the slowest pace of growth since November. Automakers from Honda Motor to Volkswagen are giving discounts to shore up sales, with BAIC Motor predicting that a price war and falling profit margins will become the norm in China. Global automakers have been under pressure from Chinese brands, which have gained market share by offering cheaper SUVs in the fastest-growing segment of the market. “The discounts are especially helpful for vehicles in the mid-priced market,” said Han Weiqi, Shanghai-based Analyst at CSC International Holdings. China’s passenger vehicle market is showing signs of stress, especially in pricing, and consumers can expect lower retail prices as incentives escalate, according to a May 5 report by Barclays Analyst Yang Song.

- State-owned carmaker Dongfeng Motor Corp named a new Chairman. Zhu Yanfeng, former FAW General Manager and now Deputy Party Secretary of Jilin province, will replace Xu Ping as Chairman, who is expected to take over the helm at FAW.

## **FINANCE**

### **Top bank executives' remuneration to be cut**

The annual remuneration of top executives at China’s major state-owned banks is to be reduced by about 40% this year. The Chairmen and Presidents of China’s four major state-owned banks each earned up to CNY1.2 million in remunerations in 2014, according to figures released by the lenders, but a cap of CNY600,000 in annual remuneration on top executives at state-owned enterprises (SOEs) will be imposed by the government this year. Shao Ping, President of Shenzhen-based Ping An Bank, was the top earner among all executives in 16 listed Chinese banks last year, with an annual remuneration of CNY8.35 million. The gap between the top executives remuneration in state-owned and private banks is growing.

### **Big Four banks sweep the Forbes list**

The slowing economy is not affecting Chinese companies' growing global prominence, with the four biggest banks sweeping the top slots on the Forbes Global 2000 list of public companies. Industrial and Commercial Bank of China (ICBC) stayed in first place for the third year, while

Bank of China (BOC) took over from JPMorgan Chase & Co as the fourth-largest company on the business magazine's list. The other two of the Big Four – China Construction Bank (CCB) and Agricultural Bank of China (ABC) – ranked second and third, respectively. The list, which has been published since 2003, weighs four factors: sales, profits, assets and market value. The largest companies in the ranking are based in 61 countries and regions, and they generated total revenue of USD39 trillion and total profit of USD3 trillion last year. The capitalization of these 2,000 companies increased 9% amid bullish equity markets, the largest rise among the four parameters, according to Forbes. Apart from the banks, China National Petroleum Corp (CNPC), also known as PetroChina, made it into the top 10, ranking eighth on the list. Among countries, the United States continued to dominate with 579 companies, followed by China, which is home to 232 of the largest companies, the China Daily reports.

## Central bank slashes interest rates again

The People's Bank of China (PBOC) cut interest rates for the third time in six months on May 10 to ward off the continuing downward pressure on economic growth. China's central bank lowered its benchmark one-year lending rate by 25 basis points to 5.1% from May 11. The benchmark deposit rate will be cut by the same amount to 2.25%. The interest rate cuts are to be accompanied by deposit rate liberalization. The upper limit of the floating band of deposit rates for financial institutions is being increased to 1.5 times the benchmark from the previous 1.3%. "Currently, the pace of domestic economic restructuring is quickening and the fluctuation of external demand is relatively big. China's economy is still facing relatively big downward pressure," the PBOC said in a the statement. Li Daokui, Deputy Dean of the School of Economics and Management at Tsinghua University, said, "This 25 basis points cut is a cautious monetary policy adjustment. It is intended to lower the relatively high real interest rates and decrease financial costs for the industrial economy," the China Daily reports.

- Fosun Group has agreed to acquire U.S. insurer Ironshore. The agreement followed a February deal in which Fosun paid USD464 million for 20% of Ironshore. "The acquisition of the remaining interest in Ironshore will further expand Fosun's insurance business and strengthen the Group's capability to access long-term high-quality capital," Guo Guangchang, Chairman of Fosun, said in the statement. The insurance business contributed one sixth to Fosun International's profit last year.
- CITIC Securities, China's largest brokerage, set up a new company – CITIC CLSA Securities – to consolidate its corporate finance and capital market business outside of the Chinese mainland. CITIC Securities International, the Hong Kong-based subsidiary of CITIC, and CLSA Asia-Pacific Markets, which is also controlled by CITIC, have jointly established a new brokerage to combine their merger and acquisition, equity capital market and debt capital market business in overseas markets.
- China's peer-to-peer (P2P) lending in April surged 2.7-fold from a year earlier to a record CNY55.1 billion. That slowed from a 3.5-fold surge in March, the website Online Lending House said. Peer-to-peer lending websites allow individuals to borrow money from other individuals without going through banks or other traditional financial institutions. The sector is facing tighter regulation from the China Banking Regulatory Commission (CBRC) amid concerns about the quality and security of some of the businesses involved in the industry.
- The Asian Development Bank (ADB) has overhauled a four-decade-old development fund to raise its annual lending and approvals of grants by 50% to as much as USD20 billion, as it faces competition with the newly-established Asian Infrastructure Investment Bank (AIIB). "Chinese authorities say AIIB will not compete but complement ADB," ADB President Takehiko Nakao said after meeting with Jin Liqun, interim head of the AIIB.
- The Beijing branch of the Central Commission for Discipline Inspection (CCDI) has opened a corruption investigation involving Wang Yaoting, Vice President of Hua Xia Bank.
- Virtu Financial, one of the world's biggest high-speed trading firms, wants to set up shop in China. Virtu, which uses automated market-making strategies to buy and sell everything from stocks to currencies and commodities, is in the early stages of the project, Chief Executive Officer Doug Cifu said. Temasek Holdings, Singapore's state-owned investment firm, owns a stake in Virtu and has opened doors for the company

