



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

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FCCC ACTIVITIES

Seminar: "Growing a Business in China: Success Stories" – 16 September 2015, 15h30 – Ghent

The Flanders-China Chamber of Commerce (FCCC) is organizing a seminar: "Growing a Business in China: Success Stories". This event will take place at 15h30 on Wednesday 16 September 2015 at the Club of Flanders, Sint-Pietersnieuwstraat 11, 9000 Gent.

The goal of the event is to share, discuss and exchange knowledge and experiences between companies doing business with or investing in China.

The programme will be:

- 15h00 Registration
- 15h30 Introduction by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
- 15h35 Case studies of doing business and investing in China:
 - Mr Hans Deprettere, Sales Export Manager Asia, Orfit Industries
 - Mr Adam Sneep, Chief Executive Officer, Adifo
- 17h00 Exchange of views and networking drink

If you are interested in attending, please register online at <http://flanders-china.be/en/events/upcoming/seminar-growing-a-business-in-china-3-success-stories->

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

Seminar: Belgian Customs and its activities in China – 1 October 2015 – Ghent

The Flanders-China Chamber of Commerce and the Province of East Flanders are organizing a seminar focused on 'Belgian Customs and its activities in China'. This event will take place at 17h00 on Thursday 1 October 2015 at the Provincial House, Gouvernementstraat 1, 9000 Gent.

Mr Eddy De Cuyper, Counsellor, Customs Attaché, Embassy of Belgium in China, will give a presentation on the Belgian Customs in China: legal aspects, procedures and experiences in relation to the Chinese customs.

The programme is as follows:

- 17h00 Registration
- 17h30 Welcome by Mr Geert Versnick, Vice Governor in charge of European and International cooperation and economic affairs
- 17h40 Introduction by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
- 17h45 Presentation : 'Belgian customs and its activities in China' by Mr Eddy De Cuyper, Customs Attaché, Embassy of Belgium in China
- 18h45 Question and answer session followed by networking drink

If you are interested in attending, please register online at www.flanders-china.be before 25 September 2015.

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

10th EU-China Business & Technology Cooperation Fair – 4-6 November 2015 – Qingdao and 9-11 November 2015 – Chengdu

The EU-China Business & Technology Cooperation Fair has been held for nine consecutive editions attracting 4,400 Chinese companies and 12,400 European companies in total. The Fair provides a dominant cooperation platform in China for investment, trade and technology between the EU and China. 22,291 bilateral meetings between companies took place at the matchmaking event. Around 1/3 of the participants already informed about their successful match. The Fair is organized by the EU Project Innovation Centre and supported by the European Commission, the EU-China Business Association and several other EU institutions.

The 10th EU-China Business & Technology Cooperation Fair will be held from 4-6 November 2015 in **Qingdao**.

Qingdao, the most important transport hub and trading port in the North coastal region of China, is located at the intersection of land and maritime Silk Roads. With its well-established industries and rich resources, Qingdao is playing a leading role in developing the blue economy. As one of the first Chinese cities to open to the world, Qingdao is willing to work with other ocean-driven EU countries to forge partnerships in developing ocean economies, exploiting the resources, and promoting maritime research and innovation. Topics at the Fair will be:

Maritime Industry:

- Aquaculture & Fishery
- Shipbuilding, Mechanical Engineering & Precision Instrument
- Port Industry
- Shipping & Logistics
- Offshore Renewable Energy, New Materials & Environment
- Ocean Aviation
- Tourism

Other Industries:

- Bio-pharmacy & Bio-technology
- Modern Agriculture & Foodstuff
- ICT Industry & Services
- Universities, Innovative Clusters & Scientific Research Institutes

A cooperation forum will be held, as well as seminars on:

- Maritime research and industry cooperation
- High-end machinery industry cooperation
- New energy and environmental protection

B2B and cluster-to-cluster matchmaking session will also be organized.

More information is available at www.eu-china.org.cn The website for Qingdao's matchmaking is: <https://www.b2match.eu/tenth-eu-china-cooperation-fair-qingdao>

The **Chengdu** event of the of 10th EU-China Business & Technology Cooperation Fair will be held from 9-11 November 2015 in Chengdu.

The Chengdu Event will focus on:

- Frontier technological achievements and trends
- Short, sharp 30-minute meetings to foster effective networking
- Share information with Event experts, scholars and business players
- Get your problems solved – Matching enterprises offering or seeking solutions
- See an exhibition of successful examples of B2B match-making meetings

Main topics:

- Environmental Protection
- New Energy & Energy-saving
- Bio-pharmacy & Bio-technology
- Modern Agriculture & Foodstuff
- Innovation and Entrepreneurship
- General Aviation, Space and Aerospace
- ICT Industry & Services
- Universities, Innovative Clusters & Scientific Research Institutes

More information on the Chengdu Event is available at: <https://www.b2match.eu/tenth-eu-china-cooperation-fair-chengdu>

The Fair is organized with the support of the EU-China Business Association (EUCBA) and the Flanders-China Chamber of Commerce (FCCC).

ACTIVITIES SUPPORTED BY FCCC

Qingdao Day at Expo Milano – 17 September 2015 – Milan

On the occasion of Expo Milano 2015, the Qingdao Municipal Government will host the Qingdao Day in the China Pavilion of the Expo on 17th September, 2015. Senior leaders of the China Council for the Promotion of International Trade (CCPIT), Shandong Province and the Qingdao Municipal government will be present at the event. Qingdao, as the host city of the Olympic Sailing Regatta in 2008, plays an important role in the national “One Belt and One Road” strategy in terms of geographic location and business cooperation with overseas partners. The Qingdao Day themed as “Sailing City Setting off on New Silk Road”, will be featured with exhibitions and themed shows so that a whole picture of Qingdao will be given to all guests. The Qingdao Day events will start at 10:00 AM on 17th September, including the economic and trade promotion seminar, signing ceremony of China Pavilion’s Relocation and business luncheon.

Contact person: Mrs. Gwenn Sonck, gwenn.sonck@flanders-china.be

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>.

