



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

NEWSLETTER | 8 JUNE 2015

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FCCC ACTIVITIES

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

ACTIVITIES SUPPORTED BY FCCC

China High Tech Fair – 10-11 June 2015 – Brussels

On June 10 and 11, Brussel Invest & Export is organizing for the third consecutive year the China High Tech Fair – Overseas session. It is an opportunity to meet Chinese high-tech companies who want to establish technological and commercial partnerships with Brussels companies. The seminar and B2B sessions will take place in the Sheraton Brussels Rogier on Thursday 11 June from 9h30 till 16 h.

To view the program and register, go to:
www.invest-export.irisnet.be/nl/bruxelles-china-high-tech-06-2015

10 years of the EU-China IP Dialogue Mechanism – 29 June 2015 – Brussels

29 June 2015 | Ground Floor, JENK room, Charlemagne Building, Rue de la Loi 170, B-1000 Brussels | 13:30- 18:30

The Ministry of Commerce of the People's Republic of China (MOFCOM) and the Directorate General for Trade of the European Commission invite you to celebrate the 10th anniversary of the EU-China IP Dialogue Mechanism. During the event, high level representatives are expected to set the course of the EU-China IP cooperation.

In 2005, the EU and China formally signed a declaration establishing the present IP cooperation mechanism in the form of regular dialogue and working group meetings that have taken place every year since.

High level speakers from EU Trade and China's MOFCOM will address the delegation as well as other senior representatives from OHIM, EPO and SAIC together with representatives from industry and academia closely involved in the development of this Euro-Chinese cooperation.

Kindly pre-register using our online [registration](#) tool by 24th June 2015. Further information and confirmation of your registration, will be sent to you shortly.
If you have any questions regarding this event, please contact us at info@ipkey.org.

Draft agenda:

13:30	Registration and networking
14:00	Key Note Speeches
14:30	Achievements of EU-China IP cooperation and prospects of new opening decade of cooperation Presentations from key EU and Chinese agencies
15:30	Coffee break
15:45	Future reinforced cooperation activities between the EU and China as regards to IP matters Panel discussion from industry and academia from both the EU and China
16:55	Closing remarks
17:00	Networking canapés and drinks
18:30	Close

[Download a map](#)

PAST EVENTS

Meeting with Jinan delegation and presentation on the experiences of an SME investing in Jinan – 5 June 2015 – Gent

The Flanders-China Chamber of Commerce (FCCC) organized a meeting with a delegation from the Jinan Economic Development Zone and business leaders from Jinan city. This meeting took place on 5 June at the Provincial House in Gent.

Representatives from the Jinan Economic Development Zone (JEDZ) offered an insight into the economic and investment environment of Jinan. In addition, Esco Couplings, member of the Flanders-China Chamber of Commerce, shared its experiences of building a successful plant in this zone.

Jinan is the capital of Shandong province. The Jinan Lingang Economic Development Zone was founded in 1993 and is situated in the north-east of the city, close to Jinan International Airport. The main industries in the zone are chemical engineering, electronic communications, auto parts and machinery.

The composition of the delegation and a company description can be viewed and downloaded via [this link](#).

Seminar: How China is improving its foreign investment climate – 28 May 2015 – Ghent

The Flanders-China Chamber of Commerce (FCCC) organized a seminar focused on 'How China is improving its foreign investment climate' on 28 May 2015 in Ghent.

The investment climate in China for foreign investors is undergoing profound and hopefully positive changes recently. Mr. REN Qing, partner of Zhonglun Law Firm, shared 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.

NOTICE

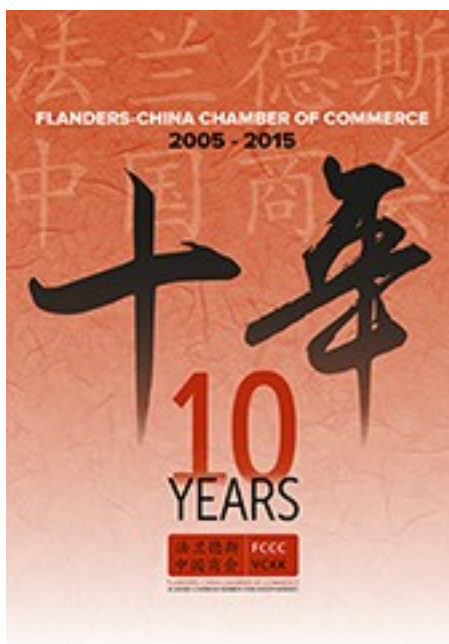
China Daily – 'Belgium Special' during State Visit to China Opportunities to advertise

On the occasion of the State Visit by Their Majesties the King and the Queen of the Belgians to China at the end of June, the China Daily newspaper will publish a "Belgium Special Edition". This issue will describe the cooperation between both countries in the fields of economy, trade, culture, education, technology and tourism. The supplement will provide a platform for Chinese and Belgian companies to promote their products and services. A large economic and academic delegation will also participate in the State Visit.

