法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 22 JUNE 2015

ROYAL STATE VISIT

King Philippe starts Royal State visit to China in Wuhan

His Majesty King Philippe and Queen Mathilde have started their State visit to China in Wuhan. The Belgian royals are accompanied by a large delegation of more than 250, including more than 100 CEOs and representatives of Belgian business. It is King Philippe's first State visit since his coronation. The royal couple will visit Wuhan, Beijing, Shanghai, Suzhou and Shenzhen. In Beijing, the King of the Belgians will be received by Chinese President Xi Jinping. Belgian Minister of Foreign Affairs Didier Reynders, State Secretary for Foreign Trade Pieter de Crem and the Minister-Presidents of the governments of Flanders, Wallonia and Brussels are also part of the official delegation.

The Flanders-China Chamber of Commerce (FCCC) and BNP Paribas Fortis are organizing a breakfast meeting in Beijing on June 24 focussed on "How strong is China's economic and financial engine? Business environment outlook for foreign strategic investors". Minister-President Geert Bourgeois of the government of Flanders will present the conclusions of the breakfast meeting.

Interview with FCCC Chairman De Graeve in De Tijd

On the occasion of the state visit to China of King Philippe, the newspaper De Tijd published a short interview with Mr Bert De Graeve, Chairman of the Flanders China Chamber of Commerce (FCCC).

The interview can be read here. (Registration on the website of De Tijd is required)

FCCC ACTIVITIES

Invitation: 10th EU-China Business Summit – 29 June 2015 – Palais d'Egmont – Brussels

The EU-China Business Association is delighted to invite you to join the 10th EU-China Business Summit, taking place on 29 June 2015 at Palais d'Egmont in Brussels. The EU-China Business Summit is a joint initiative by BusinessEurope, the China Council Council of the Promotion of International Trade (CCPIT), in cooperation with the European Union Chamber of Commerce in China (EUCCC) and the EU-China Business Association (EUCBA). The business summit is recognised as the highest-level platform for exchanges between EU and Chinese business and political leaders and will bring together a number of high-level business leaders from large Chinese and European companies, including several CEOs. President Jean-Claude Juncker and Premier Li Keqiang will be making keynote addresses during the opening session.

Under the overall theme of “Building a Stronger Partnership” we look forward to interesting discussions on topical issues like investment cooperation, the digital economy and green and sustainable growth. Commission Vice President Jykri Katainen will introduce the panel on investment cooperation.

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

For more information on the 10th EU-China Business Summit, including the programme and the registration you are invited to explore the dedicated website: www.eu-china-business-summit.eu The official invitation and programme can be downloaded via this link.

ACTIVITIES SUPPORTED BY FCCC

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

2015 EU-China Urbanisation Partnership Forum – June 29, 2015 – Brussels

The forum is co-hosted by the National Development and Reform Commission, China Directorate-General Energy, European Commission, and organized by the China Center for Urban Development (Joint Secretariat of China-EU Urbanisation Partnership.

"Leaders announced the establishment of the China-EU Partnership on Urbanisation, which aims at promoting exchanges and cooperation in a wide range of sustainable urban development. The two sides agreed to hold the China-EU Urbanisation Forum."
Premier Wen Jiabao, President Barroso, President Van Rompuy, Joint Statement of the EU-China Summit, 14 February 2012, Beijing.

The speed and scale of urban development in China is a phenomenon unprecedented in human history. On 12 January 2012, China's National Bureau of Statistics announced that the Chinese urbanisation level crossed the highly symbolic 50% threshold during the previous year. This mega-trend is far from over: according to some estimates, 350 million people will be added to China's urban population by 2030.

This is both a major challenge and a unique opportunity, echoing the strategic objectives of economic rebalancing and a more qualitative, smart, sustainable and inclusive growth. Managing the challenges of urbanisation is a key task if we move towards a "green growth" strategy, stressing the importance of efficient use of resources and protection of the environment while ensuring economic growth.

Prolonging Shanghai Expo's "Better City Better Life" spirit for the years to come, the China-EU partnership on Sustainable Urbanisation offers a natural framework for concerted actions. The central event of the Partnership is the EU-China Urbanisation Partnership Forum. It takes place back-to-back to the EU-China Summit, this year on 29 June at the European Commission's Headquarters, the Berlaymont building in Brussels.

The event is structured around two axes:
1. A half day Plenary Session in the afternoon, including a 45-minute highlight at which EU and China leaders are expected to attend.

2. High-level thematic conferences in the morning, dealing with:
• Smart Cities
• Sustainable Urban Mobility
• Climate Change and Covenant of Mayors
• EU-China Forum on Sustainable Cities

To download the program and registration details: www.euchinaurban.eu/index.html

PAST EVENTS

EXPO Milano 2015 – FCCC's participation at EU-CHINA Days – 9–10 June 2015

The EU-China Business Association (EUCBA) and the Flanders-China Chamber of Commerce invited members 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 event allowed 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. Participants also had 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, they gained easy access to enterprises, clusters and stakeholders.