Food & Hotel China – 11-13 November 2015 – Shanghai

Food & Hotel China is a top expo in the Asia-Pacific region for food, beverages, catering and tourism. Exhibit your products at the group stand of Flanders Investment & Trade.

[Register](#) for the group stand of Flanders Investment & Trade before 15 September 2015.

The EU SME Pavilion at World of Food Beijing 2015 – November 18-20, 2015 – China National Convention Center, Beijing, China

China's demand for imported food and beverage products has been growing rapidly throughout the past few years, presenting unique opportunities for European SMEs in

particular. To help more SMEs get to know the market, the EU SME Centre will set up an EU SME Pavilion at this year's World of Food Beijing, the largest international food & beverage trade fair in Northern China. SMEs can enjoy a preferential rate for the booth and benefit from exclusive premium services. The package will include:

- A booth with a preferential rate (282 €/sqm) within the EU SME Pavilion to give your brand maximum visibility, decoration included.
- Pre-Fair Services: A series of webinar trainings to get you ready for your visit to China and meeting with Chinese companies.

On-Site Services:

- Business-to-business tour connecting you with the largest Chinese grocers, retailers, distributors and e-commerce platforms
- A series of seminars covering intellectual property protection in China and essential legal topics
- After Fair Services: Follow-up support from the EU SME Centre experts

If you are interested in joining the Pavilion and learning more about the package, click the link to register your interest: [Register interest](#)

About World of Food Beijing 2015: World of Food Beijing is an annual food & beverage trade fair powered by Anuga. Occupying a total area of 35,000 sq m, comprising 25,000 sq m of showcase area with more than 600 exhibitors, and 10,000 sq m of conference and activity zone, this event is poised to showcase a wide array of foodstuff such as fine foods and imported foods, dairy products, bread and bakery, meat and seafood products, frozen foods, sweets and snack foods, coffee and tea. More than 45% of the exhibitors will hail from abroad and over 24,000 trade visitors are to be expected. To learn more about the event, [click here>](#)

ACTIVITIES FROM EUCBA MEMBERS

China Auto Parts and After-sales Service (The Netherlands) Exhibition 2015 – 14, 15, 16 September 2015

JiaheShengde Investment Holdings B.V. has issued an invitation to the grand opening of GIA Trade and Exhibition Centre on 14th September 2015 at 10:00 at De Werf 11, 2544 EH The Hague.

Apart from being the opening of GIA Trade and Exhibition Centre, 14th September 2015 is also the opening for China Auto-parts and After-sales Exhibition. The Exhibition will last for three days, from 14th September 2015 to 16th September 2015.

There will be many car parts and truck parts manufacturers / suppliers from China to participate as exhibitors. Thus, it would be a great opportunity to meet up with these Chinese companies and look for possibility to do business.

It is therefore with great pleasure that we invite you to a special dinner to celebrate our opening with all exhibitors on 14th September 2015 from 7:00pm to 9:00pm at Shanghai Garden Restaurant (Kleveringweg 11, 2616 LZ Delft).

During the exhibition, we also arrange seminars on how to deal with a different business culture when doing business with Chinese and how the aftermarket develops in China, vice versa. If you would like to know more about the programme, please visit our website: www.jiaheshengde.com.

If you are interested in attending any particular sessions of our programme, please kindly inform us of the number of attendees of your organization along with their titles and contact details by sending us an email to event@jiaheshengde.com. With the confirmation of your attendance, the electronic admission ticket will be sent to you later.

If you have any questions regarding the registration, please do not hesitate to contact us via event@jiaheshengde.com.

The Exhibition is supported by the EU-China Business Association (EUCBA).

PAST EVENTS

Sino-European Entrepreneurs Summit – September 7-9, 2015 – Paris

The Sino-European Entrepreneurs Summit (SEES) is a high-level, efficient, and international exchange platform for entrepreneurs. This platform is mainly to promote commercial ethics, social responsibilities and professional knowledge, where Chinese entrepreneurs can also present their new images. SEES is presented to excellent entrepreneurs in capital cities in Europe as a large annual conference, on which the entrepreneurs may discuss major global topics and establish cooperation. The Summit is becoming a driving force in speeding up the process of Chinese enterprises' going global, boosting real economy, building internationally recognized brands, rejuvenating the Chinese nation and other key national strategies.

The Sino-European Enterprise Summit was held from September 7 to 9 in Paris. Mr Bert De Graeve, Chairman of the Flanders-China Chamber of Commerce (FCCC) and Chairman of Bekaert, addressed the Summit on the theme of “Manufacturing – transition and upgrade”, while Lord Sassoon, President of the EU-China Business Association (EUCBA) spoke on Theme 4, “Lasting success of family business”.

The themes discussed included:

- WTO and “One Belt, One Road”
- Manufacturing – transition and upgrade
- Round-table conference of international financial investment experts
- Lasting success of family business
- CEO Dialogue: Sustainability and Entrepreneurship
- Innovation leads the future development of China and Europe cooperation
- Sino-European culture salon

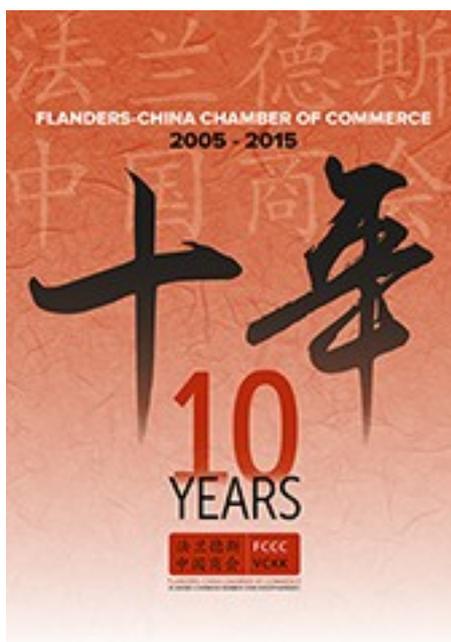
Visit by CCPIT Qingdao delegation – 10 September 2015

On 10 September 2015, the Flanders-China Chamber of Commerce and the EU-China Business Association, received a delegation, led by the Vice-Chairwoman of the CCPIT Qingdao. FCCC and CCPIT have a close partnership.