If you are interested in advertising or publishing an advertorial in this special edition, please contact China Daily, Ms. Hou Yanli, houyanli@chinadaily.com.cn

PUBLICATIONS

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



On the occasion of its 10th 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 10th Anniversary publication, Newsletters and Website

This year, the Flanders-China Chamber of Commerce celebrated its 10th 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 10th 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](#)

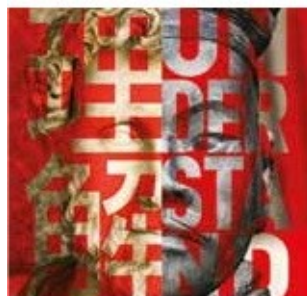
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The Executive MBA by IMD & CKGSB is designed in two stages – the foundation stage and the mastery stage. The program will allow you to master Eastern and Western business concepts and practices whilst gaining all-important international connections.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

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AUTOMOTIVE

Geely takes Volvo sedans to U.S.

The first batch of China-made Volvo S60 Inscription sedans will go on sale at dealerships in the United States in two months, marking the formal debut of luxury cars made in China in overseas markets. Li Shufu, Chairman of Zhejiang Geely Holding Group Co, the owner of Volvo, said that the export of China-made Volvo sedans has proved that Chinese auto companies now have the capabilities to manufacture top-quality cars. Sean McAlinden, Chief Economist of the Michigan, United States-based Center for Automotive Research, said that the debut of China-made Volvo cars in U.S. market is a watershed moment for the nation's auto industry. "Currently, China does not export any world-class luxury cars which require the highest levels of design and assembly quality. If a Chinese S60 succeeds, it means other luxury vehicles from China can also be accepted in the global markets. It is something that will accord great respect to the industry," he said. When Geely purchased Volvo five years ago for USD1.8 billion, there were doubts about whether a Chinese auto company could undertake the task of bringing Volvo to a larger market. In 2014, Volvo sold 465,900 cars worldwide. Sales revenue hit USD302 million, a 17.4% year-on-year growth. It was the company's best

performance in eight years. Volvo's sales are expected to surpass 500,000 cars this year, the China Daily reports.

- A Maserati showroom in Financial Street in Beijing has closed down as rising rents have put pressure on the dealer amid slowing sales. The luxury car showroom had opened two years ago. Harmony Auto is the second authorized Maserati dealer in Beijing. Financial Street once housed showrooms for many luxury car brands including Rolls-Royce, Bentley and Lamborghini.
- Beijing plans to require local car buyers to show proof they have secured a parking space before purchasing a vehicle. The capital aims to introduce the rule next year, according to Vice Mayor Zhang Yankun. If implemented, Beijing will be the first city in China to require parking proof for a vehicle purchase. Tokyo has a similar requirement.
- For the first time in 10 years, car imports have dropped in both demand and supply in the Chinese market. Car imports declined 19.9% from January to April year-on-year.
- Passenger-vehicle deliveries rose 3.8% in May from a year earlier to 1.57 million units, making last month the "worst May ever" in terms of sales growth, according to Cui Dongshu, Secretary General of the Chinese Passenger Car Association (CPCA). "People are not buying cars, no matter how big the incentives. People want their money in the stock market," he said.

EXPAT CORNER

Shanghai free trade zone eases rules for expats

The expanded China (Shanghai) Pilot Free Trade Zone will loosen employment policies for overseas candidates and give international students the chance to work in the zone, said Sun Jiwei, head of the Pudong New Area. With the rise of international universities such as New York University Shanghai, there will be more international students willing to work in Shanghai, Sun said at a news conference. New York University Shanghai recruited its first 300 students in 2013, and half of them are international students. By 2020, the number of international students at the school is expected to peak at 1,000. According to the Shanghai Municipal Education Commission, there were over 53,800 international students studying in Shanghai in 2013, 30% more than in 2010. It used to be impossible for newly graduated foreign students to work in China. According to the regulations of the Bureau of Exit and Entry Administration of the Ministry of Public Security, foreigners with at least two years of work experience aged between 24 and 60 are able to apply for a work permit in China. In late May, Shanghai released 22 measures, including providing permanent resident permits for high-level overseas talent and giving subsidies to high-tech professionals, aimed at transforming the city into a global technological innovation center, the China Daily reports.