in China, he added.

- Bad loans at Chinese banks surged by the most in more than a decade in the first quarter, while profit growth continued to slow, the China Banking Regulatory Commission (CBRC) said. Non-performing loans (NPLs) at commercial banks jumped by CNY140 billion in the first three months to CNY982.5 billion by the end of March. The increase is the biggest since quarterly data became available in 2004. The NPL ratio rose by 0.15 percentage point quarterly to 1.39% by the end of March.

## FOREIGN INVESTMENT

### BASF inaugurates polymerization plant in Shanghai

BASF has inaugurated its new wholly-owned polymerization plant at the Shanghai Chemical Industry Park in Caojing. The new plant will have a production capacity of 100,000 tons per year. "This is the first investment in polyamide polymerization for BASF in the Asia-Pacific and shows our strong commitment to this market," said Kurt Bock, Chairman of the Board at BASF.

## FOREIGN TRADE

### Transactions down almost 10% at Canton Fair

Chinese exporters with innovative brands and competitive products managed to buck the downtrend and win sizable orders from overseas firms at the 117<sup>th</sup> China Import and Export Fair, which ended on May 5 in Guangzhou. Transactions during the bi-annual event, widely known as the Canton Fair, and usually seen as a barometer of China's foreign trade, fell 9.64% year-on-year to USD28.05 billion. 184,801 buyers attended the fair, down 0.7% from the 116<sup>th</sup> session. The number of buyers from Europe slumped by 17.88%. "Due to the sluggish demand from overseas markets, many Chinese exporters have realized that the only way to improve competitiveness and get overseas orders is through innovation and advanced technology," said Liu Jianjun, Spokesman for the fair. The overall decline in exports was largely due to weak external demand and the slow recovery in the European Union, he added. According to Liu, companies at the Brand Pavilion of the fair accounted for more t

### Exports continue their decline in April

China's foreign trade remained weak in April with exports dropping 6.2% from a year earlier to CNY1.08 trillion, better than the decline of 14.6% in March but defying market expectations of mild growth. Imports lost 16.1% to CNY873.9 billion. The trade surplus widened from March's CNY18.2 billion to CNY210.2 billion in April, up 85.2% year-on-year. China's foreign trade with the United States rose 2.3% and with the Association of Southeast Asian Nations (ASEAN) by 1.5% in the first four months of this year, thanks to the growing market demand and diversified trading methods offered by the 21<sup>st</sup> Century Maritime Silk Road initiative. Sang Baichuan, Director of the Institute of International Business at the University of International Business and Economics (UIBE) in Beijing, said the data suggest that after a slow start in the first quarter, market demand has improved because of stronger economic growth in the U.S., while demand growth in emerging markets has also held up. Other factors included the strong export performance of China's private enterprises and increased competitiveness of industries and products such as garments and electromechanical and automobile products. "China should continue to expand its trading level with emerging markets along the "One Belt, One Road", in particular with trade partners in Africa, ASEAN and Central Asian regions this year, as it aims to diversify and offset a slowdown in exports caused by more trade friction with the EU and the still troubled Japanese economy," said Sang.

- Following a complaint, which has been filed with the European Union, the EU may cut the annual import quota for Chinese solar cells and modules if it finds the producers at fault after an investigation. It could also impose heavy anti-dumping duties on the Chinese products.
- The General Administration of Customs announced that enterprises registered in the three recently established FTZs of Guangdong, Fujian and Tianjin will be allowed to lodge customs declarations across the country, and tariffs for selected goods produced by enterprises in the "Customs Special Supervision Areas" in these FTZs would be scrapped.

- China's foreign trade will pick up in the second half of the year, thanks to structural improvements, the Ministry of Commerce (MOFCOM) said. Exports continued to grow and import decline narrowed at the start of the year, Spokesman Sun Jiwen said. Total foreign trade posted a 7.6% decrease in the first four months, falling to USD1.22 trillion, with exports rising 1.6% and imports dropping by 17.3%. Exports to emerging markets rose by 5.7% in the January-April period, contributing nearly 170% of export increase.

