



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

# NEWSLETTER | 8 JULY 2015

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## ACTIVITIES SUPPORTED BY FCCC

### Business trip to China by Unizo and Howest – October 2015

Unizo and Howest are organizing a business trip to China in October 2015. More information is available on the website <http://groups.alkreizen.be/cnunizowvl>.

## PAST EVENTS

### 10<sup>th</sup> EU-China Business Summit – 29 June 2015 – Brussels

The EU-China Business Association invited 500 business leaders and officials to join the 10<sup>th</sup> EU-China Business Summit on 29 June 2015 at Palais d'Egmont in Brussels. The EU-China Business Summit is a joint initiative by BusinessEurope, the China 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 brought 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 made keynote addresses during the opening session.

Under the overall theme of “Building a Stronger Partnership” interesting discussions were held on topical issues like investment cooperation, the digital economy and green and sustainable growth. Commission Vice President Jyrki Katainen introduced the panel on investment cooperation.

The thematic session 1: “New opportunities for EU-China investment cooperation” was moderated by Mr Stephen Phillips, Chairman of the EU-China Business Association (EUCBA). The second thematic session focused on “Green economy and sustainable growth” and the third one on “Industrial transformation in a digital world”.

FCCC Chairman Bert De Graeve, Chairman of Bekaert, participated in the CEO dialogue with European and Chinese CEO's and Mrs Malmstrom, European Commissioner for Trade. 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 10<sup>th</sup> EU-China Business Summit you are invited to explore the dedicated website: [www.eu-china-business-summit.eu](http://www.eu-china-business-summit.eu)

The EU-China Business Summit was organized with the support of the Flanders-China Chamber of Commerce (FCCC).

## FCCC and BNP Paribas Fortis: Breakfast debate at Westin Beijing – 24 June 2015

The Flanders-China Chamber of Commerce (FCCC) and BNP Paribas Fortis organized a breakfast debate on June 24, 2015 in the Westin Beijing Hotel during the Royal State Visit. The theme of the breakfast debate was “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 attended the debate and delivered the conclusions.

Following a word of welcome by Mr Max Jadot, CEO of BNP Paribas Fortis, Mr Eric Raynaud, CEO of BNP Paribas Asia Pacific, introduced BNP Paribas in China. Next, Ms Gwenn Sonck, Executive Director of the Flanders-China Chamber of Commerce (FCCC) introduced the Chamber. Mr Jurgen F. Conrad, Chief Economist ADB China talked about “Growth and structural reforms in the PRC”. “Renminbi internationalisation: the next step” was introduced by Mr Chi Lo, Senior Economist of BNP Paribas Investment Partners Greater China.

A Q&A session preceded the conclusions of the breakfast debate presented by Mr Geert Bourgeois, Minister-President of the Government of Flanders, and Minister for Foreign Policy and Immovable Heritage.

More than 100 participants attended the breakfast debate.

## 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.

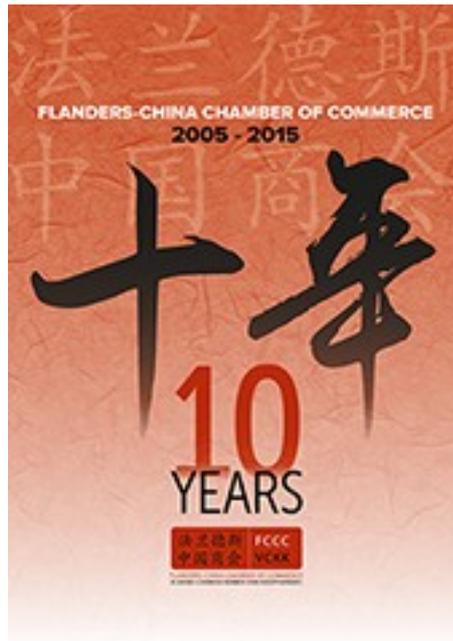
The main Conference and matchmaking event of the EU-China days in Milan was a success. Over 100 Chinese companies and 280 EU companies from Italy, Germany, Spain, Belgium, Poland, France, Luxembourg, Greece, United Kingdom, Slovenia, Austria, Malta and Romania took part in over 1,000 B2B meetings on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

## PUBLICATIONS

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



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

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

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

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

## ADVERTISEMENT OPPORTUNITIES

**Advertisement opportunities: FCCC Weekly newsletters and website**

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](#)