- More than eight out of 10 foreigners living in Shanghai like the city, according to a survey. Of the 237 expats polled by Shanghai Normal University, 86% said they liked the city, while 46% said they would like to settle down. The availability of jobs and the "diverse cultural environment" were given as the main attractions. The things respondents said they liked least were the traffic congestion and bad-mannered locals.

FINANCE

CD sales to individuals and companies to be allowed

The People's Bank of China (PBOC) said it will allow the issue of large-denomination, floating-rate tradable certificates of deposit (CDs) to individuals and companies, a key step forward in interest rate liberalization. They will be tradable in the secondary market, with nine maturities ranging from one month to five years. The floating rates will be based on the Shanghai Interbank Offered Rate (SHIBOR). The minimum size will be CNY300,000 for individuals and CNY10 million for companies. These securities will give commercial banks more scope to set rates because banks will set the terms of CDs according to market forces. Until now, CDs could only be issued and traded among banks. In the first quarter, 58 financial institutions issued 965 CDs totaling CNY713.8 billion in the interbank market. Their prices were set in reference to the SHIBOR. Total CD transactions in the secondary market reached CNY537.5

billion during the period.

- The 57 founding member states of the Asian Infrastructure Investment Bank (AIIB) aim to put high standards of internal governance in place, ensuring the lender becomes “the best bank possible”, according to Maurice Gourdault-Montagne, France's Ambassador to China. Finance Ministers and central bank Governors from the Group of Seven industrialized nations urged the new lender to follow international standards and ensure transparency.
- The sale of Portugal's Novo Banco is likely to end with a duel between two Chinese bidders, Anbang Insurance Group and Fosun International, which have both presented offers of just over €4 billion, and could lead to direct talks. Their bids were far higher than offers from the three other contenders: Spain's Santander and American funds Apollo and Cerberus. Novo Banco is the successor to Banco Espirito Santo, which nearly collapsed under the weight of the debts of its founding family and had to be rescued in a €4.9 billion operation in August last year.
- The State Administration of Taxation (SAT) will sign and update more tax treaties and step up the implementation of these agreements to help Chinese companies investing in countries that form part of the “Belt and Road Initiative”. The SAT will also step up Mutual Agreement Procedures, a bilateral consulting mechanism, to help Chinese companies involved in international tax disputes. Since 1983, China has signed 100 tax agreements, the latest with Chile in May.
- Gazprom Neft, Russia's third-largest oil producer, has decided to use renminbi for trade settlement. China National Petroleum Corp (CNPC), the Chinese trading partner of Gazprom, declined to comment on the news. Most of global oil trading is currently done in U.S. dollar.
- Zhang Xin, Deputy Director at the Shanghai branch of the People's Bank of China (PBOC) said he expected the Chinese yuan to be freely convertible soon in the China (Shanghai) Pilot Free Trade Zone. By June 1, enterprises in the zone had settled cross-border capital flows of CNY160 billion through free trade accounts, and more than CNY70 billion of cross-border financing.
- Guangdong might set up a provincial Silk Road fund to support local firms investing overseas as part of China's “One Belt, One Road” initiative. The Guangdong program would focus on the “Maritime Silk Road”, economic and trade cooperation, and ties with Hong Kong and Macao. The local government has rolled out 40 key construction tasks until 2017 and produced a project list with an estimated investment of USD55 billion. The list covers six areas – basic infrastructure, energy and resources, agriculture, fishing, manufacturing and services.

FOREIGN INVESTMENT

Shanxi to attract MNCs to develop new pillar industries

Shanxi province aims to attract multinational companies to invest in 122 projects worth CNY220.7 billion. The projects are in new materials, food processing, new energy, equipment machinery and tourism. Representatives from 188 companies including Siemens, Wal-Mart, GE and HSBC were invited to attend a conference on the projects. Vice Governor Wang Yixin said the province was trying to upgrade coal production by making it cleaner, while developing new pillar industries.