## HEALTH

### Foreign medical equipment makers investigated

China's market regulators are investigating foreign medical-equipment makers over suspicion that they may have paid bribes or used illegal strategies to achieve market dominance. Regulators including the State Administration for Industry and Commerce (SAIC) opened the preliminary investigations last year into the Chinese healthcare units of General Electric Co, Royal Philips and Siemens. The three companies command more than 80% of China's market for large medical equipment such as CT and MRI scanners. The regulators are looking at whether they achieved such dominance by using illegal means and whether the companies bribed hospitals to use their products. It is yet to be decided if regulators will launch a formal investigation. The government has stepped up regulatory scrutiny of companies, particularly multinationals, including Microsoft, Symantec and Qualcomm. That scrutiny has raised concern that China is using the probes to boost local enterprises, the China Daily reports. Last year GlaxoSmithKline was fined USD500 million for bribing officials to push its medicine sales.

- Chinese regulators will lift price ceilings on most medical drugs starting from June 1, with the intention of creating a more market-driven pricing system that will help keep medical costs in check, the National Development and Reform Commission (NDRC) announced. The prices of most drugs, aside from anesthetics and grade-one psychiatric medications, whose prices will remain under government control, will not increase as a result of the caps being removed.
- Shanghai will soon have China's first – and the world's third – center to treat cancer using beams of protons and heavy ions to irradiate the cancerous tissue. The Shanghai Proton and Heavy Ion Center was approved by the China Food and Drug Administration in March after completing 35 clinical trial tests. Most developed countries use only one of the particle types. Only Japan and Germany have centers with both proton and heavy ion to treat the disease, making China only the third country in the world to offer the most advanced radiotherapy treatment.

## IPR PROTECTION

### Chinese company sells traditional medicine patent database

Beijing East Linden Science and Technology Co signed a contract on April 27 to sell its World Traditional Medicine Patent Database to Malaysia's intellectual property administration. The database took 12 years to complete, and includes processed patent information in both Chinese and English about natural medicines and their extracts from more than 20 countries since 1985. It is the most complete source of patent information on natural medicines worldwide.

## MACRO-ECONOMY

### Manufacturing remains weak in April

Manufacturing suffered its sharpest decline in one year in April. The HSBC Purchasing Managers' Index (PMI) stood at 48.9 last month, according to HSBC and research firm Markit, down from 49.6 in March and lower than the previous flash reading of 49.2. The official PMI, compiled by the National Bureau of Statistics (NBS) and the China Federation of Logistics and Purchasing (CFLP), remained at 50.1 in April – flat from March. China's industrial production rose 6.4% in the January-March period.

- New Chairmen were appointed to Chinese state oil companies. Sinopec Group

announced that Wang Yupu, former Deputy Director of the China Academy of Engineering (CAE), has been appointed as its new Chairman, replacing Fu Chengyu, who has retired. CNOOC Chairman Wang Yilin will take up the post of Chairman at CNPC, replacing retiring Zhou Jiping, while Yang Hua, General Manager of CNOOC, will assume the Chairman role, succeeding Wang Yilin.

- The Chinese government plans to reduce the number of centrally-administered state-owned enterprises (SOEs) from 112 to around 40. However, no timeline or details about specific mergers were released.
- Global consultancy firm McKinsey & Co estimated that 75% of China's population will be classified as middle-class consumers by 2022, compared with just 4% in 2012. China will surpass the United States as the world's largest retail market within the next three years, according to a report by PricewaterhouseCoopers (PwC) and the Economist Intelligence Unit (EIU).
- The National Development and Reform Commission (NDRC) has opened up some major infrastructure projects that had been off-limits to private investors, who can now build projects in energy, transport, water and environmental protection and urban utilities through franchises. Contracts would be based on the build-operate-transfer model. The projects will be allowed to raise funds via private equity, strategic investment and bonds.
- Construction work has begun on the first factory in China's manufacturing hub of Dongguan to use only robots for production. A total of 1,000 robots would be introduced at the factory initially, run by Shenzhen Evenwin Precision Technology Co, with the aim of reducing the current workforce of 1,800 by 90% to only about 200. Since September, a total of 505 factories across Dongguan have invested CNY4.2 billion in robots, aiming to replace more than 30,000 workers, according to the Dongguan Economy and Information Technology Bureau.
- The National Development and Reform Commission (NDRC) will further lift controls on the prices of commodities and services. The revised catalog will limit price controls to just seven major categories – natural gas, water supply, electricity, special medicines and blood, important transport services, postal services and certain professional services.
- The HSBC Business Activity Index, a gauge of operating conditions in private service companies, rose to 52.9 last month from March's 52.3, according to HSBC Holdings and research firm Markit. The index indicated activity levels have now increased in each of the past nine months, and the latest expansion was the quickest seen in four months.
- China is optimistic about meeting its energy and environment goals for 2015. Energy consumption per unit of GDP was cut by 5.6% in the first quarter compared with the same period last year, suggesting that the full-year target of 3.1% should be easily within reach. But Zhang Yong, Vice Chairman of the National Development and Reform Commission (NDRC), said efforts should not be relaxed as pressure caused by economic adjustment and lower prices for fossil fuels such as coal and oil could divert the attention of local governments and entrepreneurs away from saving energy.
- China will eliminate 77.79 million tons of outdated production capacity in the coal sector and close down 1,254 coal mines in 2015. The move aimed to further scale back the coal industry to curb its blind expansion and encourage use of renewable energy. Coal use accounts for about 66% of China's primary energy consumption, 35 percentage points higher than the world average.
- The International Monetary Fund (IMF) cut its projection for China's growth this year to 6.8% from the previous estimate of 7.1% made in January.
- China's Consumer Price Index (CPI) rose 1.5% year-on-year in April, a slight increase from the 1.4% growth recorded in each of the previous two months. Food prices, which account for nearly a third of the CPI basket, gained 2.7% in the month. The Producer Price Index (PPI) continued its downward trend, falling 4.6% in April, at the same rate as in March.