The aim of the visit of the delegation was to introduce the 10th EU-China Business & Technology Cooperation Fair. EUCBA and the FCCC are supporting partners of this Cooperation Fair.

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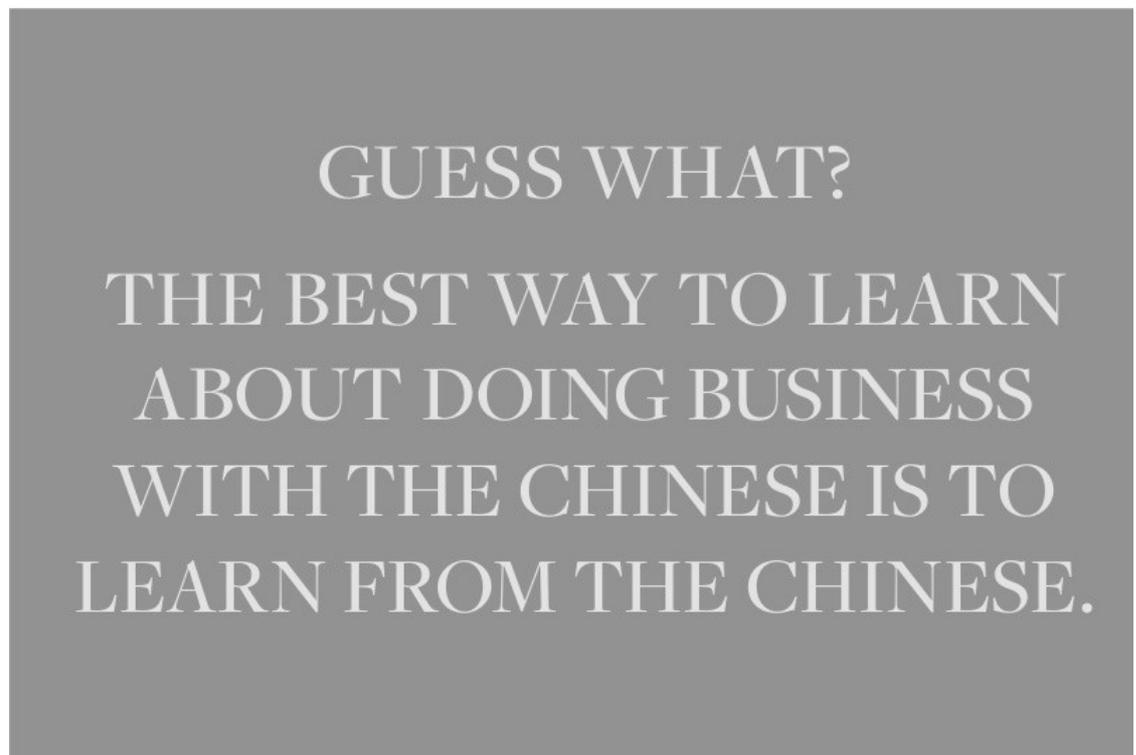
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In the link below you can find further information and a proposal for sponsorship as well as advertisement opportunities on our website and newsletters.

[Link advertisement opportunities](#)

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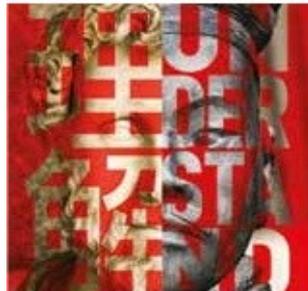
An Executive MBA by IMD & CKGSB



All over the world, people are beginning to do business with China. All over China, people have been doing it for centuries. So, who better to help prepare you for China's increasing influence on the global marketplace? While the Chinese economy continues to grow, gaining

expert knowledge from the other side of the business fence can give you an unquestionable advantage in leading the way between China and the world.

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



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

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

For admission details or further information visit imd.ckgsb.info

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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.

AUTOMOTIVE

Blue Book: auto industry requires structural reform

The administrative mechanism in China's auto industry is outdated and needs to be upgraded, according to this year's China Automotive Industry Development report. Also known as the 2015 Auto Blue Book, the publication analyzes the history of reform in China's auto industry management and proposes structural reforms to update the system. The report, jointly composed by the Development Research Center of the State Council, the Society of Automotive Engineers of China and Volkswagen Group China, found there is an urgent need for further reform, and proposed 10 measures. The Blue Book also suggests ways to boost the efficiency of government administration in the sector. Volkswagen Group China Executive Vice President Zhang Suixin said the current management system still maintained the fundamental concepts used 21 years ago. It restrains investment and restricted entry to the industry, which is far behind the desired rate of development, and causes problems, he said. Liu Shijin, former Deputy Director of the Development Research Center of the State Council, said reform was necessary now that the auto market growth was slowing. He emphasized innovation, industry entry, and exit as three major aspects for management structure reform, the China Daily reports.

28% of Shanghai households own a car

By last October, 28% of Shanghai households had at least one car – a total of nearly 3.2 million, the fifth comprehensive study by the Shanghai Transportation Commission found. This was almost double the number of cars in the city in 2009, when the fourth study was

conducted. 8% of existing car owners and 10% of households that don't have a car planned to buy a new vehicle within two years, or an extra 400,000 cars, but the city only issues 100,000 car plates a year. Some car owners resort to non-local car plates, although they come with restrictions, such as the prohibition of using the city's expressways during rush hours. Nearly one million cars in Shanghai have non-local plates. Meanwhile, the shortage of parking spaces in residential areas is increasingly apparent, the survey found. Shanghai has only 640,000 parking spaces in downtown residential areas, while there is a demand for 1.33 million. Congestion is also a serious problem. Shanghai was ranked the eighth most congested city in China in the second quarter, while for the previous six quarters it had been among the top three most congested cities.