## EU-CHINA BUSINESS ASSOCIATION

**EU-China Business Association (EUCBA) Elections 30 June 2015**

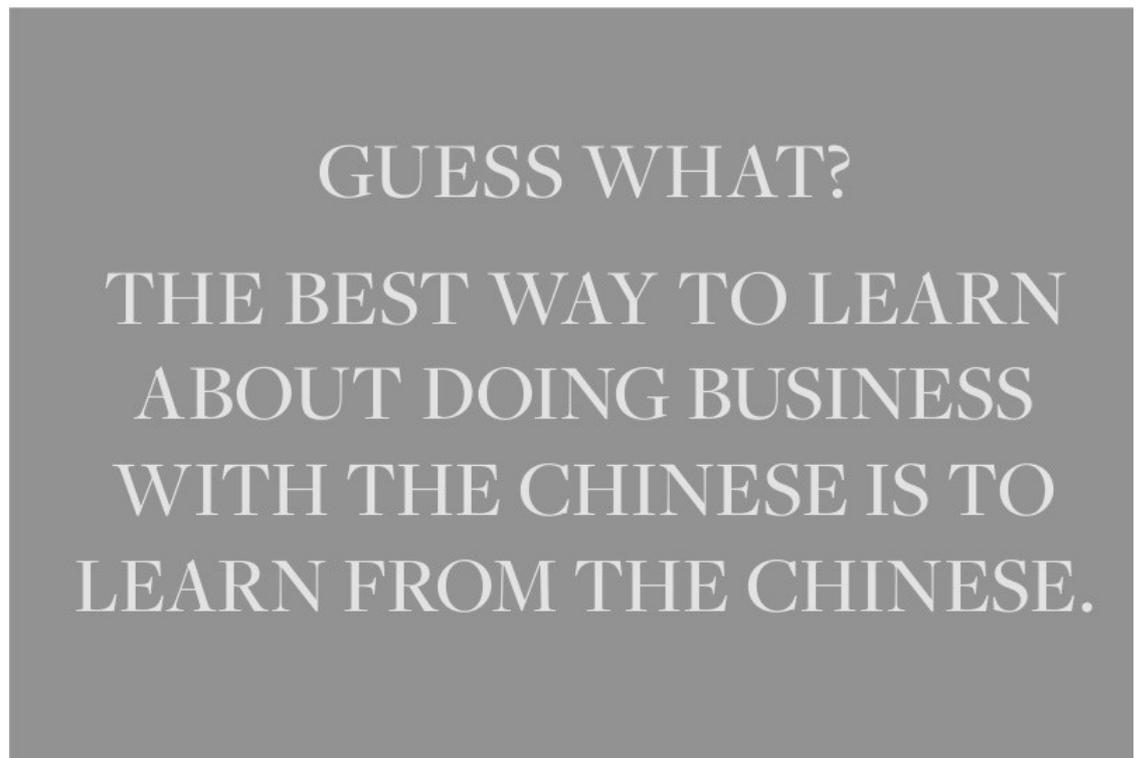
During the General Assembly Meeting of the EU-China Business Association (EUCBA), the following nominations have been confirmed:

President: Lord Sassoon, Chairman, China-Britain Business Council  
Chairman: Mr Stephen Phillips, Chief Executive, China-Britain Business Council  
Vice-Chairmen: Mr Harald Lux, Deutsch-Chinesische Wirtschaftsvereinigung e.V.; Mr Stefaan Vanhooren, Flanders-China Chamber of Commerce; and Mr Ildio Serodio, Câmara de Comércio e Indústria Luso-Chinesa  
Secretary General: Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce  
Treasurer: Mr Stefaan Vanhooren, Flanders-China Chamber of Commerce

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.

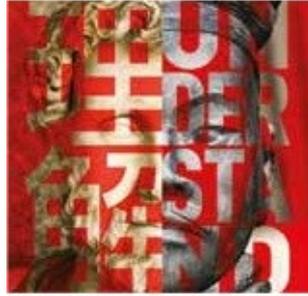
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CKGSB: Cheung Kong Graduate School of Business and IMD business school can help you develop your understanding of China with a fully global perspective. CKGSB is recognized as China's world-class business school with an alumni base that accounts for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



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

Made up of equal numbers of participants from both Eastern and Western businesses, the program will include 11 weeks of face-to-face learning. The program is scheduled to take place from February 2015 until September 2016 with a unique split of 50/50 program delivery across Eastern and Western locations. Delivered by two world-class business schools, the IMD-CKGSB Executive MBA is the ideal answer for fast-rising executives who want to create value for their organizations by spanning both East and West. You'll go beyond the basics to a true understanding of the forces that will be shaping the world of business in the future.