FOREIGN TRADE

FTA signed with South Korea

China signed its largest bilateral free trade agreement (FTA) in terms of volume with South Korea. China will remove tariffs on 91% of all products from South Korea within the next 20 years, while Seoul will eliminate tariffs on 92% of all goods in the other direction. The two nations first began talks in May 2012 covering 17 areas, including trade in goods and services, healthcare, entertainment, investment and trade rules, as well as e-commerce and government procurement. China is South Korea's biggest trading partner as well as its biggest

export market, with bilateral trade totaling USD235.4 billion in 2014, customs figures show. The goal is USD300 billion for this year. South Korea is also one of China's major foreign investors with investment of USD1.6 billion made in the first quarter of this year alone. Chinese Commerce Minister Gao Hucheng and his South Korean counterpart Yoon Sang-jick signed the bilateral FTA in Seoul, in English, Chinese and Korean on June 1, and it will be implemented after approval from the parliaments of both countries. Sun Yuanjiang, Deputy Director General of the Department of International Trade and Economic Affairs at China's Ministry of Commerce, said the FTA will also provide the model as well as the driving force for progress toward a China-Japan-South Korea FTA, and a Regional Comprehensive Economic Partnership (RCEP) that will also include the 10 members of the Association of Southeast Asian Nations (ASEAN) as well as India, Australia and New Zealand, the China Daily reports.

China's tariff cuts for imported goods will have little effect

Lower import tariffs that came into effect on June 1 for foreign-made skincare products, shoes, garments and diapers will be ineffective in boosting local spending, industry experts say. To boost domestic consumption, the Finance Ministry has cut import duties on skincare products from 5% to 2%; on diapers from 7.5% to 2%; and on shoes and garments from a range of 14-24% to 7-12%. Domestic retailers and experts said the decrease in prices as a result of the tax cuts would be limited. Import duty accounted for only a small percentage of retail prices of imported goods, said Ge Wenyao, Chairman of the Shanghai International Fashion Federation. Value-added tax (VAT) and consumption taxes accounted for a much greater share of retail prices. Ge gave the example of a CNY3000 skincare product. After a CNY150 import duty charge, a CNY765 VAT charge and CNY1,350 consumption tax charge, its price would be CNY5,265 by the time it reached the shelves. "The new tariff rate would save only about CNY150 for Chinese consumers, which does not make a big difference for buyers," he said.

- China's exports to countries and regions involved in the "One Belt, One Road" initiative grew 4% to USD191.5 billion in the first four months of this year, while imports shrank 23.2% to USD124.5 billion, the Ministry of Commerce (MOFCOM) said. But there was a rise of 10.9% in infrastructure contracts to USD18.5 billion.
- Hungary has become the first European country to sign a cooperation pact for China's New Silk Road initiative to develop trade and transport infrastructure across Asia and beyond. Foreign Minister Wang Yi signed a memorandum of understanding with his Hungarian counterpart Peter Szijjarto in Budapest to cooperate on the New Silk Road network.

HEALTH

Airports strengthen inspections for MERS

Airports in China have strengthened quarantine inspections on inbound passengers from countries that have confirmed cases of Middle East respiratory syndrome (MERS), which has infected more than 65 people and caused five deaths in South Korea. Beijing Capital airport will use infrared thermometers to monitor the temperatures of inbound passengers. Hundreds of Chinese tourists have dropped plans to visit South Korea.

- The top five destinations of China's medical tourists are the U.S., Japan, Germany, Great Britain and Singapore. The top factors influencing their choice of destination are cost, distance from China and the availability of specialist treatment. More Chinese patients visit American hospitals than those in any other country because of the high reputation of U.S. facilities, despite facing some of the highest medical costs in the world.
- The Chinese government has decided to put private-capital-invested hospitals in the medical insurance system, to streamline the approval process to set up a hospital or clinic, and to cancel preconditions including the number of beds. In the past, many hospitals run by private capital faced great difficulties as they could neither get government subsidies nor join the national medical insurance system.

- China's cigarette production increased 39% in the past 11 years despite the nation signing a World Health Organization (WHO) agreement to curb tobacco in 2003. In that period it made 25 trillion cigarettes. As the world's largest tobacco producer and consumer, China has more than 300 million smokers. Every year, more than 1 million people die from smoking-related diseases, according to the Chinese Disease Control and Prevention Center.

IPR PROTECTION

IP development index rises

The index for the country's IP development, based on the evaluation of IP creation, utilization, protection, as well as the environment for IP development, stood at 63.74 points in 2014, up 0.98 points year-on-year, said the annual report released by the State Intellectual Property Office (SIPO). China's IP development performance ranked ninth in 2013, up from 19th in 2008 among 40 countries.