- Heavily polluting vehicles will be banned from Shanghai's roads from October 1, the city's Transport Commission said. The city had eliminated 56,800 vehicles including 41,500 yellow label vehicles by the end of August. Another 15,300 old vehicles were also forced off the roads. But there are still about 51,000 yellow-label vehicles, or heavily polluting vehicles, on city roads.
- General Motors reported its biggest drop in China sales in five months for August. Vehicle sales for GM and its joint venture partners fell 4.8% year-on-year last month, while Ford and Nissan also reported contracting sales for the month. The figures contrast sharply with major sales gains for Toyota, Honda and Daimler in China. Volkswagen is the top-selling passenger car maker in China with roughly 18% market share in 2014, followed by GM and Hyundai Motor Co.
- Audi sold fewer cars in August than rivals BMW and Mercedes-Benz as Volkswagen's flagship brand has been harder hit by falling demand in China than its German peers. Chinese deliveries at Audi fell for a fourth month but the decline eased to 4.1% from 12.5% in July.
- China's car market continued its year-on-year slump for the third straight month. Despite a 10.7% rebound from July, China's sales figure for August – 1.66 million units – was still down 3% on an annual basis. A slowing momentum since May has offset the rise in combined deliveries earlier this year, which now stand at 15 million units – the same as last year.
- Chinese authorities fined Dongfeng Nissan, Nissan Motor Corp's joint venture with China's second-largest automaker Dongfeng Motor Corp, USD19.2 million for violating antitrust laws. Other global automakers and suppliers that were previously fined for such violations include Audi, Chrysler and Mercedes-Benz.

EXPAT CORNER

Shanghai presents Magnolia Silver Awards

50 people from 19 countries were presented with the Magnolia Silver Award in Shanghai. Among the recipients was Frenchman Pascal Metivier, Research and Innovation Director of the Belgian chemical company Solvay (China) Co. "I want to thank Shanghai for awarding us this great recognition and honor," Metivier said on behalf of all recipients. More than 1,000 people have received the Magnolia Silver Awards, named after Shanghai's official flower, since it was inaugurated by the city government in 1989.

FINANCE

Internet-bank WeBank hindered by regulations

WeBank, China's first internet-based private bank, said existing regulations are hampering its growth. Under current regulations, customers who want to open accounts at online banks need to do so with a debit card issued by a traditional bank, due to safety concerns. But customers say they are unable to do so with debit cards from China Merchants Bank, which has closed down the identity verification interface between the two banks.

- Finance Minister Lou Jiwei said that China's fiscal spending would grow 10% this year and the deficit would reach CNY1.6 trillion. Dividends from some state-owned

enterprises (SOEs) would be raised to make up some of the shortfall.

- China's foreign exchange reserves posted their biggest monthly fall on record in August, reflecting Beijing's attempts to halt a slide in the yuan and stabilize financial markets. China's reserves, the world's largest, fell by USD93.9 billion last month to USD3.557 trillion.
- China's banks are relaxing the definition of bad loans because an increasing amount of debts that are overdue for at least 90 days are not classified as non-performing loans (NPLs). The ratio of NPLs that are overdue 90 days and more rose by 77 basis points in the first half of 2015 for the 11 listed banks studied by Moody's. The increase beat a 24-basis-point growth of the banks' total bad loan ratio. When repayment on a loan is overdue by 91 to 180 days and there is no possibility of fully paying the debt, a loan should be marked as non-performing.
- China's foreign currency reserves declined USD93.9 billion, or 2.6%, to USD3.56 trillion from July, the biggest monthly fall on record, according to the People's Bank of China (PBOC). The PBOC does not disclose the composition of the basket of foreign currencies it holds, but began releasing official reserve figures on a monthly basis rather than quarterly from July.
- China plans to allow foreign central banks into its interbank foreign exchange market to expand the use of the yuan, but Premier Li Keqiang did not divulge details about what foreign institutions would be allowed to do. The interbank foreign exchange market is used for setting the exchange rate of the yuan.
- SPD Silicon Valley Bank has launched its yuan business in Shanghai. Silicon Valley Bank's 50-50 joint venture with Shanghai Pudong Development Bank in China, was approved by the China Banking Regulatory Commission (CBRC) in May to offer deposit accounts, loans and fundraising solutions in yuan. The bank is expected to focus exclusively on lending in yuan to technology firms in the internet, health care, new energy and new material industries.
- Who is the most generous philanthropist in the ethnic Chinese world? According to the latest Hurun report, Hong Kong property tycoon Li Ka-shing, Alibaba Group Chairman Jack Ma and Facebook Founder Mark Zuckerberg's wife Priscilla Chan topped the list, each having contributed more than CNY10 billion to charitable causes. 150 ethnic Chinese philanthropists have each made donations of at least CNY500 million.
- China's bank lending retreated in August after a sharp rise in July when the government directed funds into the stock market. Newly extended yuan loans fell to CNY809.6 billion after surging to a six-year high of CNY1.48 trillion in July.
- The People's Bank of China (PBOC) has tweaked the way it will assess banks' reserve ratios to ensure there are sufficient funds in the financial system. The new compilation method, which will use average levels over a period instead of daily calculations, could help release liquidity in some situations and maintain stability in the money markets, the PBOC said.

FOREIGN INVESTMENT

China's FDI, ODI surge

Both China's outbound direct investment (ODI) to the world and foreign direct investment (FDI) into the country saw strong growth in the first half of 2015. FDI into China grew 7.9% year-on-year to CNY471.1 billion through the first seven months of this year, while China's ODI grew at a dynamic pace in the January-July period, jumping 20.8% on a year-on-year basis to USD63.5 billion, data from the Ministry of Commerce (MOFCOM) shows. The country became a net capital exporter last year as the ODI figure of USD116 billion exceeded capital inflows for the first time. "In addition, FDI into China's non-financial sector is expected to increase by 4% year-on-year to USD125 billion this year, which would be helpful to boost the country's high-end manufacturing industries and the service sector," said Wang Shouwen, Vice Minister of Commerce. ODI from China's manufacturing sector jumped by 63.1% to USD5.09 billion in the first half of this year. The country shipped complete equipment worth USD60 billion, including units for nuclear power stations, waterworks and railways – a 10% year-on-year increase. Cao Hongying, Deputy Director General of the Foreign Investment Administration at MOFCOM, said investment into China from major countries and regions including the United States, the

European Union and Hong Kong showed a steady growth during the first seven months. Although the FDI into the manufacturing sector has been waning through the first seven months, it has been rising in the services sector, the China Daily reports.