## MERGERS & ACQUISITIONS

### Bright Food and Liangyou Group set to merge

Shanghai's leading food suppliers Bright Food Co and Liangyou Group announced they will merge to form a conglomerate covering food, property, logistics and agriculture. Both companies are operated by Shanghai's State-owned Assets Supervision and Administration Commission (SASAC). The two firms are dominant in the grain-based food business, with Liangyou being Shanghai's largest grain food supplier. Bright Food sold 1.6 million tons of grain products in 2014, while Liangyou sells 8-10 million tons a year. Bright Food is one of Shanghai's SOEs with four listed firms – Shanghai Maling Aquarius Co, Bright Dairy & Food Co, Shanghai Jinfeng Wine Co and Shanghai Haibo Co. Bright Food bought Shanghai Vegetable Group Co, the supplier of 80% of vegetables in the city, on January 1, 2014. Liangyou runs about 520 convenience stores under its name while Bright Food operates 1,600 stores. The merger will result in the companies owning over half of Shanghai's 4,000 convenience stores, the Shanghai Daily reports.

- Potential investment by China's nuclear power firms CNNC, CGN and Dongfeng Electric in France's Areva would help shore up the French firm's finances in exchange for top technology. "What the Chinese want most is access to knowledge in third-generation reactor design and construction that the French have not transferred to China," Sanford C. Bernstein Senior Analyst Jay Huang told the South China Morning Post, as the United States' Westinghouse has already passed on its third-generation technology to China. Areva last year suffered a net loss of €4.83 billion.

## REAL ESTATE

### Real estate firms promoting smaller luxury flats

There is no shortage of 200-plus square meter flats costing about CNY20 million in the heart of Shanghai, but real estate agents have been struggling to sell them since the central government introduced higher down payments, placed restrictions on the number of homes people can own and started applying capital gains taxes in the last two years. In response, real estate companies have been promoting smaller – and cheaper – luxury units targeted at less wealthy customers, the biggest of which are just 140 sq m. "Homes are so expensive and there are fewer and fewer people who can afford to buy one for CNY15 million or CNY20 million yuan," said Albert Lau, Savills Property Services' China Director. He added that developers were only managing to sell three or four of the bigger luxury flats each month in Shanghai, raising questions about profitability. "At the Fuxing Royale development in Xintiandi, just 31% of the 183 flats in the first phase are bigger than 140 sq m, with the rest having one or two rooms and covering as little as 90 sq m. Chen Yanbin from the China Index Academy said flats priced between CNY5 million to CNY8 million for an average of CNY50,000 to CNY70,000 per sq m were proving popular.

### Purchases of luxury homes double in Shanghai in April

Purchases of new luxury homes more than doubled in Shanghai in April. Sales of new homes costing more than CNY50,000 per square meter totaled 823 units in the city last month, a rise of 108% from March, Shanghai Devolente Realty Co said. The increase marked a surge of 184% year-on-year. Last month saw 143,000 sq m of such properties sold, up 91% from March and a surge of 152% from April 2014. "It was the second-highest monthly sales ever registered in Shanghai, only after December 2014, when 880 new luxury units were sold," said Devolente Researcher Lu Qilin. "A generally improving momentum in the market, coupled with abundant new supply in the luxury sector, jointly boosted sales." In April, 163,000 sq m of new luxury homes, priced at CNY50,000 a sq m and above, were launched in the market, a jump of 146% from March and a surge of 220% from the same period a year ago, Devolente said. The city also saw sales of 9,470 sq m of new homes costing CNY100,000 per sq m and above. A 873-sq-m villa in Zhangjiang in the Pudong New Area was sold for over CNY130 million, or CNY155,000 per sq m, making it the most costly new home sold in Shanghai so far this year, the Shanghai Daily reports.