For admission details or further information visit [imd.ckgsb.info](http://imd.ckgsb.info)

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



Hainan Airlines, your direct link from Belgium to China.

Hainan Airlines is your 5 Star Airline awarded by Skytrax, operating direct flights from Brussels to Beijing. Save time, fly in comfort and have the possibility to connect to 50 domestic destinations including Hong Kong and Taipei. A seamless connection and a convenient transfer service will bring you

via Beijing to your destination in Hong Kong.

## EXPAT CORNER

### Permanent residency made easier for some foreigners in Shanghai

Permanent residency in Shanghai has been made more accessible to two groups: foreign experts and high income earners. Foreigners employed by any of the 3,500 firms listed on the official website of the Shanghai Science and Technology Commission can now apply for a new five-year work permit, and will be able to apply for a green card after working in Shanghai for a further three years. Foreigners who have worked in Shanghai for more than four consecutive years, earning a gross salary of at least CNY600,000 and having paid tax of more than CNY120,000 in each of those years can also apply for a green card. Foreigners planning to set up a business in Shanghai are also no longer required to get a work permit before entering the country. Instead they can get a 30-day private affairs visa for business starters at either Pudong or Hongqiao airport and “upgrade” it later. Applicants are required to present a formal business plan and evidence of their relationship with a local business partner or “incubator.” More details of all the visa rule changes are available in both Chinese and English on the website of the Shanghai Exit-Entry Administration Bureau, the Shanghai Daily reports.

## FINANCE

### 50 countries sign AIIB agreement in Beijing

The China-initiated Asian Infrastructure Investment Bank (AIIB) took a historic step forward with the signing of a framework by 50 of the 57 founding member states. The remaining 7 countries – Denmark, Kuwait, Malaysia, the Philippines, Holland, South Africa and Thailand – faced procedural difficulties to sign at this time but will do so at a later date prior to the formal establishment of the bank. “China will work with the other members to ensure the AIIB adheres to the highest standards in professionalism, efficiency and transparency,” Chinese President Xi Jinping told representatives of the founding countries gathered in Beijing to sign the agreement. The AIIB, which was proposed by Xi in October 2013, is the first major multilateral lender with developing countries holding the majority of the shares and votes. The bank will have authorized capital of USD100 billion. China has a 30.34% stake in it and 26.06% of the votes. India and Russia are the second-and third-largest shareholders. China's Finance Minister Lou Jiwei said the 60-article agreement serves as the bank's “mini-constitution” that underpins the fundamental principles for its establishment and operation. The signing wrapped up six months of intense negotiations and paved the way for establishing the bank before the end of this year. The opportunity to supply materials for projects financed by the AIIB will be open to all countries, not just members. Member countries are now preparing to submit a list of projects. China said the bank would be “lean, clean and green”, the China Daily reports.

Indonesian Finance Minister Bambang Brodjonegoro said the AIIB's members would nominate and elect the bank's first President in August. Major decisions would need to be approved by 75% of the votes, giving China effective veto power, although China's number of votes will be diluted as more countries join the bank. Project approvals would be decided by a majority of votes cast. The Board of Directors will have nine members from Asia and three from outside the region. Jin Liqun, a former Chinese Vice Finance Minister is tipped to be elected the bank's first President in August.

### Four most profit-making banks are Chinese

The four most profit-making banks in 2014 were Chinese, making profits of more than USD180 billion between them, according to The Banker magazine's annual rankings of profits and capital strength. Chinese lenders collectively earned almost double the amount of their U.S. rivals. The Industrial and Commercial Bank of China's USD59.1 billion profit last year topped the rankings, ahead of China Construction Bank (CCB), the Agricultural Bank of China (ABC) and the Bank of China (BOC). U.S. bank Wells Fargo ranked fifth with a USD33.8 billion profit, followed by JPMorgan and HSBC. ICBC also topped The Bankers' ranking of the strongest banks in the world for the third year, which is based on the amount of capital held, in amount rather than as a ratio of assets. China's big state-backed banks are growing globally, but still have relatively modest overseas assets. The Banker said that in most regions banks increased

their profits last year from 2013, the Shanghai Daily reports.