The main Conference and matchmaking event of the EU-China days in Milan was a success. Over 100 Chinese companies and 280 EU companies from Italy, Germany, Spain, Belgium, Poland, France, Luxembourg, Greece, United Kingdom, Slovenia, Austria, Malta and Romania took part in over 1,000 B2B meetings on 9 June.

The main Conference was opened by welcome speeches from the organizing partners and keynote speeches by Benedetto Della Vedova, Under Secretary of State to the Minister of Foreign Affairs and International Cooperation and Ms Li Dengju, Standing Member of CPC Sichuan Provincial Committee. The panel on EU-China Business opportunities was introduced and chaired by Didier Herbert, Director DG Internal Market, Industry, Entrepreneurship and SME's with speakers from various European and Chinese business associations. including Gwenn Sonck, Secretary General of the EU-China Business Association. The second panel focused on business support instruments. Different EU funded projects for SME internationalization where presented, notably EEN, the EU SME Center and the China IPR-SME Help desk.

On 8 June the Chinese delegation visited Expo Milan and on 10 June a visit to Parma agro-food companies took place.

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

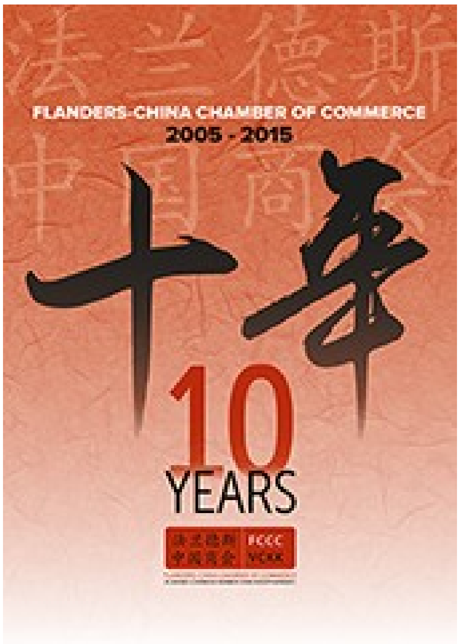
The Flanders-China Chamber of Commerce (FCCC) organized a seminar focused on 'How China is improving its foreign investment climate' on 28 May 2015 in Ghent.

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 Shanhai, 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.

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.

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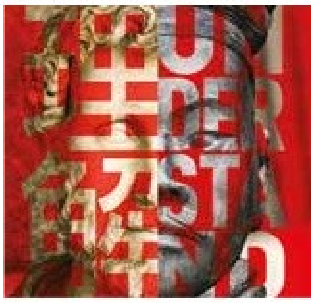

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AUTOMOTIVE

Price war among car brands intensifying

A "price war" among global auto brands offering showroom discounts in China will quickly spread to domestic makers as overall sales slow, Dong Yang, Secretary General of the China Association of Automobile Manufacturers (CAAM), wrote on his blog. He said brands facing hardship should consider transforming or "uniting" with others, rather than continuing to expand. Vehicle sales in China rose only 2.1% year-on-year in the first five months of this year, suggesting that full-year growth could be well below 2014's pace of 6.9%.

EXPAT CORNER

Shanghai the world's 6th most expensive city for expats

Mercer's 21st annual Cost of Living Survey revealed that Shanghai was the most expensive city on the Chinese mainland for expatriates. Shanghai jumped four places to become the world's sixth costliest city for expats, followed by Beijing at seventh place, up four places from last year. The jump in the rankings is being attributed to a stronger Chinese currency. Three of the top 10 costliest cities in the world are in China. Hong Kong edged up to second place. The U.S. consulting firm surveyed 207 cities and measured more than 200 items of costs, including housing, transportation, food, clothing, household goods, and entertainment. The costliest city for the third straight year is Luanda, the capital of oil-rich but poverty-stricken Angola. Two costal cities in south China, Guangzhou and Shenzhen, moved up to 14 (17) and 15 (24), respectively. Five other Chinese cities also moved up significantly – Chengdu from 71 to 29, Shenyang from 54 to 21, Qingdao from 48 to 24, Nanjing from 47 to 26 and Taipei from 61 to 41. All Asian cities – except Japanese cities and Singapore – moved up the rankings, the Shanghai Daily reports.

FINANCE

BoCom to go ahead with mixed-ownership reform

The Bank of Communications (BoCom), China's fifth-largest lender, became the country's first state-owned bank to carry out mixed-ownership reform. The reforms include optimizing its ownership structure through the introduction of private shareholders, improving its internal administration system to strengthen risk control and the introduction of an employee stock ownership plan. BoCom's total assets reached CNY6.28 trillion in 2014. Experts have voiced doubts whether small private capital introductions can have real influence on the management of a big bank. Investors think so, as on June 1, June 4 and June 8, the bank's shares jumped by the daily limit of 10% on the stock market, a rare occurrence for any bank in China. Since early 2014, large SOEs, including Sinopec, PetroChina and State Grid, have unveiled plans to conduct mixed ownership reforms. By the end of March, 54% of BoCom was state-owned. The Ministry of Finance owns 26.53%, London-based HSBC 18.7%, and the National Council for Social Security Fund 4.43%.