- Changsha Broad Sustainable Building has built a 57-floor building in only 19 days in February. Mini Sky City was built by 1,200 workers working around the clock in

Changsha, Hunan province. The 200-meter structure contains 800 homes and working spaces for 4,000 people. It could be built quickly because the steel structure was made of prefabricated parts.

## ADVERTISEMENT

### ChinAccess: Professional Interpreting & Translation Services (EN/NL/CN)



Professional Interpreting & Translation Services (EN/NL/CN)

**Ms. Hong DING**  
Mobile: +32 497 448029 Email: [hd.ChinAccess@gmail.com](mailto:hd.ChinAccess@gmail.com)

*To translate or to interpret is more than to render a text or a speech from one language to another. A professional translator needs also to convey the essential meaning and spirit of a text or a speaker. Except for language fluency, experience in interpreting and translation, good understanding of both cultures, various background knowledge, and quick reflexes are the fundamental skills for a professional translator. For over 2 decades of experience in interpreting and translation in various fields of business and commerce, ChinAccess has succeeded to integrate these skills into the interpreting and translation techniques. The motto of ChinAccess is to strive for quality and trustworthiness.*

## RETAIL

### Half of top shopping center markets are in China

Half of the top-20 most active shopping center markets globally are found in Chinese cities, according to a CBRE report. Chinese cities completed a total of 5.7 million square meters of shopping center space last year, according to the report, which has tracked 171 cities globally and focuses on new centers of more than 20,000 sq m excluding retail warehousing and factory outlet centers. The largest volume of shopping center space was delivered to the market in Wuhan, capital of Hubei province, with nearly 1 million sq m spanning eight projects. Chengdu, which topped the list in 2013 by completed developments, followed closely with 981,000 sq m of projects in 2014. Beijing with 926,600 sq m was third, and Chongqing with 776,000 sq m was the fourth-most active market. Wuhan, Chengdu and Beijing together contributed half of the new completions in China last year. Globally, more than 39 million sq m of shopping center space were under construction at the end of 2014, with over 32 million sq m located in the Asia-Pacific. China accounts for over 60% of the Asia-Pacific's figure. Shanghai tops the ranking for most new space under construction with 4.1 million sq m, followed by Shenzhen with 3.4 million sq m and Chengdu with 3 million sq m, the Shanghai Daily reports.

### Sales of gold bars hit by anti-corruption campaign

President Xi Jinping's anti-corruption campaign, which has banned officials receiving gifts, has led consumers to buy fewer jewelry and gold products in the past year, industry insiders said. Sales of gold bars – seen as traditional investments and gifts among many Chinese people – have been hardest hit. A rally on the stock market has also led people to invest more of their money in shares. Other kinds of jewelry has been less affected than gold. Lao Feng Xiang, a century-old jewelry company that specializes in gold, has been forced to diversify into sales of other jewelry items and luxury products as consumers target less high-profile products. Ou Canrong, Assistant General Manager of the marketing department at Hangbai Jewelry, a gold processor and wholesaler in Hangzhou, said its orders for gold bars, gold coins and gold stamps over the past year had fallen by 10% compared with the year before, the South China

Morning Post reports. A report written by Shi Hongyue, Deputy Chairman of the Gems and Jewelry Trade Association of China, said China's jewelry market literally stopped expanding last year – with a reported sales volume of about CNY500 billion – following three decades of double-digit growth. A survey by the Association of more than 600 jewelry companies in China showed that 90% of them experienced a drop in sales of more than 10% last year compared with 2013.

- More than 1,300 exhibitors from 22 countries and regions participated in the 5-day Jewelry Shanghai 2015, making it the largest in the event's history. Chinese demand for gold jumped nearly 30% to 1,190 tons in 2013 to propel the country past India to become the world's largest consumer of gold, according to Gems and Jewelry Center. China is also the biggest consumer of platinum and jade.
- China's Ministry of Finance has raised the wholesale tax on cigarettes to 11% from 5% in a bid to reduce smoking. If the rise is passed on to consumers, they will pay 7% more for each pack on average. The move is expected to cut consumption by 4% to 5% and add CNY100 billion to annual tax revenue. The industry paid CNY911 billion in taxes in 2014, accounting for 8.8% of total tax revenue. If passed on to consumers in its entirety, tax would make up 56% of cigarettes' retail prices in China, still lower than the world average of 65% to 75%.
- The traditional perception that Chinese seniors are conservative spenders is challenged by a new market research report that claims they are becoming more eager consumers. There are opportunities for any company hoping to serve this under-appreciated market, as Shanghai's Mintel Information Consulting Co, which carried out the report, also found very few products launched in China were aimed at people over 55. In Shanghai – the first Chinese city to be labelled "ageing" – 27% of permanent residents are over 60. Official estimates forecast the population of over-60s to surpass 230 million by the end of 2015 – roughly equivalent to the combined populations of France, Germany, Italy and Britain.