China needs to simplify cross-border M&A approvals

Cross-border merger and acquisition approval procedures need to be simplified if China is to remain competitive globally as a top inward-investment destination, trade officials said. China became the world's largest recipient of foreign direct investment last year, with capital inflows rising by 3.7% year-on-year to USD129 billion, according to the Chinese version of the World Investment Report, released at the 2015 China International Fair for Investment and Trade. However, the report revealed that more than 70% of the Chinese mainland's FDI was from the Hong Kong Special Administrative Region, and developed economies such as the United Kingdom, France and Japan invested more in Southeast Asia and India, taking advantage of cheaper labor costs and lower material prices in those markets. Zhan Xiaoning, Director of Investment and Enterprise of the United Nations Conference on Trade and Development (UNCTAD), said that while a recovering United States economy should help attract more FDI this year, China should also take more measures to allow foreign capital to enter its key service sectors, such as healthcare, transport, logistics and retail. Official data shows 14,409 new foreign-invested enterprises were approved between January and July this year, an 8.8% rise on a year-on-year basis, worth USD76.63 billion, a 7.9% increase.

- Chinese companies are investing heavily in research and development (R&D) in Europe, drawing on the continent's plentiful high-technology and human resources to help them move up the value chain and internationalize their operations. They often establish R&D laboratories through existing subsidiaries in Europe, or by buying European companies with existing R&D capabilities that they can add to, the China Daily reports.
- The four free trade zones (FTZs) in China are simplifying administrative procedures to attract more overseas Chinese businesses, especially from overseas Chinese. In the Fujian FTZ, a web-based system has been introduced to allow companies to make online applications for administrative approvals. Some of the approvals can be granted in a day. At the Guangdong FTZ, the new system reduces procedures to around 12 from 100 earlier, while at the Shanghai FTZ, a single department handles the entire administrative approval process.
- Dell plans to invest USD125 billion in China over the next five years, a record investment in its second- biggest regional market. Dell will also introduce Dell Ventures into China for the first time to support innovation, and cooperate with Kingsoft to offer cloud computing services in China. The company called the new strategy "In China For China". Dell has more than 8,000 employees and three manufacturing facilities in China.

FOREIGN TRADE

China's foreign trade slumps further

Exports fell 6.1% from a year earlier in yuan terms in August, the General Administration of Customs said, compared with a fall of 8.9% in July. Imports dropped 14.3%, widening from an 8.6% decrease, leaving a trade surplus of CNY368 billion, up 20.1% year-on-year. "China is set to miss its export growth target for this year, and there will be no help from the external demand side for economic growth," said Liu Xuezhi, Shanghai-based Analyst at Bank of Communications (BoCom). "China's modest yuan devaluation has yet to show any effect on exporters." OECD Deputy Secretary General Rintaro Tamaki said that it was too early to interpret China's recent yuan devaluations as an attempt to boost exports to drive economic growth. He said the scope of the devaluation was rather small to be aimed at the promotion of exports. A weaker yuan boosts the cost of imports, which could offset any benefits from a rise in exports, given China's economic structure, said Tamaki. The explosions in Tianjin on August 12, which killed 161 people, had weighed on shipments, but the impact might be short-lived, analysts at Goldman Sachs said. China's exports may rise about 2% this year compared with last year, while imports may slide about 10% compared with the year before, said a State Information Center and China Development Bank report. Exports lost 1.6% in the January-

August period to CNY8.95 trillion, while imports lost 14.6% to CNY6.72 trillion, causing the trade surplus to jump 80% from a year earlier to CNY2.23 billion. China's bilateral trade with the European Union, its biggest trading partner, dropped by 8.4% during the period, while that with the United States, the second largest, rose 2%. Trade with Japan fell by 11.1%.

- Opposition to a landmark free trade deal with China is driven by racism and xenophobia, Australian Prime Minister Tony Abbott said. China and Australia sealed a trade agreement last year that was more than a decade in the making, significantly expanding ties. The agreement opens up Chinese markets to Australian farm exporters and the services sector while easing curbs on Chinese investment in resource-rich Australia.
- Trade between China and Latin America increased nearly 20 times between 2000 and 2012, but grew only 1% to USD264 billion in 2014 and fell 10% in the first half of this year. Investment should become the new engine of bilateral economic cooperation, according to Zhong Xiaomin, Deputy Director of the Shanghai Commission of Commerce.

HEALTH

New technology improves detection of lung disease

Early detection of lung disease in China is expected to greatly improve in a few years with the application of new technology. After five years of research, scientists at the Wuhan Institute of Physics and Mathematics at the Chinese Academy of Sciences (CAS) obtained several clear images of human lungs displaying gas exchange functions – a vital indication of lung health – the first such images obtained in China. The images are obtained through having patients breathe in the xenon-129 isotope, a kind of inert gas. “Compared with traditionally used lung-detection technologies such as computed tomography, the new technology can produce images with non-invasive and non-radioactive methods that visualize defects in the gas exchange function of lungs,” said a statement released by the Institute in Hubei province.

- Beijing has proposed stricter rules for infant formula makers including more aggressive supervision of ingredients, limiting the number of small manufacturers and banning misleading advertising claims. Authorities hope that thinning out the market and placing it under a more demanding regulatory framework will restore public confidence shaken by the melamine contamination scandal in 2008.

IPR PROTECTION

IP tribunals face heavy workload

China's three IP tribunals – in Beijing, Shanghai and Guangdong province – handled 10,795 disputes by August 20, and the number is still rapidly rising, according the Supreme People's Court (SPC). “The cases heard by the three tribunals since they were set up at the end of last year have exceeded our expectations, and the number of judges we arranged for the tribunals cannot handle the enormous number of disputes,” said Wang Chuang, Deputy President of the IP Department at the SPC. For example, the Beijing IP Tribunal has 22 judges, but it has accepted 6,595 cases since it was established in November, “so the number of judicial officers cannot handle the case increases,” Wang said. He confirmed that there are more than five times the number of IP disputes than any other civil cases, but the number of competent judges, who have to master both legal and technological knowledge, is limited. To alleviate the problem, the SPC is preparing to select more judges for the three tribunals.