- Bond University from Australia won the eighth simulated intellectual property court debate at the Beijing Foreign Studies University. The annual contest invites universities from home and abroad to debate simulated patent, trademark and copyright disputes. This year's contest attracted 11 teams from China and three from overseas.
- More than 500 complaints were filed at the spring edition of this year's Canton Fair held in Guangzhou from April 15 to May 5, claiming intellectual property right violations, with 74.6% of them related to patent infringements. More than half of the IP violation suspects were proved as infringements, a 15.1% rise from a year earlier.
- The National Development and Reform Commission (NDRC) is drawing up guidelines covering monopolistic conduct and the abuse of intellectual property rights. The guidelines will affect IPR products and service providers. They will carry the authority of the cabinet's Anti-Monopoly Committee, which will represent the three antitrust regulators.

MACRO-ECONOMY

PMI up slightly in May versus April

China's manufacturing activity slightly expanded in May, indicated by a Purchasing Managers Index (PMI) reading of 50.2, up from 50.1 in April. The reading has remained above 50, the separation between contraction and expansion, for three consecutive months and suggested a slow rebound of the real economy, said a statement from the National Bureau of Statistics (NBS). The new orders and production sub-components showed more meaningful rebounds, up by 0.4 and 0.3 points respectively in May from April. The employment sub-index also improved last month. Zhao Qinghe, Senior Economist at the NBS, said that China's manufacturing industry still has large downside pressure despite the rebound, as enterprises face financial strain, weak market demand, and rising labor costs. Both sub-components of new export orders and imports suggested contraction in May. The non-manufacturing PMI, which covers the construction and service sectors, moderated to 53.2 in May from 53.4 in April, the weakest reading since the global financial crisis. A separate report by HSBC Holdings showed a third consecutive month of manufacturing contraction. The final PMI reading in May was 49.2, up from the flash reading of 49.1. "Five months into 2015, the economy has shown little signs of a pickup, as policy easing was not sufficient to lift the economy out of disinflation," said Qu Hongbin, Chief Economist in China at HSBC, as reported by the China Daily.

- "The main task for China in the next decade would be the transformation of the growth model. It is still in the very early stage, but the Chinese have shown great capability to make such transitions," Ben Bernanke, former Chairman of the United States Federal Reserve (FED), said at the World Business Forum (WBF) in Hong Kong. "The current slowdown in growth is not the result of fiscal or monetary policies, but economic transformation. It is the right thing to do," Bernanke added, while noting the need for

diversification into service sectors. “A Lehman moment” is not likely in China, he added.

- The National Development and Reform Commission (NDRC) is preparing a five-year plan (2016-20) for the development of strategic emerging industries and to further boost innovation efforts. The government will also encourage strategic emerging enterprises to expand channels for fund raising through initial public offerings (IPOs), bond issues and crowd funding.
- Chinese firms could save more than CNY140 billion each year after the government eliminated unreasonable administrative fees on enterprises. Small firms are expected to benefit the most, said a report compiled by the China Center for Promotion of SME Development under the Ministry of Industry and Information Technology (MIIT). The report pointed out that exorbitant fees still exist in monopolies and there are fees collected secretly, with procedures still opaque.
- To reinforce the upgrading of traditional industries, encourage innovation and promote tourism, Zhejiang province is to invest CNY500 billion in 100 featured “towns” within three years, including an Internet Town and Cloud Town in Hangzhou, and a Traditional Chinese Medicine Town in Jinhua. Each town will attract companies of one specific industry and provide certain preferential policies to support the development of that industry.

MERGERS & ACQUISITIONS

Smithfield sells its stake in Campofrio Food

Smithfield Foods has sold its entire 37% stake in Campofrio Food Group for USD354 million in cash to Alfa, a Mexican conglomerate whose businesses include food, IT and automotive engine parts. Smithfield is a wholly-owned subsidiary of WH Group, the largest pork producer in China and the world. Campofrio is one of Europe’s biggest packaged meat firms.

- Alibaba Group is spending CNY1.2 billion on a stake in Shanghai-based financial media outlet China Business Network (CBN) to provide financial news and data analysis services. Private capital is allowed in the media industry but cannot hold a majority stake.