- Three professors, Fan Gang and Huang Yiping from the Peking University, and Bai Chong'en from the Tsinghua University, were appointed economic and financial specialists on the Monetary Policy Committee of the People's Bank of China (PBOC). Four government officials, Lian Weiliang, Deputy Director of the National Development and Reform Commission (NDRC); Shi Yaobin, Vice Finance Minister; Zhang Xiaohui, People's Bank of China Assistant Governor; and Tian Guoli, Chairman of the Bank of China (BOC), will replace four members in the Committee.
- China's holdings of U.S. Treasuries increased for a second straight month in April, making it again the largest holder of U.S. government debt. China held USD1.263 trillion in U.S. Treasuries, up from USD1.261 trillion in March. Its holdings peaked at USD1.317 trillion in November 2013. Belgium, which as recently as February was the third-largest holder of U.S. debt, reduced its holdings further in April to USD228.9 billion, the lowest since November 2013.
- MYbank, a new bank to be set up by Alibaba's financial arm Ant Financial, has run into regulatory hurdles. According to the original plan, users would be able to open an account remotely by snapping a photo of themselves on their smartphone. The photo would then be verified by cross-referencing the information on their ID card that is stored in police databases, but China's central bank and Public Security Ministry have voiced concern that the technology may pose security risks. They say bank accounts must be opened in person.
- The People's Bank of China (PBOC) will allow private equity funds (PE) into the interbank bond market for the first time. The net assets of PE funds entering the market should be no less than CNY10 million. Managers of the PE funds should also be registered as qualified private fund investors and meet all license conditions. Once approved, they are allowed to trade corporate and government bonds in the market. The amount of bonds outstanding in China has almost doubled in the past six years to CNY29.6 trillion.
- Shanghai Pudong Development Bank (SPDB) plans to buy 97.3% of Shanghai International Trust Co for CNY16.4 billion. The bank and the trust company are both held by Shanghai International Group, the city government's investment arm. The plan is to create a financial conglomerate.

- Chinese investors who sank about USD1.2 billion into companies in Switzerland that did not have foreign exchange trading licenses have staged protests in Geneva to demand their money back. About 29,000 investors became involved in the alleged scam, and the suspects are still at large. Investors put their money into API Premiere Swiss Trust and Alpen Asset Management Trust, but neither company has ever had a trading license. API is based in Zurich and Alpen in Geneva. Both companies offered clients access to a foreign exchange trading platform and asked them to remit funds for trading activities to a Swiss bank account.
- Chinese banks bought more foreign currencies than they sold in May – the first such surplus in nine months. The banks bought CNY872.4 billion in foreign currencies and sold CNY864.6 billion, resulting in a surplus of CNY7.8 billion, the State Administration of Foreign Exchange (SAFE) said.
- China is reaching its goal of full convertibility of the yuan. "We are not too far away from the yuan capital account full convertibility," said Pan Gongsheng, Vice Governor of the People's Bank of China (PBOC). The latest step in the opening of the capital account will be the launch of the new qualified domestic institutional investor program (QDII2), which will remove the block on individuals investing overseas. The first QDII program was restricted to financial institutions under a quota system.

FOREIGN INVESTMENT

Japanese investments in China still sluggish

46.5% of Japanese companies intend to expand their operations in China in the next two years, compared with 66.8% in 2011, according to the annual white paper on Japanese enterprises operating in China by the Japanese Chamber of Commerce in China. The white paper, first published in 2010, analyzes critical issues facing Japanese companies in various sectors and regions in China. In the first four months of this year, Japanese investment in China stood at USD1.44 billion, a year-on-year fall of 7.8%, according to the Chinese Ministry of Commerce (MOFCOM). The trend is likely to continue this year due to the slower Chinese economy, rising labor costs and depreciation of the yen, according to analysts. Last year, the value of Japanese investment in China contracted by nearly 40% to USD4.3 billion. But Kazuaki Tanaka, Chairman of the Japanese Chamber in China, said economic activities will benefit from improved bilateral political relations.

China's FDI rises 7.8% in May

China's foreign direct investment (FDI) grew 7.8% to CNY 57.3 billion from a year earlier in May, the Ministry of Commerce (MOFCOM) said, down from the rise of 10.5% in April. In the first five months, foreign investment expanded 10.5% to CNY330.9 billion, with 9,582 new foreign-invested firms being set up in China. The investment growth was led by capital in services, which surged 23.5% to USD33.9 billion in the January-May period and represented 63% of the total. Funds for the financial sector rose nearly five times, and those for scientific research more than doubled. Investment in manufacturing fell 5% to USD16.5 billion. However, investment in telecom equipment, transport equipment and chemical manufacturing rose 4.8%, 4.4% and 2% respectively. The 28-country European Union invested USD3.3 billion in China in the first five months, up 23.2% year-on-year. U.S. investment dropped by 32.6% to USD970 million, partly due to a high comparative base. The 64 foreign countries involved in China's "One Belt, One Road" initiative raised their investment by 11.6% to USD2.9 billion in the period. Last year, China drew USD119.6 billion in non-financial foreign investment, up 1.7% year-on-year. It helped China surpass the U.S. to become the world's top spot for foreign investment.