- China's State Intellectual Property Office (SIPO) received 928,000 filings for patents on inventions last year, an increase of 12.5% from 2013, making China No 1 in the world in patent filing for the fourth straight year. Also last year, China filed 2.28 million trademark applications, making it the world leader for 13 years in a row.
- European Union regulators have yet to decide whether to wade into a patent dispute between ZTE and the New York-based patent licensing firm Vringo, despite a year-old

complaint by the Chinese handset maker. ZTE took its grievance to the European Commission in June last year after failing to reach a deal with Vringo on charges for using the U.S. company's patents, which are necessary for its products to work with industry standards.

MACRO-ECONOMY

Golden share will allow state to relinquish majority in SOEs

An experimental "golden share" arrangement will play a crucial role in the next stage of the reform of state-owned enterprises (SOEs). The introduction of a "golden share" – a type of preferred share held by the government or a government entity – would allow the state to relinquish its majority shareholding in large national corporations. But it would still retain control over major decisions. Some state-owned assets would be converted into preferred shares. The move is part of a drive toward SOEs' "total corporatization". Preferred shares are a type of share that entitles the holder to certain privileges over company restructuring and in profit-sharing, while the "golden share" is a type of share designed especially to give the government veto power over key issues such as a revision of the articles of association, another shareholder acquiring shares beyond a set limit, and any attempted takeover or acquisition by another company, the China Daily reports. Private capital would be allowed to take a majority share and run day-to-day management. SOE reform guidelines are expected to be issued soon. It has also been reported that China will set up independent state-asset investment and operating companies to ensure flexible capital flows among businesses and to reduce direct intervention in state-owned enterprises (SOEs). Similar to asset-holding firms, they would be commercially-oriented investors and would not be replicas of the State-owned Assets Supervision and Administration Commission (SASAC).

Carbon pricing to play role in investment decisions

82% of 304 experts and industry representatives in China who participated in the China Carbon Pricing Survey believe that carbon pricing will affect the investment of companies with large carbon emissions, pushing them toward green technologies by 2020, but only 36% believe carbon pricing could affect investment next year. Since 2011, China has implemented seven emission trading schemes in places such as Beijing, Shanghai and Shenzhen, Guangdong province, in a bid to gradually set up a nationwide carbon trading market. More than 1,900 companies with carbon emissions have been listed in the seven pilot schemes. Up to July 26, some 25 million metric tons of carbon dioxide equivalent were traded under these plans, with a value of CNY830 million. China will expand the pilot schemes across the country by 2017, the National Development and Reform Commission (NDRC) announced. The carbon pricing survey found that 68% of the companies in the pilot schemes have a strategy for emission trading, like improving their technology and facilities, suggesting that the pilot projects are having a significant impact, the China Daily reports.

Premier Li: China's growth in proper range

Premier Li Keqiang told the World Economic Forum (WEF) meeting in Dalian that China's economic growth is in the "proper range" and the country has no plans to allow its currency to decline further. He added that China will stick to plans for market-opening reforms despite recent "fluctuations" in economic performance. Li announced no new initiatives but touched on a wide range of issues that are sensitive for foreign investors in a clear attempt to assure them business conditions would remain stable. The nation's economy has cooled steadily over the past two years as the government tries to steer it to more self-sustaining growth based on domestic consumption instead of exports and investment, but foreign concerns about a possible "hard landing" spiked after trade and factory activity fell in July and August. Li said current growth, forecast by the government at about 7% for the full year, is acceptable so long as it generates enough jobs. He said China has no further plans to allow its yuan to decline in value following the August 11 devaluation, which made the yuan's exchange rate more market oriented. Li also tried to reassure investors that the recent economic turmoil would not disrupt progress in opening more of the state-dominated economy to private and foreign companies, the Shanghai Daily reports.

- China lowered its GDP growth figure for last year by ten basis points to 7.3% from 7.4% announced in January. A final confirmation could come next January. The service sector had lower growth than earlier figures showed. The new figure is the lowest since 1990 when growth plummeted to 3.9%. Chinese growth slowed in the first two quarters of this year, reaching 7%.
- China's power usage, rail freight and property market have all improved since August, indicating that the economy is stabilizing. The effects of supportive policies, including interest rate cuts, property market stimulus and local government debt swaps, will feed into the economy over the next few months and help underpin growth, the National Development and Reform Commission (NDRC) said.
- Ten Chinese companies, mostly new internet and technology industry leaders, have been crowned "Global Growth Companies" by the World Economic Forum (WEF). The WEF announced a total of 132 such companies ahead of an annual summit in Dalian, China on September 8. The award is widely recognized globally as a vote of confidence in the further development of those businesses. The Chinese companies included drone maker DJI, car hailing app Didi Kuaidi, and video portal iQiyi.
- Beijing has issued new guidelines for state-owned enterprises, splitting them into two main groups – those that are commercially oriented, and others that are focused on not-for-profit operations, sources said. Commercial enterprises in competitive industries will sell equity stakes to other investors and seek stock listings, while SOEs related to national security will remain under state control.
- The National Development and Reform Commission (NDRC) has given the green light to CNY77 billion worth of highway and bridge projects to support economic growth. One project was approved in January, while the other five were approved between April and June, according to a statement posted on the NDRC website.
- The National Bureau of Statistics (NBS) has changed the way quarterly gross domestic product (GDP) data are calculated, a move it calls a step to adopt international standards and improve the accuracy of Chinese statistics. It is now calculating GDP based on the economic activity of each quarter to make the data "more accurate in measuring seasonal economic activity and more sensitive in capturing short-term fluctuations," the Bureau said. It will pave the way for China to adopt the International Monetary Fund's Special Data Dissemination Standard in calculating GDP.
- The Internet of Things (IOT) will be a major force powering China's economic growth, with its contribution to the economy expected to be a combined USD1.8 trillion by 2030, Accenture said in a report. According to Xinhua, the total IOT market in China is estimated at CNY500 billion this year. However, "China still needs to close the gap in critical skills and infrastructure, promote cross-industry collaboration and accelerate IOT investment," Accenture said.
- Société Générale sees a 30% probability of a hard landing for the Chinese economy and assigns a slightly higher, one-third, chance of China triggering a global recession. The financial institution believes real GDP growth for the first half was 6% instead of the officially-reported 7%.
- Fatih Birol, the new Executive Director of the Paris-based International Energy Agency (IEA), called for a China "partnership" during his first official trip to Beijing. China is not a member of the IEA. China is the world's second largest oil importer and in April, China's monthly imports of crude oil surpassed those of the United States.
- China will set up at least eight new pilot zones to spur innovation and reforms as part of a national push to generate new economic drivers. Guangdong would be among the major centers to have one of the pilot zones. The others will be the Beijing-Tianjin-Hebei urban cluster, the provinces of Anhui and Sichuan, as well as Shanghai, Wuhan, Xian, and Shenyang.
- China's manufacturers slashed prices at the fastest rate in six years in August as commodity prices fell and demand cooled – signaling stubborn deflation risks in the economy and adding to expectations for further stimulus measures. The producer price index (PPI) fell 5.9% in August from the same period last year – its 42nd consecutive month of decline.
- China is considering to spend CNY1.2 trillion to CNY1.5 trillion in fiscal stimulus