REAL ESTATE

Property prices edge up on good demand

New house prices in 100 cities edged higher for the first time in four months in May, fueled by a string of policy-easing measures and a flood of investors pulling their cash out of the turbulent stock market. Overall prices rose 0.45% month-on-month to CNY10,569 per square meter, after a 0.01% contraction in April, said the China Index Academy, the research unit of SouFun Holdings. Apart from a slight uptick in January, the new-prices index has been declining for the past 12 months. On year-on-year basis, however, May prices contracted 3.73%. Shenzhen led the price rises with a 2.68% jump, followed closely by Shanghai with a 2.32% gain. Prices in Beijing rose 0.18%. Prices rose in 48 of the 100 cities, compared with 39 in April. Nine of the country’s 10 major cities monitored by SouFun saw rises, with Hangzhou the exception. Stimulus policies made since the end of March, including greater support for second-home buying, lowered interest rates, and reserve requirement ratio cuts, were instrumental in driving prices higher. In Beijing, sales of pre-owned properties registered online in May surged 150% over a year ago to 15,204 units, reported Homelink Real Estate Agency, the city’s largest real estate broker. In Shenzhen, three new projects were sold out in just hours in one weekend, and prices in some hotspots jumped nearly 40% in a week, Chinese media reported. A sales manager at a major brokerage in Shanghai’s Lujiazui financial district told the China Securities Journal that during May, 70% of his new clients had earned huge profits on the stock market, the China Daily reports.

- An alliance of state-owned China Resources Land and Huafa Group outbid rivals to snap up a land parcel in Shanghai for CNY8.8 billion, the highest so far this year. The land cost per square meter came to CNY38,061 for the parcel in Zhabei district,

compared with CNY37,000 per sq m that Sun Hung Kai Properties paid for a parcel in 2013 at the peak of the housing market. SHKP paid CNY21.8 billion for that parcel, the highest ever for Shanghai.

- More Chinese home-owners – especially the wealthier ones – are increasingly seeking to use higher-end building materials that are easier to install, such as premium plasterboards. In Shanghai, a home-owner typically spends at least CNY100,000 renovating a new apartment. Although high-end plasterboard costs more than twice the price of average materials it is 40% faster to install than a brick wall, reducing labor cost.
- Moody's Investors Service is changing its outlook on China's real estate sector to stable from negative amid an anticipated modest growth in property sales. "We expect a modest year-on-year growth of 0% to 5% in the value of nationwide property sales to June 2016, compared with a decline of 7.8% in 2014", said Kaven Tsang, Moody's Vice President and Senior Analyst.

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STOCK MARKETS

Shanghai index rises above 5,000

The Shanghai Composite Index jumped 4.71% to 4,828.74 on June 1 in the biggest one-day gain since January 21. It was outdone by the Shenzhen Composite Index's 4.79% advance to 2,926.96, its biggest daily rise since January 2012. Investors were encouraged by economic data that showed a modest pick-up in Chinese manufacturing activity last month. China's stock market hit a seven-year high on June 5 as the benchmark Shanghai Composite Index rose above 5,000. Analysts said the market will consolidate at this level, but faces "bigger volatility" in coming weeks. The index rose by 1.54% to close at 5,023.1 on turnover of CNY1.23 trillion.

- In Hong Kong, Huatai Securities (HTSC) finished its first day of trading with a gain of just 4.8% at HKD26.05. Many had expected China's biggest brokerage by trading volume to make a strong debut after record turnover on China's exchanges. HTSC raised USD4.5 billion in the share sale in Hong Kong in the biggest share sale in the Asia-Pacific region since the USD4.9 billion listing of Australian health insurer Medibank Private in November last year.