China's outbound direct investment (ODI) soared 47.4% to CNY278.3 billion in the first five months, with funds flowing into 3,426 overseas companies in 146 countries and regions. China's investment in the EU nearly quadrupled during the period. Chinese investment in Australia shrank 42% in the first five months, the Shanghai Daily reports. Outbound direct investment from China to the European Union and the Association of Southeast Asian Nations (ASEAN) rose by 367.8% and 78.4% respectively during the first five months of the year, thanks to the depreciation of the euro and the "One Belt, OneRoad Initiative". The top three destination countries in Europe for Chinese investors were the United Kingdom, Switzerland and Germany.

- The EU and China are discussing the possibility of Chinese involvement in the European Commission's €315 billion investment plan for 2015-17, the European Fund for Strategic Investments. Ahead of the EU summit in Brussels on June 29, Reuters reported that it had seen a draft communique stating that “China will pledge a multibillion-dollar investment in Europe's new infrastructure fund”. China's Ambassador to the EU Yang Yi said China is looking forward to linking the EU plan with the Beijing-led Belt and Road Initiative.
- The foreign investment projects of the China National Petroleum Corp (CNPC) “did not go through standardized decision-making processes” and were not well managed, putting them at risk of corruption, the Central Commission for Discipline Inspection (CCDI) said in an inspection report. The China National Offshore Oil Corp's overseas investments also lacked supervision, the CCDI added. The watchdog instructed both firms to step up regulation on their overseas assets by carrying out frequent audits and holding project officials accountable for life.

FOREIGN TRADE

China to promote nuclear power exports

China will promote nuclear power on a larger scale at home and abroad, Chinese Premier Li Keqiang said, as he backed the Hualong One Reactor, a domestically developed third-generation reactor design. The Premier also said that it is time for Chinese equipment makers to explore overseas markets. He made the comments during a visit to China Nuclear Power Engineering Co in Beijing. Six to eight domestically produced third-generation nuclear reactors will be exported by 2020, Li Xiaoming, Assistant General Manager at China National Nuclear Corp (CNNC) said. CNNC, together with China General Nuclear Corp, is investing in the United Kingdom's Hinkley Point C project. Li said that 85% of the equipment for reactors based on the Hualong One design can be made locally. The company is exploring markets in North Africa, South America and Central Europe as well as some new possibilities in Saudi Arabia, Egypt and Sudan, all of which have shown strong interest in the Hualong One technology.

China and Australia sign free trade agreement

China and Australia have signed a landmark free trade agreement (FTA) that will remove most tariffs between the two countries whose bilateral trade is already worth more than USD137 billion. The agreement, signed by China’s Commerce Minister Gao Hucheng and Australian Trade Minister Andrew Robb in Canberra, follows a similar one with South Korea at the beginning of the month. It was reached after 21 rounds of negotiations over the past decade and was largely agreed in November during a state visit to Australia by President Xi Jinping. More than 85% of goods and services between the two countries will be duty-free when the agreement comes into effect later this year. That will rise to cover all Australia’s exports and 96% of China’s by 2026 when the deal is fully implemented. Australian businesses currently face charges of up to 40% on goods exported to China. China also won concessions on foreign investment, with the threshold for government review to be lifted in most areas apart from agricultural land and agribusiness. Minister Gao Hucheng called the FTA “a milestone in bilateral relations.” At present, China imports a quarter of Australia’s exports. The pact will give the services sector a boost with China promising to allow subsidiaries based in China to be wholly Australian-owned in industries including tourism, translation, real estate and environmental services, the Shanghai Daily reports. China has so far signed 14 free trade agreements with countries or regional blocs including Switzerland, New Zealand, South Korea and the Association of Southeast Asian Nations (ASEAN). China's main exports to Australia are machinery, telecommunication equipment, computers, furniture and clothing. Its key imports from Australia are iron ore, coal, gold, copper, education-related travel services and agricultural products, according to customs data.

- The General Administration of Quality Supervision, Inspection and Quarantine (GAQSIQ) is set to further strengthen the regulation of imported foods, which are growing more popular in China. In the first five months of the year, the Administration screened out 927 shipments of substandard imported food items worth USD12.7 million, including drinks, baked goods, candy, dairy products, liquors and dried nuts.