measures over the next three years, according to the China International Capital Corp (CICC). The stimulus is likely to drive a total potential investment of CNY5 trillion to CNY7 trillion in the next three years, or 2.5% to 3.4% of the 2015 gross domestic product (GDP) each year.

- The Chinese Communist Party's Politburo has approved a masterplan for environmental protection reforms that deals with economic incentives, property rights for natural resources, land planning, officials' performance appraisals, and law enforcement.

MERGERS & ACQUISITIONS

Bombardier turns down acquisition by Beijing Infrastructure Investment Co

Canada's Bombardier has turned down a Chinese offer to buy up to 100% of its prized rail unit. Beijing Infrastructure Investment Co (BII), a state-owned company operating 18 metro lines in China's capital, had offered to acquire between 60% and 100% of Bombardier Transport. Bombardier, which is looking to raise cash by listing a minority stake in its transport unit later this year, is attractive to Chinese players like BII, which, encouraged by the Chinese government, are seeking to acquire leading foreign technology to grow their businesses and global footprint. Selling a majority stake would, however, expose Bombardier to political pressure in its home province of Quebec, where it generates high-paying jobs that could be lost through a takeover by a foreign buyer at a time when Canada's economy has slipped into recession. The equity value of the transportation division is estimated at about USD5 billion.

- State-owned enterprises (SOEs) have stepped up the pace of mergers and reorganizations in the past few months to counter downward pressures in the economy. During the first six months, the number of mergers and reorganizations of SOEs increased by 26% from a year ago in terms of value, said Xu Shaoshi, Chairman of the National Development and Reform Commission (NDRC).

REAL ESTATE

London property developers eye Chinese buyers

Premium residential projects in London are hoping to attract Chinese investors disillusioned with domestic stock markets and the devaluation of the yuan. "London's property has been a safe haven for investors from China and other countries because of its stable growth in property prices and legal framework," said Qian Chengri, Sales Manager for property consultants Knight Frank. Battersea Power Station, a mixed-use development of residential, commercial and retail properties on the South bank of the River Thames is one of the latest projects to actively seek Chinese investment.

- Shanghai is soliciting opinions on the merger of its downtown Jing'an and Zhabei districts. The merged district would retain the Jing'an name and cover about 37 square kilometers with 1.2 million permanent residents. Earlier the Jing'an government had said that it was a rumor that might have been created by real estate developers to push up house prices. It has also been reported that land near the Shanghai Railway Station would become expensive as it would be the new district's central area.
- Sales of pre-owned houses beat analysts' expectations when 33,000 units were sold in Shanghai in August amid a robust buying momentum in what was a traditional low season, according to the latest market data. The sales marked a month-on-month gain of 0.9% and an annual surge of 159%, Shanghai Centaline Property Consultants said.

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RETAIL

Metro Group to open Tmall store

German retailer Metro Group plans to open a store on Tmall, the business-to-consumer platform of Alibaba Group Holding, to attract more shoppers with a wide range of German products. In the first phase, more than 100 categories of products like dairy, canned foods, coffee and chocolate from Metro Cash & Carry Germany as well as cosmetics from Real will be offered for sale. Last year, Metro achieved revenue of CNY18.9 billion in China, a 11.2% year-on-year growth. The retailer has 81 wholesale facilities in 56 cities in China and a membership of more than 4 million.

SCIENCE & TECHNOLOGY

Chinese scientists to explore cosmic rays from far side of the moon

Chinese astronomers plan to send a low-frequency radio spectrum analyzer to the far side of the moon for the first time in history. The mission's launch date was not disclosed. "Astronomers around the world have dreamed of observing low-frequency cosmic rays from the far side of the moon," lunar expert Zou Yongliao said at the Second Beijing International Forum on Lunar and Deep-Space Exploration. On December 14, 2013, Chang'e-3, part of the second phase of China's lunar program, landed on the moon and deployed the Lunar-Based Ultraviolet Telescope, a small robotic optical telescope that produced significant research results. Chang'e-3 was a great achievement, "marking China as the third nation to land on the moon and the only nation currently operating on the lunar surface," said Steve Durst, Director of the International Lunar Observatory Association. The moon's surface was ideal for making astronomical observations.

- Tsinghua Holdings, a technology conglomerate backed by Tsinghua University, is setting up China's first technology transfer fund with an initial investment of CNY500 million to foster innovation in the high-tech sector. The fund will invest in research and development projects, including medical and electronic technology, that can transfer scientific achievements into business projects, Xu Jinghong, Chairman of Tsinghua Holdings, said.