## SCIENCE & TECHNOLOGY

### Premier Li Keqiang visits Inno Way in Beijing's Zhongguancun

Premier Li Keqiang met young entrepreneurs at 3W Cafe in Zhongguancun, Beijing's technology hub in the Haidian district. He also visited Inno Way, or the innovation street, to talk to startup businesspeople, in a gesture to reaffirm the government's support for entrepreneurship and innovation. Inno Way, in Zhongguancun Haidian Science Park, was home to more than 12,000 technological companies by the end of 2013, with the aim of becoming a globally influential hub of innovation. "Entrepreneurship is not a privilege of a small number of people but the choice of many," the Premier said. Wang Yuanzhi, former Director of the Small and Medium-sized Enterprises Department at the National Development and Reform Commission (NDRC), said Li's visit was in line with his consistent support for small businesses and encouraging innovation among the public. Yu Jun, Acting Governor of Haidian district and former Chairman of Zhongguancun Development Group, said the government has striven to create a better platform for entrepreneurs and shape a better environment for entrepreneurship and innovation. "It is a golden age for entrepreneurs," the China Daily quoted him as saying.

- German Minister Cornelia Quennet-Thielen presented the prestigious Heinz Maier-Leibnitz Prize to Chinese Researcher Zhu Xiaoxiang in Berlin. Zhu, a 30-year-old Honorary Professor at the Technical University of Munich, was honored for her research concerning earth observation. She was among the 10 winners of the prize this year. It is regarded as the third-most important science prize in Germany.

## STOCK MARKETS

### Stock indicator dropped more than 8% last week

Efforts by the Chinese regulatory authorities to clamp down on alleged stock trading irregularities have dealt a serious blow to investor sentiment, triggering a sell-off that has sent the leading indicator down more than 8% last week. The benchmark Shanghai Composite Index dropped 2.8% on May 7 to close at 4,112.21 points, continuing a week-long losing

streak. Turnover on the bourse sank to CNY540.2 billion from CNY716.5 billion the day before. Many analysts attributed the latest setback to profit taking. They said the regulatory intervention had given many stock investors an excuse to take profits while others chose to stay on the sidelines, waiting for further monetary easing measures from the central bank. The construction, power, insurance and airline sectors were the hardest hit. The Hong Kong stock market fell in tandem with Shanghai, with the benchmark Hang Seng Index losing 1.27% on May 7 to 27,289.97. Turnover remained flat at HKD161.6 billion. Analysts said that investor sentiment had been hit by the repeated warnings from the China Securities Regulatory Commission (CSRC) that it would take action to clamp down on excessive margin trading to cool down the overheated market, the China Daily reports. Jonathan Garner, Chief Asia and Emerging Market Strategist at Morgan Stanley, downgraded Chinese stocks for the first time in more than seven years, citing the weakest corporate profits since 2009, while BNP Paribas has sold some shares listed in Hong Kong on concern about ballooning margin debt and the growing mismatch between equity prices and a deteriorating economy. UBS Group expects regulators to step in to curb gains, while asset managers from Macquarie Investment Management to Baron Capital have voiced concern that the rally has gone too far, too fast. Shanghai stocks rebounded strongly on May 8 as investors were cheered by the central government's determination to boost the e-commerce sector and to cut overcapacity in the coal sector. The Shanghai Composite Index jumped 2.28% to 4,205.92 points, but it still lost more than 5% for the week. The 201 million Chinese trading account holders lost an average of CNY44,000 by the unexpected slump.

- Cathay Pacific Airways is being outshone by Chinese airline stocks on the Hong Kong exchange. China Southern Airlines has risen almost five times more than the Hang Seng Index since the middle of March. HSBC's Mark Webb downgraded Cathay from buy to hold, becoming the third analyst to downgrade the airline since its annual results in March showed a 20% jump in profit. Webb said Cathay was "losing near-term momentum" and that upside was limited after its strong recent performance.
- A new scheme allowing Chinese people to invest in financial markets overseas will be launched this year at the Shanghai free trade zone (FTZ). The authorities will also raise the annual foreign exchange quota for Chinese residents, which is currently capped at USD50,000, and raise the cap gradually to USD200,000 to USD300,000 a year, according to Zheng Yang, Director of the Shanghai Financial Services Office.
- Shares of China's top state-owned trainmakers China CNR Corp and CSR Corp were suspended from trading, opening the process toward merging them to create the world's biggest rail company. The suspension would last until the merger is completed, but the companies gave no specific date. The two companies currently have a combined market capitalization of USD113 billion.
- The China Securities Regulatory Commission (CSRC) has vowed to crack down on illegal practices on China's New Third Board, the pilot national share transfer system for small and medium-sized enterprises. The board's explosive expansion, which has seen its market value top CNY1 trillion, rising from just CNY800 million two years ago, has sounded alarm bells with. The regulator will focus on trading irregularities including the violation of information disclosure and trading rules, investor requirements, insider trading, as well as insufficient due diligence by intermediary financial institutions.
- Cheung Kong Property Holdings (CK Property), the new property arm of Hong Kong's richest man Li Ka-shing, will list on the main board of the Hong Kong Stock Exchange with stock code 1113 on June 3. By the end of 2014, CK Property held 1.6 million square meters of rental properties, 15.8 million sq m of development land bank including 14.5 million sq m on the mainland and more than 14,600 hotel rooms, and also managed 21 million sq m of properties in Hong Kong and the mainland. CK Property is also one of the top three property developers in Hong Kong in terms of property development revenue, with a market share of 9.4%.