- Shanghai's pilot free trade zone (FTZ) opened a designated entry point for fresh fruits as authorities continue to simplify procedures. The checkpoint in the Yangshan bonded area offers one-stop services by integrating inspection and quarantine procedures and customs clearance. The time for quarantine and customs clearance is cut from 48 hours to six hours and costs are reduced by 30%.
- The general level of China's import tariffs will stay steady once the nation's 15-year World Trade Organization (WTO) transitional period ends in July, the Ministry of Commerce (MOFCOM) said. By 2010, China's overall tariff level had dropped to 9.8% from 15.3%.

IPR PROTECTION

Supreme Court hears brand dispute

The Supreme People's Court (SPC) heard an appeal against a compensation ruling over a long-running copyright dispute between two popular Chinese beverage brands: Jiaduobao (China) Drink Co and Guangzhou Pharmaceutical Holdings (GPH), holder of the 100-year-old herbal tea brand Wong Lo Kat. Jiaduobao (China) Drink is appealing against a lower court ruling that it pay CNY150 million in compensation for using a distinctive red can design for its Jiaduobao herbal tea, which is similar to the Wong Lo Kat brand. The trial concluded with no final ruling announced. Hong Kong-based Jiaduobao had been using the Wong Lo Kat brand since 1995, when it leased it from GPH. However, the company was only authorized to use the brand until 2010, and had the lease contract extended by bribing administrative staff of GPH. The two companies got into a trademark dispute which went to arbitration in 2011, with a decision made in 2012 that the brand rights rest with GPH. They later sued each other over the design of the cans used for their respective herbal tea products. In December, the Guangdong Higher People's Court ruled in favor of GPH and ordered Jiaduobao to pay the damages.

Copyright Law amended to face digital era

Participants at the High-Level Round Table on the Cultural and Economic Importance of Film and the Role of Copyright, which concluded in Shanghai, agreed that China's efforts in copyright protection have made sound progress, but further international cooperation is needed. The country is revising the Copyright Law to comply with international standards and specify the rights and obligations of producers of creative works. Wang Qian, Law Professor at the East China University of Political Science and Law, said the amendments will protect copyrights with detailed clauses targeting infringements that have emerged in the digital era. Box office returns in the Chinese market surged by 36% to reach more than CNY29 billion in 2014, making the country the second-largest film market after the United States. However, online piracy has badly affected the commercial development of film copyright away from the big screen as sales of legal DVDs face challenges from free illegal downloads or streaming, said Cai Jiwan, Deputy Director of Shanghai Copyright Administration. "Copyright distribution and associated businesses contributed more than 60% of the total revenue of the film and TV industry in the U.S., while the corresponding businesses in China accounted for only 10%, largely because of rampant copyright violations," he said. The annual campaign of the National Copyright Administration of China has uncovered 4,600 online copyright infringements, shut down 1,926 websites and confiscated 1,178 illegal servers since its launch in 2005, the China Daily reports.

- The China State Intellectual Property Office (SIPO) has rejected Gilead Sciences' application for a new patent related to its costly hepatitis C drug Sovaldi, removing a potential barrier to generic versions of the drug. The application China has rejected was on a so-called prodrug, a chemical used to activate Sovaldi's active chemical once it is in the body. Gilead still has a patent in China on sofosbuvir, the main ingredient of Sovaldi, a highly effective treatment for hepatitis C which costs USD1,000 per pill in the United States.

MACRO-ECONOMY

Number of U.S. dollar millionaires on the rise in China

The number of U.S.-dollar millionaires in China soared to four million last year as the country added one million, the highest number of all countries. China is No 2 in the world, following the United States with seven million U.S.-dollar millionaires, according to the latest Global Wealth report by the Boston Consulting Group (BCG). BCG defines millionaire households as those with more than USD1 million in private wealth, including cash, stocks and other financial investments, but not real estate, collectibles, business ownership or luxury goods.

- More than 600 start-ups have sprung up on Inno Way, a street in Zhongguancun Science Park in Beijing, in the last 12 months, as the government aims to turn the key technology hub into a start-up hotbed. Start-ups have attracted a total investment of CNY1.75 billion so far. Beijing began offering start-ups on Inno Way more policy support in June 2014.
- China's top three mobile and telecom operators have not taken any concrete steps to reduce internet fees despite pledging to do so one month ago, several days after Premier Li Keqiang called for change. On May 15, China Unicom announced that it would cut its mobile data fees by 20%. On the same day, China Mobile vowed to lower its charges by more than 35%, while China Telecom said it would reduce its unit bandwidth fees by 35%. But none of the moves have been fully implemented.
- China is seeking to set up three common energy markets in Asia to help meet its need for cheap power sources and facilitate regional economic development. A report by the Chinese Academy of Social Sciences (CASS) released at the Global Forum on Energy Security in Beijing, calls for three common energy markets to be set up – in Northeast Asia, Central Asia and Southeast Asia. The Academy's report also proposed setting up natural gas trading centers in East Asia and Southeast Asia, which would also leverage on the "One Belt, One Road" initiative.
- Shanghai's retail sales grew 8% from a year earlier to CNY400.6 billion in the first five months of this year. Fixed-asset investment gained 7.5% to CNY201.5 billion in the January-May period, with more funds pumped into urban infrastructure construction and less capital into manufacturing. Investment in property development gained 15.5%.
- Over 134,000 companies were newly registered in Guangdong province in the first four month of 2015, up 38% from the year before. But their success rate is proving sub-par due to difficulties encountered raising funds and finding qualified staff, Tang Shengzhang, Vice Director of the Guangdong Provincial Employment Service Bureau said. Only 1% of companies started by college students in Guangdong is successful, compared to 4% in Shanghai. The provincial government plans to spend CNY500 million to subsidize new start-ups.
- China's state-owned enterprises (SOEs) posted a slower 3.3% drop in combined profit to CNY923.8 billion in January to May, the Ministry of Finance said. The decline eased from a 21.5% slump in the January-February period, the biggest drop so far this year. But the 3.3% fall trailed a 6.9% growth during the five-month period in 2014.