## NPC ratifies BRICS bank agreement

The National People's Congress (NPC) Standing Committee has ratified an agreement on the founding of the BRICS New Development Bank (NDB). The agreement to establish the bank was signed by the bloc's five members – Brazil, Russia, India, China and South Africa – on July 15, 2014 during the sixth BRICS summit. It will come into effect only when all BRICS countries have deposited instruments of acceptance, ratification or approval. So far, the agreement has been ratified by India and Russia. The NDB will have an initial authorized capital of USD100 billion. The first Chair of the Board of Governors will be nominated by Russia, the first Chair of the Board of Directors by Brazil, and the first President by India. In another development, the BRICS Contingency Fund, initiated by Brazil, Russia, India, China and South Africa, will be operational in 30 days. China is the leading contributor to the USD100 billion fund with USD41 billion, Brazil, Russia and India contributed USD18 billion each, and South Africa USD5 billion. The agreement aims to provide temporary resources to BRICS members facing pressure in their balance of payments.

- China is considering reform of personal income tax this year, Finance Minister Lou Jiwei said. China grossed CNY443 billion last year from the tax, 3.2% above the budgetary expectation. A proposal is being considered to raise the tax exemption threshold of CNY3,500 per month to CNY10,000.
- Affluent Chinese are making longer-term investment plans and diversifying their assets overseas, says Swiss bank UBS, which sees growing wealth management needs in the country. As many Chinese attain high net worth (assets above USD2 million) or ultra-high net worth (above USD50 million), their wealth management needs are coming into focus as they consider retirement as well as inheritance and succession matters for the next generation, said Karen Chen, President of UBS (China).
- China's foreign exchange reserves continued to drop in the first quarter of 2015 due to rising overseas investment and relaxed government controls. Forex reserves fell to USD3.73 trillion at the end of March, down from USD3.84 trillion at the end of last year, according to the State Administration of Foreign Exchange (SAFE). China's external financial assets grew to USD6.38 trillion.
- Bank of China (BOC) plans to extend more credit to local enterprises and further expand its overseas businesses to take advantage of opportunities arising from the Belt and Road Initiative. The bank plans to extend credit of USD20 billion this year and scale it up to USD100 billion in three years, according to Liu Xianqi, Deputy General Manager of BOC's Chongqing branch.
- The National People's Congress (NPC) Standing Committee has ratified the Multilateral Convention on Mutual Administrative Assistance in Tax Matters two years after China signed the convention in August 2013. Developed by the Organization for Economic Cooperation and Development (OECD) and the Council of Europe in 1988 and updated in 2010, the Convention provides a comprehensive multilateral framework for the exchange of information and assistance in tax collection. The convention will come into force three months after the date of China's deposit of the instrument of ratification.

## FOREIGN INVESTMENT

### Shanghai FTZ magnet for foreign investment

The contract value of foreign-funded projects in the Shanghai (China) Pilot Free Trade Zone (FTZ) rose five times from a year ago to USD23.5 billion by the end of May, accounting for 79.1% of the total foreign investment contract value in the city, Shang Yuying, Chairwoman of the Shanghai Commission of Commerce, told a press conference. In the first five months, 1,262 foreign-funded projects were launched in the FTZ, up 48.6% from a year ago. The number of foreign projects jumped 35.4% annually to 2,530 across the city. Financial leasing companies made up 62% of the newly-introduced projects. Starting this year, overseas firms have been allowed to own over 50% of joint ventures in previously restricted industries within

the FTZ.

## FOREIGN TRADE

### Shanghai FTZ opens 6 overseas offices

Shanghai's pilot free trade zone (FTZ) has opened six overseas offices to enhance communication with international investors in the hope of attracting more of them to set up businesses. The five offices, under the Shanghai Foreign Investment Development Board, are located in Los Angeles, London, Frankfurt, Gothenburg and Osaka. The sixth office is in Tokyo, under the Pudong New Area Commission of Commerce.

## HEALTH

### Poisonous herb useful as cancer medicine

A deadly herb native to China has been found to contain chemical compounds that may kill cancerous cells more effectively than some currently available medicines. Chinese scientists discovered nine new compounds in *Gelsemium elegans*, the most poisonous indigenous plant in the country, during their study in subtropical Yunnan province. Even minuscule doses of two of the compounds, dubbed No 1 and No 7, wiped out tumor cells linked to leukemia and cancer of the liver, lungs, breast and colon.

- The life expectancy of Beijing's permanent residents hit a record high last year – nearly 82 years – while the number of people 60 or older in the city increased by more than 200,000. Female life expectancy was about 84 years, more than four years above males. The life expectancy for both men and women in Beijing are among the highest in China.