- The price-earnings ratio (P/E) of small caps in China, represented by the Shenzhen SME and ChiNext market, are at bubble valuations. At some point, there will be a massive correction of these stocks, according to Credit Suisse Analyst Vincent Chan. The average P/E of Shenzhen A-shares has surged to 61.33 times on May 28 from 39.86 times on February 28. The average P/E of the Growth Enterprise Market (GEM) has grown nearly eight-fold to 88.32 times on May 28 from 11.96 times three months ago on February 28.
- Vanguard Group plans to add A-shares to its broad emerging markets exchange-traded fund. The Vanguard FTSE Emerging Markets ETF, which has some USD50 billion in assets and ranks among the biggest U.S.-listed ETFs, will add the Chinese shares as a part of an expansion of several of Vanguard's international index funds to broader FTSE benchmark indexes. So far only a handful of U.S.-listed China-focused ETFs have direct exposure to the A-shares market.
- More than 100 Chinese investors have become dollar billionaires over the past month because of the rise in stock prices in China. They include Wen Yaogen, Chairman of port machinery supplier Wuxi Huadong Heavy Machinery, and Liang Qin and her husband Wang Yi, 57%-owners of Jiangsu-based electronic components maker Yangzhou Yangjie Electronic Technology. A study by accounting firm PricewaterhouseCoopers (PwC) and investment bank UBS said a new dollar billionaire was created in China almost every week in the first quarter of this year.
- Focus Media Holding, one of several Chinese firms that delisted in the United States after short-seller attacks, is set to go public again via a reverse takeover in Shenzhen by Jiangsu Hongda New Material Co that values it at more than USD7 billion. The planned backdoor listing represents a doubling in value for the display advertising company since it was taken private in 2013 for HKD3.7 billion by a Carlyle Group-led consortium in China's biggest-ever leveraged buyout. The plan will require approval from the China Securities Regulatory Commission (CSRC) and other regulators.
- Rechargeable battery manufacturer BYD plans to raise CNY15 billion from an A-share placement to invest in lithium-ion (Li-ion) batteries and new energy vehicles and repay loans, the Hong Kong and Shenzhen-listed firm announced. The company is the world's largest supplier of rechargeable batteries and is also engaged in new energy, IT and automobiles. The A-shares will be placed to a maximum of 10 investors.
- Securities firms in China have seen their profit skyrocket amid the stock market boom with record-breaking turnover. The total net profit of 20 listed securities companies in May alone reached CNY12.8 billion, surging by 597% from the same period last year. Still, the figure was slightly down by 7% from the previous month. Their profits in the past five months have exceeded the total profit they earned in 2014.
- Three senior officials from the China Securities Regulatory Commission (CSRC) have resigned amid the latest wave of official departures from the regulatory body. Chinese business magazine Caixin reported that one official left for a Shenzhen-based private equity fund while another will work for the financial arm of e-commerce giant Alibaba Group Holding. In 2014 alone, about 30 CSRC officials, both low-and high-ranking ones, left their positions. Most of them went to work for private financial institutions.
- The number of new listings by Chinese companies rose to a record high in May as regulatory approval was accelerated. Last month, 48 Chinese firms listed on stock exchanges worldwide, up 41.2% from April and a nearly sixfold increase from a year earlier, Zero2IPO Research said. Chinese mainland exchanges attracted 44 of the new listings. The amount raised dropped 46.1% month-on-month as small-sized firms dominated the new listings. As of May 27, the China Securities Regulatory Commission (CSRC) had granted IPO approvals to 143 companies this year, up from 107 in the whole of 2014.
- A new board for startup high-tech firms will debut on the Shanghai Equity Exchange on June 26. More than 50 firms, including many based in the Zhangjiang High-Tech Park in the Pudong New Area, are expected to be listed on the Tech Innovation Board. The entry criteria of the new board includes net assets of more than CNY3 million, a sustainable business model and a clear share structure.

TRAVEL

China to deliver trains for Britain's high-speed rail

About 151 years ago, it was the British who built the first railway line in China. Now the Chinese want to return the favor by supplying the United Kingdom with state-of-the-art trains that can run on the country's first high-speed rail linking London with the English Midlands and Northern England. Advanced technology, extensive experience and cost efficiency are believed to be the competitive advantages that Chinese firms are banking on to open the doors in the UK and other mature economies in Europe. "Western companies, such as Siemens and Alstom, entered the high-speed rail sector earlier, but no countries in the world have a high-speed rail network as extensive as China's," Yu Weiping, Vice President of CNR Corp, told China Daily at a recent rail exhibition in the UK. CNR is set to become the world's largest maker of rolling stock by sales after its merger with CSR Corp. The latter has set up a UK subsidiary that will now become the UK subsidiary of the merged company. Yu said that about 60% of the world's high-speed railways are in China and China's high-speed rail network is the world's most complicated one due to the country's geography. Yu said his company has been tracking 28 projects from around the world.

Boom in aircraft leasing expected

China's growing demand for smaller aircraft and rising enthusiasm for budget flights will provide huge growth opportunities for aircraft leasing companies, AerCap Holdings, the world's largest independent aircraft leasing company, said. Aengus Kelly, Chief Executive of the Netherlands-based company, said growth opportunities exist particularly for smaller aircraft, typically single-aisle jets which can carry about 180 passengers, such as those from the Airbus A320neo family, as a result of the rising demand in China. Kelly made the remarks at an airline finance conference in Shanghai. The leasing company signed an agreement in January with Guangzhou-based China Southern Airlines to lease 24 Airbus A320neo family aircraft. The A320/321neos will be delivered between 2016 and 2019. According to the Sydney-based Center for Aviation, China may need 6,020 new aircraft valued at about USD870 billion to meet growth by 2033. Boeing's current market outlook expects China to overtake the United States as the world's biggest aircraft market by 2032. Giant players by fleet size (more than 100 aircraft) such as AerCap and GE Commercial Aviation Services take a combined 47% market share in China, while smaller domestic ones (more than 40 aircraft) which include ICBC Financial Leasing Co and BOC Aviation, take a combined market share of 31%.