MERGERS & ACQUISITIONS

Mergers & acquisitions surge to record high

The value and volume of mergers and acquisitions (M&As) in China have surged to record highs so far this year, up 61.6% to USD305.3 billion, according to Thomson Reuters. The number of deals rose 21% from the same period a year earlier to a record high of 2,542. The high-technology sector led the M&As with USD58.23 billion worth of deals, or 19.1% of the total. The value soared 193% year-on-year, bolstered by mega deals such as Jiangsu Hongda New Material Co's purchase of Focus Media Technology Shanghai Co. Domestic deals jumped 67.8% from a year earlier to USD232.7 billion, representing 76% of the total. Chinese companies acquired USD44.7 billion worth of foreign enterprises, up 65%. Foreign buying of Chinese firms fell 2.3% to USD22 billion in value, with 33.5% of the total in property.

- NetDragon Websoft, a major online games developer and operator based in Fujian province, has made a USD130 million offer to buy London-listed Promethean World, a global provider of interactive learning technologies.
- Chinese e-commerce firm Alibaba and Taiwan-based electronics manufacturer Foxconn will each invest JPY14.5 billion in SoftBank Robotics Holdings (SBRH). Japan-based SoftBank Corp will invest the same amount as each of the other two parties, in a bid to make its holding company a world leader in the robotics field, according to SoftBank Chairman and CEO Masayoshi Son. Upon completion of the deal, SoftBank will own 60% of SBRH, with the other two parties taking stakes of 20% each. China overtook Japan to become the world's largest industrial robot market last year, with domestic sales surging 53% on 2013.

REAL ESTATE

More cities report house price increases

More Chinese cities saw house prices rise in May with first-tier cities continuing to lead, the National Bureau of Statistics (NBS) said. Month-over-month increases in new home prices were registered in 20 cities last month, compared with 18 in April. Prices remained flat in seven and dropped in 43, compared with four and 48 in April. The NBS tracks house prices in 70 cities. Average prices climbed 0.2% from April, the first rise since May 2014, according to Reuters calculations. “The average price of new homes in the 70 cities rose at a faster pace in May, mainly fueled by notable gains recorded in first-tier cities,” said Liu Jianwei, Senior Statistician at the NBS. “We have seen generally stable prices in second-tier ones and further declines in the majority of tertiary cities,” he added. Shenzhen in Guangdong Province saw a month-on-month growth of 6.7%, followed by a 2.6% gain in Shanghai – a 27-month high for the city – and a 1.4% rise in both Beijing and Guangzhou. May’s rebound suggests that a property downturn across the country is bottoming out after the introduction of stimulus measures from the People’s Bank of China (PBOC) and local governments since late last year. Economists, however, warned that massive inventories of unsold homes could continue to be a drag on the economy well into next year, discouraging new investment and construction. “Inventories in first-tier cities are back to healthy levels, but in third and fourth-tier cities it will take at least two more years,” said Rosealea Yao, Economist at Gavekal Dragonomics. In the existing home market, 37 cities recorded price increases from a month earlier, an increase of nine from April, the Shanghai Daily reports.

- New home mortgages in Shanghai rose in May from April to CNY4.96 billion, but the amount was CNY1.32 billion less than in May last year. The month-on-month rise was in line with a recovery in home sales after the government eased curbs on mortgage applications and the PBOC cut interest rates on May 10 for the third time in six months.
- China’s residential market will see a recovery with sales volume nationwide rising 5% this year, Bank of America Merrill Lynch said. “Sales volume improved in May. If the June figures remain positive, we can confirm that the market has bottomed out since April last year,” said Raymond Ngai, Director of Greater China Property Research. “Both sales and volume will rise in the second half.”
- The Chinese government has announced plans to build 18 million apartments in urban areas and renovate dilapidated houses for 10.6 million households. The plans also include infrastructure for transport, communications, water, natural gas and heating.
- Chinese buyers (including those from Hong Kong and Taiwan) topped Canadians to rank as the biggest foreign purchasers of United States homes by both sales and value, accounting for more than one-quarter of all international spending. Buyers from China spent USD28.6 billion on U.S. homes and made up 16% of transactions by foreigners in the 12 months through March, according to an annual report by the U.S. National Association of Realtors. Canadians, who had led international purchases since 2008, ranked second. Chinese buyers preferred homes on the U.S. West Coast.