## IPR PROTECTION

### Annual list of best practice announced

The Quality Brands Protection Committee (QBPC) of the China Association of Enterprises with Foreign Investment announced its annual list of best-practice cases in intellectual property protection from last year at a ceremony to celebrate its 15<sup>th</sup> anniversary on June 17 in Beijing. This year's list included a counterfeit Schneider trademark case in Zhejiang, a case violating Sony's design patents in Guangdong, a software copyright infringement on Microsoft and an unfair competition case involving Victoria's Secret in Shanghai. The QBPC also unveiled its list of 2014-15 model cases harmonizing administrative and judicial IP enforcement. The Committee started the best-practice cases campaign in 2002, aiming to review and evaluate IP cases from the previous year and help its member companies protect their rights by exchanging previous experiences. For the first time, five enforcement agencies won awards for outstanding protection of quality brands this year.

- The seventh China-U.S. simulated intellectual property court was held on June 19. Organized by the China Intellectual Property Training Center and John Marshall Law School, this year's event focused on the trademark sector, in which Chinese and U.S. judges and lawyers heard simulated cases using Chinese and U.S. IP laws and procedures to compare similarities and differences. Organizers said the event helps increase IP cooperation and mutual understanding between the two countries.

## MACRO-ECONOMY

### PMI still shows sluggish growth

The HSBC/Markit Flash China Manufacturing Purchasing Managers' Index (PMI) edged up to 49.4 in June from 49.2 in May, but it was below a preliminary reading of 49.6, and remained under the 50 mark which separates contraction from expansion. After three months of falls, new orders returned to positive territory, but only just with a reading of 50.3, while new export

orders also picked up from May. But firms cut staff levels at the sharpest pace since February 2009. China's Caixin Media plans to take over sponsorship of the China Purchasing Managers Index (PMI) now that HSBC has ended its tie-up with financial information company Markit. The official Purchasing Managers Index was 50.2 for June, unchanged from May. The services PMI fared better, climbing to 53.8 in June from 53.2 in May.

- The National Audit Office (NAO) reported that 13 of 14 state-owned enterprise (SOEs) it audited were found to have violated rules of procurement and bidding, involving nearly CNY160 billion. More than 250 people had been disciplined and 56 cases involving "serious violations of Party discipline and laws", had been handed over to anti-graft departments and law enforcement entities. The NAO found false statements of profits adding up to nearly CNY20 billion in 2013, and another CNY850 million had been disbursed as allowances for staff.
- The China Center for International Economic Exchanges is playing an increasingly important role in shaping the country's development policies by turning many of its research projects into workable economic policies, the Center's Vice Chairman Zhang Xiaoqiang told the China Daily. Launched by former Vice Premier Zeng Peiyan in 2009, the Center is currently working on more than 30 research topics, including one on how to build an effective operating mechanism for the China-led Asian Infrastructure Investment Bank (AIIB).
- Minister of Environmental Protection Chen Jining told a bi-monthly session of the National People's Congress Standing Committee that 3,400 companies and 3,700 construction sites were found to have violated laws last year, while more than 3,100 workshops were forced to shut down following inspections. The number of criminal cases handed over to the police by environmental protection departments last year reached 2,080, twice the total during the previous decade. More than 8,400 people were arrested.
- China's apparent oil demand in May rose 8.2% from a year earlier to 43.8 million tons, the fastest pace of growth since June 2013. During the first five months of this year, China's total apparent oil demand averaged 10.45 million barrels per day (BPD), up 5.2% from the same period of 2014. China's refinery throughput in May averaged 10.38 million BPD, up 7.4% from 2014.
- The World Bank Group expects China's economic growth to ease to 7.1% this year, up slightly from an earlier estimate of around 7% made in April, the Bank said in its China Economic Update. China's economy may continue to decelerate to 6.9% by 2017, reflecting a slower but more balanced and sustainable "new normal" path.
- Dozens of companies from Beijing signed agreements with Hebei province, pledging a total investment of more than CNY1.6 trillion, as part of plans by the government to further integrate Hebei province with Beijing and Tianjin. The signing took place in Baoding. The 87 state-owned companies are in fields such as equipment manufacturing, emerging industries, modern services and pollution control.
- Entrepreneurs who want to start their own businesses will find it easier and quicker to register and obtain approvals once the country's new registration system takes effect on October 1. The new system, which reduces three business registration certificates into one license, is aimed at making business creation easier. The goal of the new registration system is to simplify procedures, shorten application times and offer greater convenience, Liu Yuting, Vice Director of the State Administration for Industry and Commerce (SAIC), said.