## TRAVEL

### China Railway to participate in construction of Moscow-Kazan railway

The Russian Railways signed a USD390 million agreement with a consortium of two Russian companies and China Railway Eryuan Engineering Group Co for engineering research, development, project planning, land survey and design documentation for the construction of

the 770 km long high-speed rail line between Moscow and Kazan. "The project could be a milestone for China's high-speed train exports," an unnamed official from CNR Corp said. Although CNR Corp and CSR Corp have exported rolling stock to many countries, China is yet to export high-speed trains with operating speeds in excess of 250 kilometers per hour. The high-speed model operating on the Harbin-Dalian railway since late 2012 could adapt well to the Moscow-Kazan railway once it is built, as it operates well under ambient temperatures of up to minus 40 degrees Celsius at a speed of more than 300 km per hour, he said. Yu Weiping, Vice President of CNR Corp, in February said that the China-Russia project would be a major focus for the trainmaker this year and the company has provided an initial technical roadmap and plan for local production to its partners.

- Luxury hotels in the Wudang Mountains in central China, famous for the area's Taoist temples and monasteries, have suffered losses due to a sharp drop in official receptions amid the county's crackdown on extravagant spending and corruption. The General Manager of the Wudangshan Jianguo Hotel said it had hosted only six meetings since the beginning of this year and none of them was a government-related event. It hosted 400 such events in 2012.
- Tourists driving private cars were for the first time allowed to cross from Taiwan to the Chinese mainland. The vehicles were taken to Xiamen aboard the ferry Cosco Star, which travels between Xiamen and Taiwan's Keelung. Lee Hung-liang, Director General of the Taiwan Self-Driving Tourism Association, said that because driving tours offer more flexibility, they will become the trend for cross-strait travel.
- The number of tourists from mainland China visiting Hong Kong fell by 20% over the May Day holiday while the number of trips they made to Japan and South Korea increased by over 50% and those to Europe also rose, according to the China National Tourism Administration (CNTA). Popular destinations included Italy, France, Germany and Switzerland.
- The CRH380A train, one of the fastest models in the world and made by China's CSR Corp, has attracted attention at the 2015 World Expo in Milan, Italy. The CRH380A is one of China's bullet trains and reached a top speed of 486 kilometers an hour in test runs. To date, the train has safely run for more than 300 million km.
- Shanghai's transportation authority will solicit public opinion before it allows sightseeing helicopters back into the skies after the service was suspended following complaints about noise just a day after it was launched. A new set of regulations will be issued to govern low-altitude flying that was previously not regulated, the Shanghai Transport Commission said.

## VIP VISITS

### EU Vice President Mogherini celebrated 40 years of ties in Beijing

High Representative of the EU for Foreign Affairs and Security Policy and European Commission Vice President Federica Mogherini attended the strategic dialogue between the EU and China with State Councilor Yang Jiechi in Beijing on May 6. On the same day in Brussels, top officials attended a joint event organized by the Chinese Mission to the EU and the European External Action Service. China and the EU are scheduled to hold the sixth round of talks on the bilateral investment treaty in the beginning of June, which can help pave the way for a free trade agreement (FTA). After that Premier Li Keqiang will attend the EU-China Summit in Brussels. The EU aims to improve security and defense cooperation with China, especially in the Middle East and in the fight against human trafficking, Federica Mogherini said. Premier Li Keqiang said the economic goals of China and the European Union can dovetail naturally with a win-win strategy, as he met Mogherini in Beijing. "China is willing to push forward talks for a bilateral investment treaty" built on the idea of equal treatment for investors and Chinese companies, Premier Li said.