RETAIL

Chinese consumers favor domestic brands

67% of Chinese consumers said they favor domestic brands, consumer research firm Mintel said. The study covered 3,000 consumers aged between 20 and 49 in 10 cities. Baby food is an exception with 45% of respondents saying they would choose international brands against only 31% who favor domestic products. “Chinese consumers are more likely to judge a product by its content and quality instead of checking whether it’s an international or domestic brand,” said Laural Gu, Mintel China’s senior lifestyle analyst.

- Online purchases accounted for 63% of the movie tickets sold in China in the first three months of the year, Beijing-based research firm Analysys International said.

SCIENCE & TECHNOLOGY

Not many students plan to run own business

In the poll by the Shanghai Statistics Bureau 29% of 2,071 final-year students said they would “like to” run their own business, but only 8.4% said they actually planned to do so. Young people at vocational colleges showed more interest in becoming small-business owners than their peers at prestigious universities. Many of the students polled said a lack of funding channels was a major stumbling block to starting a company.

- Several top universities in Beijing plan to enroll fewer local students from the city this year. Peking University, excluding the medical school, would accept 14 fewer local students, taking the total down to 186, in the upcoming academic year, while Tsinghua University will take 27 fewer local students, for a total of 170. Universities in the capital have been criticized in the past for setting lower standards of admission for students with a Beijing household registration.
- Over one million Chinese users have signed up with online education start-up Coursera, making the country its second largest market after the United States, according to Coursera CEO Rick Levin. Coursera has 13.6 million users and is the

largest provider of mass open online courses (MOOC).

- Tsinghua University and the University of Washington will team up to offer a graduate-school program called Global Innovation Exchange (GIX) after attracting a USD40 million investment from Microsoft. The program will initially offer 30 to 35 students a 15-month master's degree in technology innovation at a new facility to be built in Seattle. Classes are due to begin next year. It is the first time a Chinese university will offer a master's degree program in the United States.

STOCK MARKETS

Emerging industries board to be launched in Shanghai

The Chinese government has issued a statement officially supporting the creation of a strategic emerging industries board on the Shanghai Stock Exchange (SSE) to help high-growth and innovative enterprises raise funds through the capital market. Shanghai is trying to catch up with its domestic rival, the Shenzhen Stock Exchange, which has already been successfully attracting technology and innovation-driven companies to list on its Nasdaq-style startup and growth enterprise board, known as ChiNext. "It is obvious that head-to-head competition between the two stock exchanges over initial public offerings for startup companies is growing," said Xu Hongcai, Economist at the Beijing-based China Center for International Economic Exchanges. Initially it is expected the new Shanghai board is likely to attract United States-listed Chinese companies that are seeking to go private and relist in the domestic market. Such companies might previously have been banned from listing in the mainland because of their corporate structure. Shanghai has long been viewed as an ideal listing destination for blue-chip companies with large market capitalizations, with Shenzhen serving more as a market for small-cap technology and innovative companies, the China Daily reports.

- The Bank of Jiangsu plans to launch an initial public offering (IPO) that could raise up to CNY40 billion, or 23 times earnings, a typical valuation for banks in China. The bank would be the first provincial lender to go public in China in eight years. Huatai Securities Co holds a 6.2% stake in the Bank of Jiangsu.
- Legend Holdings Corp, the parent company of Lenovo Group, the world's largest computer maker by sales, aims to raise more than USD1.8 billion in an initial public offering (IPO). It will use the funds to further diversify its activities, including in agriculture. Legend has agreed to sell as much as USD950 million of stock, or about half the IPO, to 24 cornerstone investors including Hong Kong billionaire Cheng Yu-tung, controller of local jewelry brand Chow Tai Fook, and Walter Kwok, former Chairman of Sun Hung Kai Properties. Legend has a 30.6% stake in Lenovo.
- Chinese stocks fell the most in two weeks on June 15 on tighter margin finance rules. The benchmark Shanghai Composite Index closed down 2% at 5,062.993 points, its biggest one-day decline since late last month. Technology and telecommunications firms, where price-earnings valuations on certain stocks exceeded 300 times, led the drop, with Shenzhen's technology-heavy ChiNext growth board down 5.22% at 3,696.03 points. New rules by the China Securities Regulatory Commission (CSRC) cap margin lending at four times a brokerage's net capital.
- China's biggest internet security services provider, Qihoo 360, has become the latest and largest Chinese company seeking to delist from the United States stock market. A consortium led by Chairman and CEO Zhou Hongyi made a preliminary non-binding proposal to take the company private. Citic Securities and Sequoia Capital China are part of the consortium. The buyout offer is estimated to be worth about USD9 billion. The Qihoo deal would bring the value of Chinese companies in the U.S. going private to USD22.4 billion this year, nearly double the amount for the previous six years combined.
- The London Stock Exchange (LSE) has expressed an interest in creating a stock-trading link with the Shanghai Stock Exchange, similar to the one between Shanghai and Hong Kong. Officials at the LSE also said they are working hard at attracting more Chinese companies to list on the bourse, despite high valuations in the Chinese equities market encouraging many overseas-listed Chinese companies to seek a return home. There are currently 61 Chinese companies listed in London.