## REAL ESTATE

### Kaisa Group resumes sales in 8 cities

Kaisa Group Holdings has resumed sales at least in eight cities but it will take time to repair its cash flow and regain investor trust after the Chinese developer's landmark default on overseas debt. It was increasing efforts to negotiate with lenders to release its assets and restart sales in cities including Nanjing and Hangzhou. The eight cities where sales are back to normal include Shanghai, Foshan and Chongqing. Kaisa still needs to reach an agreement with foreign bond holders to avoid liquidation or a piecemeal sell-off.

- China's new home prices in 100 major cities increased in June for the second straight month, rising 0.56% month-on-month to CNY10,628 per square meter, the China Index Academy said in a report. Prices increased by 0.5% in May, the first increase in four months. Prices had declined for eight consecutive months to December. Shenzhen led all cities in terms of housing price increases during the past six months, with new residential property prices surging by 6.58% in June from a month earlier.
- Shanghai's pre-owned property market stayed robust overall in June despite a slight easing in sales. About 35,500 units of pre-owned properties were sold across the city last month, down 8.5% from May, but a 171% surge from the same period a year ago, Shanghai Devolente Realty Co said. The city's existing housing index rose 2.14%, or 64 points, to 2,996 last month.

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## RETAIL

### Foreign brands lose ground in China's consumer goods market

Foreign consumer brands are losing more market share to local players in China due to a weaker presence in smaller cities where growth is stronger, according to a study by global consulting firm Bain & Company and market research company Kantar Worldpanel. Foreign players lost the most ground – between 3.8% and 4.8% – in personal-care products, fabric softener and cosmetics. The study, tracked purchases by 40,000 Chinese households over three years and analyzed data in 106 non-durable consumer goods categories. Domestic brands gained market share over their foreign competitors for the third year in a row, accounting for around 70% of the market value in 26 categories. While losing in most categories, foreign brands did make gains in eight, including toilet paper, beer, hair conditioner and chewing gum. “An important reason for foreign brands' declining share is that they usually focus more on top-tier cities and their products sell mainly through hypermarkets. But growth in these big cities has slowed in recent years and people are showing an increasing preference to shop online or in smaller supermarkets,” Bain & Company Partner Bruno Lannes said. Last year, the value of the overall urban retail market rose just 2%, compared with 7.7% growth in lower-tier cities, the South China Morning Post reports.

## STOCK MARKETS

### Hong Kong capital markets break records

Hong Kong capital markets broke records in the first half of the year, according to exclusive preliminary data. Equity and equity-linked capital raising soared more than threefold in the second quarter from the first to bring the first-half total to USD52.2 billion – the strongest six-month period on record, according to data provider Thomson Reuters – helping the city recapture its crown as the global leader for initial public offerings (IPOs), eclipsing both Shanghai and New York. “A robust pipeline of Chinese new listings in Hong Kong will further boost proceeds,” Thomson Reuters said in a statement to the South China Morning Post. “This includes the upcoming flotation of Guolian Securities and Universal Medical Financial & Technical Advisory Services on the Hong Kong stock exchange that could raise as much as USD1 billion.” Funds raised from listings in Hong Kong jumped 37.5% year-on-year to USD16.5 billion, including the USD5 billion deal by Huatai Securities – the biggest flotation in the world so far this year. Follow-on stock offers, meanwhile, raised USD35.6 billion in the first half, a 258% year-on-year increase. A USD4.2 billion placement by Haitong Securities was the biggest transaction during the six-month period. Morgan Stanley raised more money in equity markets for its clients than any other in the first six months, topping the league table with a 9% market share worth USD4.7 billion. UBS and Goldman Sachs were second and third, respectively, with shares of 7.1% and 6.9%, the South China Morning Post reports.

### China leads the world in IPOs

The Chinese mainland led the global initial public offering (IPO) market in terms of funds raised and the number of deals during the first six months, according to PricewaterhouseCoopers (PwC). A total of 187 companies were listed on the Shanghai and Shenzhen bourses during the first-half and these companies collectively raised CNY146.1 billion. Of the 187 IPOs, 78 got listed on the main board, 35 on the small and medium-sized enterprise board and 74 on the ChiNext market, China's Nasdaq-style market. “Both the number of IPOs and funds raised during the first six months on the A-share market surpassed the total for the whole of 2014. The strong growth in the IPO market was the inevitable result of favorable policies issued by regulatory authorities and market reforms,” said Frank Lyn, PwC mainland and Hong Kong market leader. The report forecast that 400 companies will undertake initial public offerings (IPOs) in the A-share market this year and raise about CNY300 billion.