### Chinese President visits Kazakhstan, Russia and Belarus

China's President Xi Jinping visited Kazakhstan, Russia and Belarus to discuss trade and the 'Silk Road Belt' infrastructure plan. In Moscow he also attended the parade to commemorate the 70<sup>th</sup> anniversary of the end of the Second World War and met with Russian President Vladimir Putin and Prime Minister Dmitry Medvedev. The leaders of China and Russia

oversaw the signing of energy and aviation deals and discussed the possibility of a Russian high-speed railway project. A USD25 billion deal was also signed to boost Chinese lending to Russian firms. Russia also agreed to deliver natural gas to China through a western route in addition to the eastern route, which will make China the biggest consumer of Russian gas when delivery starts. In Kazakhstan President Xi met President Nursultan Nazarbayev to jointly lay down a blueprint for future cooperation between the two countries. His visit to Belarus was the first by a Chinese President in 14 years. Bilateral trade surged to nearly USD4 billion last year, a year-on-year increase of 27%. Chinese investment in Belarus exceeds USD400 million, and loans totaling USD5.5 billion have been offered to Belarus by China. The two heads of state signed a China-Belarus treaty on friendly cooperation and issued a joint statement on further developing and deepening the countries' comprehensive strategic partnership that was established in 2013.

- Chinese President Xi Jinping, in his capacity as General Secretary of the Communist Party, met in Beijing with Chairman Eric Chu of Taiwan's Kuomintang Party. He told Chu that the mainland was ready to offer more economic benefits to Taiwan, but the two sides had to abide by the "1992 consensus", by which both sides agreed that there was only "one China" but that each could interpret what that meant. Xi also promised to make proper arrangements for Taiwan to join regional economic bodies, such as the Beijing-led Asian Infrastructure Investment Bank (AIIB).
- India's Prime Minister Narendra Modi is planning to visit China from May 14-16. The business relationship between the two countries is developing, but a border dispute still needs to be solved.

## **ONE-LINE NEWS**

- The families of senior officials in Shanghai are now banned from running businesses. The trial scheme applies to the spouses, children and children's spouses of officials at the level of Vice Bureau Director or higher. It covers officials in city government, the Communist Party, state-owned enterprises (SOEs), city-level courts, procuratorates and public security bureaus.
- Twenty senior executives in state-owned enterprises (SOEs) have been investigated on corruption charges in the first round of an inspection this year from late February to the end of April by the Central Commission for Disciplinary Inspection (CCDI).
- All Chinese provinces have set up special task forces to help extradite fugitives after the Central Commission for Discipline Inspection (CCDI) released a list of 100 wanted suspects last month as part of its Operation Sky Net international manhunt. "Significant progress" is expected in repatriating corrupt officials this year.

## FOUNDING MEMBERS



## STRUCTURAL PARTNERS



with the support of



### **Your banner at the FCCC website or newsletter**

Companies interested in posting a banner/an advertisement on the FCCC website, FCCC weekly newsletter or bi-weekly sectoral newsletters are kindly invited to contact the FCCC at: [info@flanders-china.be](mailto:info@flanders-china.be)

### **Organisation and founding members FCCC**

**President:** Mr. Bert De Graeve, Chairman of the Board, NV BEKAERT SA

**Vice-President:** Mr. Stefaan Vanhooren, President Agfa Graphics, Member of the Executive Committee of the Agfa Gevaert Group, NV THE AGFA-GEVAERT GROUP SA

**Secretary and Treasurer:** Wim Eraly, Senior General Manager, NV KBC Bank SA

**Executive Director:** Ms. Gwenn Sonck

#### **Members of the Board of Directors and Founding Members:**

Mr. Bert De Graeve, Chairman of the Board, NV BEKAERT SA

Mr. Jozef De Mey, Chairman of the Board, NV AGEAS SA

Mr Philippe Vandeuuren, Legal & Corporate Affairs Director Benelux & France, NV AB INBEV

Mr. Carl Peeters, CFO, NV BARCO SA

Mr. Johan Verstraete, Vice-President Marketing, Sales & Services Weaving Solutions, NV PICANOL SA

Mr. Luc Maton, General Manager Asia Region, NV AHLERS SA

Mr. Philip Hermans, Director General, NV DEME SA

Mr. Egbert Lox, Vice-President Government Relations, NV UMICORE SA

Mr. Wim Eraly, Senior General Manager, KBC Bank SA

### **Membership rates for 2015:**

- SMEs: €385
- Large enterprises: €975

### **Contact:**

Flanders-China Chamber of Commerce

Offices: Ajuinlei 1, B-9000 Gent – Belgium

New telephone and fax numbers: Tel.: +32/9/269.52.46 – Fax: ++32/9/269.52.99

Registered office: Zenith Building, Koning Albert-II laan 37, 1030 Brussels

E-mail: [info@flanders-china.be](mailto:info@flanders-china.be)

Website: [www.flanders-china.be](http://www.flanders-china.be)

### **Share your story:**

To send your input for publication in a future newsletter mail to: [info@flanders-china.be](mailto:info@flanders-china.be)

This newsletter is realized with the support of Flanders Investment & Trade.



The FCCC Newsletters are edited by Michel Lens, who is based in Beijing and can be contacted by e-mail [michel.jc.lens@gmail.com](mailto:michel.jc.lens@gmail.com) . Disclaimer: the views expressed in this newsletter are not necessarily those of the FCCC or its Board of Directors.