- Chinese stocks plunged over 6% on June 19 to post their worst weekly performance since the financial crisis in 2008 as investors channeled their funds into new share subscriptions, while speculation grew over stricter margin trading rules. The Shanghai Composite Index tumbled 6.42% to 4,478.36. For the week, the index lost 13%. New initial public offerings (IPOs) siphoned off liquidity as the IPOs of nine companies opened for subscriptions. A total of 25 new IPOs are expected to lock up over USD1 trillion in subscriptions.

TRAVEL

Western airline leases used aircraft from China

The world's largest aircraft lessor, Aercap, which boasts a fleet of 1,300 planes, last month took 25 used Airbus A319s from China Southern Airlines to place them with United Airlines, the first time a leading Western airline took that many aircraft from China. “If you go back 20 years, no one would ever have thought that the U.S. majors would be taking used airplanes out of China,” CEO Aengus Kelly told the South China Morning Post.

- Beijing is planning to build a fast rail transit line that will go through Hebei province. The 72-kilometer Pinggu line will connect Chaoyang district with the suburban Pinggu district, running for 22 km through neighboring Hebei. The line is part of a plan to build 1,000 km of fast rail transit lines linking Beijing, Tianjin and Hebei to further integrate the region.
- Xiaoju Kuaizhi, which runs the combined Didi and Kuadi taxi hailing apps, plans to raise at least USD1.5 billion, valuing the company at USD12 billion to USD15 billion. It will use the funds to better compete with Uber, which plans to invest CNY7 billion in China during 2015.
- The Shanghai Airport Authority and Alibaba signed an agreement to work on a mobile phone application and website on airport and flight details. Currently, airlines send short messages to passengers informing them of flights delays. The app will allow smartphones to be used to check in, shop or dine at the airports using Alipay.

ONE-LINE NEWS

- Liao Yongyuan resigned as Vice Chairman and Non-executive Director of the listed arm of China National Petroleum Corp (CNPC) and has been placed under criminal investigation for alleged bribery and has been expelled from the Chinese Communist Party (CCP).
- The Central Commission for Discipline Inspection (CCDI) released inspection reports on eight state-owned enterprises, in which staff were found guilty of abusing power, misusing state assets and other corrupt practices, including the State Power Investment Group, State Grid, China Southern Power Grid, China National Petroleum Corp (CNPC), China National Offshore Oil Corp (CNOOC), China National Machinery Industry Corp (CNMIC), China Telecommunications and China Mobile.
- China will sign a joint pledge with the European Union this month to seek a United Nations agreement to tackle climate change as one of “the greatest threats facing humanity”. Chinese Premier Li Keqiang will endorse the statement at the June 29 summit in Brussels.
- Under the new UK-Belgian Visitor Service, Chinese travelers will be able to submit one visa application for both the UK and the Schengen zone at a UK visa application center. In 2014 the number of British visas issued in China reached a record high of more than 400,000. The new process will be introduced as a pilot scheme at Britain’s Shanghai, Beijing, and Guangzhou visa application centers and will be available from July 1.
- Fudan University and the United States’ National Institute of Health are jointly developing a MERS antibiotic, as South Korea reported its 20th death in the outbreak that has badly affected its tourism industry.

ANNOUNCEMENTS

“China Unlimited” Creative Contest

This year 2015 is celebrated the 40th anniversary of EU-China diplomatic relations. The anniversary was officially kicked off on May 6, 2015. The “China Unlimited” Creative Contest is one of the highlights of this year's celebrations. European citizens are encouraged to participate and submit their pieces of art (picture, essay, drawing, video, etc.) related to China and to the EU-China relationship. This contest is a way to trigger people’s creativity and to gather each and everyone around the EU-China friendship. The winners in each category win a 10-day trip to China to discover the country. That prize is transferable if the participant proves that he/she already lives in China and wishes to offer the prize to his/her relative or friend.

The “China Unlimited” Creative Contest will last until July 2015, being the most visible event to the European audience. Coorganized by the Mission of the People’s Republic of China to the European Union and by Atlas International Culture, this contest will benefit from a large visibility during the year through promotion at EU-China related events, web promotion, press coverage, etc. More information at: www.chinaunlimited.eu/

Looking for traineeship

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

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).

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Membership rates for 2015:

- SMEs: €385
- Large enterprises: €975

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