### Shanghai and Shenzhen shares jump as Chinese stimulus kicks in

Chinese shares rose at the start of trade on July 6, as investors took heart from the announcement by Beijing over the weekend of a slew of measures to support battered equity markets which have plunged for three straight weeks into bear market territory after hitting a 7-year peak in the middle of June. The Shanghai Composite index rose 5.87% to trade at 3,903.52 at 9:35 am, the Shenzhen Composite stood at 2,183.91, up 4.07%, and the ChiNext Board rose 4.72% to 2728.14. The latest move by China came in a commitment from the People's Bank of China (PBOC) providing liquidity for state-backed margin lender China Securities Finance Corp after a weekend meeting of the government chaired by Premier Li Keqiang. The move underscored the extent of the state's exposure to a debt-driven unwind that has erased some USD2.8 trillion from mainland Chinese stock markets in a three-week long rout. A total of 21 of the country's largest brokerages announced plans to pool funds to buy shares in the market and some large firms such as developer China Vanke announced a buyback plans to boost their company's shares. The Shanghai and Shenzhen markets had lost 29% and 32% respectively over the past three weeks through the close of trade on July 3.

A series of measures earlier failed to stop the slide in the stock market, with the key Shanghai Composite Index closing below the critical 4,000 mark on July 2 for the first time in almost three months. Millions of small investors were risking losing their life savings. “The government's response to the fall confirms that it will use all the resources at its disposal to influence the market when things do not go the way it wants and potentially puts its legitimacy at risk,” said Steve Tsang, Chair of the School of Contemporary Chinese Studies at the University of Nottingham. The China Securities Regulatory Commission (CSRC) said that the stock market had recorded a significant drop, and the Commission would launch an investigation into suspected market manipulation. Those suspected of committing an offense

would be handed over to public security agencies. Since falling off a seven-year peak of 5,166.35 on June 12, the Shanghai index has lost about a quarter of its value. The regulator also approved a capital injection of CNY76 billion into the China Securities Finance Co, a state-owned company specializing in providing margin loan services to brokerages, boosting its capitalization to CNY100 billion and granting it greater capital power to stabilize the market.

- China's stock market has not hit its peak despite all the talk of a bubble and the likelihood of continued turbulence, according to Liu Chuanzhi, Chairman of Legend Holdings, and the founder of Lenovo, the world's top PC maker. "There will always be ups and downs, but in the long run, I believe the Chinese stock market will continue to rise, because the transfer of people's savings to capital will continue," he said.
- China's two major stock exchanges will lower transaction fees by around 30% after a continued slump in the country's stock market. Fees have been cut to 0.0487 per 1,000 of the transaction amount (permillage) from 0.0696 for A-share trading, with 20% of the charges transferred to an investor protection fund. In addition, transfer fees will be cut to 0.02 permillage from 0.3 permillage and 0.0255 permillage for Shanghai and Shenzhen exchanges respectively. The cuts will take effect on August 1.
- The worst monthly slump in Chinese stocks in two years wiped away more than USD34 billion in combined net worth of the richest people on the Chinese mainland and in Hong Kong in June. Of those 45 wealthy people on the Bloomberg Billionaires Index, more than 80% lost money in June as the Shanghai Composite Index tumbled.

## TRAVEL

### Foreign tourists now entitled to tax refunds

Foreign tourists are now entitled to tax refunds on selected purchases made in Shanghai and Beijing on their departure from the country, the General Administration of Customs of China said. The 11% VAT rebate applies to purchases of CNY500 or more made in a single day at a participating store. The offer is open to all "foreigners," including people from Hong Kong, Macao and Taiwan, who have spent no more than 183 consecutive days in mainland China. Refunds can be claimed on departure within 90 days of the purchases being made.

- The European Union will set up visa centers in 15 Chinese cities that do not have embassies or consulates for EU member nations to attract a large number of tourists from second-tier cities. Embassies and consulates of EU countries in China are mainly located in first-tier cities such as Beijing, Shanghai and Guangzhou.
- China has started testing a Chinese-standard bullet train that is set to replace all foreign-standard models on the rail network, reducing operational and maintenance costs. The trains currently running on the country's high-speed rail network have been designed and built in accordance with various foreign standards. Two prototypes with an operational speed of 350 km/h and a top speed of 400 km/h will undergo a wide range of tests at the China Academy of Railway Sciences in Beijing over the next two months.
- An ambitious plan to promote the use of electric taxis in Shenzhen may fail as car-hailing apps like Uber and Chinese market leader Didi Kuaidi continue to grow in popularity. In April, the city government announced it would replace more than a quarter of Shenzhen's 15,000 taxis with electric vehicles this year. Shenzhen Pengcheng Electric Taxi runs all 850 electric taxis now in use in Shenzhen. Taxi drivers are now reluctant to buy a new car and taxi operators are reluctant to expand.
- Chinese airlines have been told to enhance security checks following three incidents involving portable chargers. Under current rules, passengers may carry a portable charger with capacity no bigger than 160 wh, or 43,000 mAh at 3.7V.