- China Eastern Airlines has become the first Chinese carrier to obtain approval to provide wi-fi services on both domestic and international flights, using the AsiaSat-6 satellite. The services are expected to be launched on the airline's Airbus 330 and Boeing 777-300ER planes in a month as the carrier still needs to complete some formalities. China Eastern plans to make its entire fleet wi-fi enabled by 2017 or 2018. Other Chinese airlines are also waiting for approvals from the Ministry of Industry and Information Technology (MIIT) to launch the services.
- Many of China's jet-setters are traveling to the North and South Poles. In a recent poll of 291 "super travelers", 32% had visited the North or South Pole over the past year, making it the third most popular destination, the Hurun Chinese Luxury Traveller report stated. The study defined "super travelers" as those with wealth of at least CNY10 million and who had spent at least USD30,000 on travel in the past 12 months. Europe was their top destination, with 47% having visited in the past year; the United States came in second with 40%. The study also found that Peninsula was their favorite hotel brand, followed by Mandarin Oriental and Ritz-Carlton.
- Qunar, operator of China's most popular mobile and online travel platform, has raised a total of USD500 million in a funding round, with the biggest investor being technology-focused American private equity firm Silver Lake. Nasdaq-listed Qunar, which is controlled by Chinese online search firm Baidu, said it had rejected a buyout offer from rival Ctrip, which wanted to acquire all of its outstanding shares. Merger talks between the two have been the subject of wide speculation since last year.
- The Chinese authorities will gradually ease restrictions on car-hailing providers as these services, such as chauffeur and ride sharing, can play a crucial role in helping to solve traffic congestion in most cities, Liu Qing, President of Didi Kuaidi, said. "The

biggest headache right now is how to make every player in the industry happy,” she told China Daily. “It will take time for the taxi companies, the regulators and car-hailing providers to come up with a final solution.”

- Car-hailing app Uber has begun a recruitment campaign for new drivers in 12 cities across China, even as its services face action by authorities and its drivers have run up against protests from taxi operators. The job offers up to CNY8,000 a week in Shanghai, Beijing and Guangzhou and CNY7,000 in other cities if drivers take 70 orders weekly.
- China is catching up with the United States as the world’s top country for business travel spending. Chinese now spend more than USD250 billion a year on corporate travel, and that is expected to double by 2025, according to joint research by Amadeus, a technology provider for the global travel industry, and Frost & Sullivan, a global growth consulting firm.
- Many travelers have canceled or suspended cruises on the Yangtze River after the Eastern Star carrying 456 people capsized in severe weather on June 1.
- Three Chinese cities – Chengdu, Xian and Taipei – are among the top-10 fastest growing destinations for international visitors, according to the annual MasterCard Global Destinations Cities Index. Colombo, Chengdu, Abu Dhabi, Riyadh, Xian, Taipei, Tokyo, Lima and Ho Chi Minh City are the top-10 fastest growing destinations between 2009 and 2015.

ONE-LINE NEWS

- The Finance Ministers of China and Japan, Lou Jiwei and Taro Aso, met in Beijing to discuss a range of economic issues, the first such dialogue in more than three years. Aso also met Chinese Vice Premier Zhang Gaoli to discuss economic affairs.
- 9.42 million Chinese students took the “gaokao”, or national college entrance exam, on June 7 and 8, which will decide which domestic university they can attend. Some overseas universities also recognize the exam scores. In France, all public and private universities accept gaokao test scores for admission, and in Australia 30 universities accept them.

ANNOUNCEMENTS

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Miss TIAN Yuchen would like to find a 6-month internship from this July in UI/UX Designer or Web Developer or Graphique Designer related enterprises in Belgium or France.

She is an engineering student majored in electronics and automation at Lorraine University. She studied alone in France for the previous four years, and is very intelligent and independent. She is 1.73 meters tall and good-looking. C.V. (in both English and French) and a self-recommendation letter showing her qualifications is available by sending an e-mail to info@flanders-china.be

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