## VIP VISITS

### Premier Li Keqiang sees Sino-EU economic bond as vital to growth

Premier Li Keqiang said cooperation between China and Europe on investment strategies

would be multifaceted and flexible, as he addressed more than 400 businesspeople, diplomats and experts at the China-EU Business Summit in Brussels. Li said one of the many possible approaches to cooperation would be a China-Europe investment fund, as he introduced his ambition to pair China's Belt and Road Initiative with Europe's plan to upgrade infrastructure. Li said the China-EU partnership will focus on infrastructure construction and equipment manufacturing. China plans to continue to buy bonds issued by European investment banks, and make full use of existing international financial institutions, including the newly established Asian Infrastructure Investment Bank (AIIB). Yang Yanyi, Chinese Ambassador to the EU, said earlier that both sides need to better understand each other's plans to find synergy between China's Belt and Road Initiative and the European investment plan. At the China-EU Business Summit, Li also said China wants Greece to stay in the Eurozone and has made tremendous efforts to support this.

China and Belgium agreed to deals worth €18 billion covering finance, telecommunication, technology and education, following the first meeting between Li and Belgian Prime Minister Charles Michel. The two agreed to combine China's competitiveness in equipment manufacturing and the Belgian advantage in science and technology to develop the African market, the China Daily reports. Following his meetings in Brussels, Premier Li paid a visit to France. He announced ambitious targets for a reduction in carbon emissions during his visit to Paris. "China's carbon dioxide emissions will peak by around 2030, but China will work hard to achieve the target at an even earlier date," Li said. China also aims to increase the share of non-fossil fuels in its primary energy consumption to about 20% by 2030, while reducing energy consumption per unit of economic output by 60% to 65% from its 2005 level. China placed an order for 45 Airbus A330 aircraft, worth at least USD11 billion at list prices, plus plans for a possible further 30 worth about USD250 million each. Airbus plans to build a second plant – a cabin-completion center for wide-body aircraft – in Tianjin alongside its existing final assembly plant. More than 50 cooperation agreements were signed, including those between China National Building Materials Group Corp and Schneider Electric, and Chinese airline group subsidiary HNA Tourism Group and the French company Pierre & Vacances-Center Parcs Group. China also recognized "Bordeaux" as a legally protected brand in a bid to combat counterfeit wines.

- China and Singapore signed three cooperation agreements in Beijing as President Xi Jinping met with Singaporean President Tony Tan. Describing the nations as "close and special" partners, Xi said China would like to strengthen economic and financial cooperation with Singapore, and to discuss the upgrading of its free trade agreement (FTA).

## ONE-LINE NEWS

- China launched its first gas exchange in Shanghai to promote a market-oriented pricing mechanism and push forward a structural reform in the country's energy sector. The Shanghai Petroleum and Gas Exchange will initially focus on both piped gas and liquefied natural gas (LNG). The new exchange will complement the city's existing Shanghai Petroleum Exchange in the trading of spot energy commodities in China. The gas exchange has 10 shareholders, with Xinhua news agency holding the biggest stake of 30%.
- Innovation is set to contribute 35% to 50% of China's total gross domestic product (GDP) growth from 2015 to 2025 as it will play an increasing role in meeting economic challenges, McKinsey Co said in its latest study. In the past five years, innovation contributed 30% of China's GDP growth.

## ANNOUNCEMENTS

### "China Unlimited" Creative Contest

This year 2015 is celebrated the 40<sup>th</sup> 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/](http://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](mailto: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).

Offices: Ajuinlei 1, B-9000 Gent – Belgium

New telephone and fax numbers:

Tel.: +32/9/269.52.46

Fax: ++32/9/269.52.99

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

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

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

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

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

### **Membership rates for the second half of 2015:**

- SMEs: €195
- Large enterprises: €485

### **Contact:**

Flanders-China Chamber of Commerce

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### **Share your story:**

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

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