STOCK MARKETS

Oaktree says Chinese stocks are attractively priced

Chinese stocks are attractively priced after the market rout, Oaktree Capital, the world's largest distressed-asset manager, said. "We have found equities in China that have been worth holding," said Howard Marks, Chairman of Oaktree, which has more than USD5 billion invested in Greater China. "We strongly believe in the A-share market." It was less attractively priced when the benchmark Shanghai Composite Index was at 5,200 points, but there were good buys at the 3,100-point level, he said. The firm, headquartered in Los Angeles and with USD103 billion assets under management, specializes in corporate and distressed investments such as non-performing loans (NPLs). "We have a substantial position in Chinese equities today and we are very comfortable," Marks said. Investing in good companies at attractive prices was "easily accomplished today", he said, adding Oaktree's investments were mostly in listed equities. China's stock market has been volatile since the benchmark Shanghai Composite Index peaked on June 12 at 5,178.19 points. It fell as much as 40% last month, despite measures launched by the government.

- China's stock exchanges began soliciting public opinion on an index circuit breaker system, which would suspend trading temporarily in response to substantial drops. The system would follow changes in the CSI 300 Index, which reflects the performance of the Shanghai and Shenzhen stock exchanges. When the index rises or falls by 5%, the circuit breaker would be triggered with a 30-minute suspension in stock trading. If the index changes by 5% after 2:30 pm, or if the index rises or falls by 7%, trading would be suspended until 3 pm, the closing time for daily trading.
- The China Securities Regulatory Commission (CSRC) has punished five brokerages for illegal operations, four for failing to check clients' real identities and one for flawed risk control. They will be fined and their illegal profits will be confiscated.
- Shanghai stocks closed in the first weekly advance in a month. The Shanghai Composite index edged up 0.07% to close at 3,200.23 points. The index gained 1.27% last week.

TRAVEL

Authorities warn car hailing companies

Car hailing companies have been warned not to conduct illegal operations, but they have so far not been charged with any offense. By the end of July, law enforcement officials in Beijing had punished 2,417 vehicle owners on charges of illegal operations. 1,211 of them offered services through Didi and 170 through Uber. The Ministry of Transport said earlier this year that innovation is encouraged to improve transport problems but also made it clear that private cars are not allowed to offer rides for profit. Among at least 250 cities in 57 countries Uber has entered, the top three cities by number of rides by the end of July were in China: Guangzhou, Hangzhou and Chengdu. Despite the suspicion of illegal operations and even police raids of its regional offices, Uber is winning new investment in China. Both China Taiping and China Life, two major insurance companies in China, recently confirmed they have become shareholders of Uber, the China Daily reports.

Uber will enter 100 more Chinese cities over the next year, doubling a previous goal set just three months ago, Chief Executive Travis Kalanick said. Uber's China unit now operates in about 20 cities, Kalanick said at an event in Beijing held by Uber investor Baidu.

Robust growth forecast for China's outbound tourism

China, the biggest outbound tourism market, will continue to make rapid strides with trips and overseas consumption, despite a slowdown in the growth of outbound tourist trips in recent years, according to the Market Research Report on Chinese Outbound Tourist Consumption (2014-2015) by the Beijing-based World Tourism Cities Federation. The report said the number of Chinese outbound tourist trips reached 109 million last year, up by 11% on the previous year and accounting for 9.58% of international tourists. During the period reviewed, tourists spent USD165 billion, an increase of 28% year-on-year. This consumption comprised

11% of international tourism revenues. Wei Xiao'an, Secretary General of the China Tourism Leisure Association, said the outbound tourism market in China is embracing a "new normal" just as the economy did – referring to slower growth. Last year's 11% growth compared with expansion of about 60% in 1997-98, when policies were introduced to encourage people to travel overseas. Various factors, including simplified visa application procedures and easier tax rebate policies, will continue to boost growth in both the number of trips and spending, the China Daily reports. About 42% of the tourists surveyed said they were willing to spend as much as 20% of their living expenses on travel. The population of second-and third-tier cities is far greater than first-tier ones. Even a small percentage of travelers from second-and third-tier cities going abroad will trigger significant growth in outbound tourism.

- U.S. hotel brand Marriott International plans to offer Alipay, the online payments service owned by Alibaba Group, at its hotels and resorts in 2016. The payment method, operated by Alibaba affiliate Ant Financial, will first be introduced to 10 Marriott hotels in Shanghai and Beijing, in Sanya, Hainan province and Hong Kong. By the middle of 2016, the hotel group's sites in Asia will be connected to Alipay and the application will be introduced to all Marriott hotels by the end of next year. Alipay has an 80% share of China's mobile payment market. Alipay currently claims over 400 million registered users.
- Car hailing app Didi Kuaidi is close to raising about USD3 billion from investors, more than it had originally planned. The latest round of financing values the company at USD16.5 billion.

VIP VISITS

China and Jordan establish strategic partnership

China and Jordan established a strategic partnership, vowing to deepen cooperation on big projects in areas such as energy and infrastructure. President Xi Jinping and King Abdullah II of Jordan signed a joint statement on the strategic partnership after meeting at the Great Hall of the People in Beijing. Trade between China and Jordan reached USD3.6 billion in 2014. China is Jordan's third-largest trading partner. The King was heading a delegation to attend the China-Arab States Expo from September 10 to 13 in Yinchuan.

- Chinese President Xi Jinping will begin his U.S. trip with public engagements in Seattle on September 22 before moving on to Washington DC and finally the United Nations General Assembly on September 28. Leading U.S. technology firms, including Apple, Facebook, IBM and Google have been invited to a meeting with the Chinese delegation in Seattle on September 23.

ONE-LINE NEWS

- Egypt signed an agreement with the China State Construction Engineering Corp on building and financing part of a planned new administrative capital east of Cairo. The new capital is one of a series of mega-projects announced by Egyptian President Abdel Fattah al-Sisi designed to attract foreign investment and create jobs.
- China is expected to release the standard of next-generation 5G mobile communications technology in 2018, with testing set to start as soon as 2016. Commercial use of 5G would start no later than in South Korea and Japan in 2020. 5G technology offers users peak bandwidth of 10 gigabytes per second, 100 times faster compared with 4G.
- The 4th Shanghai Design Week will be held at the Shanghai Exhibition Center from September 25 to 27. This year's design week will feature four key sectors covering fashion, smart technology, traditional handicraft and eco-living, with the latest innovative design products from all over the world displayed. More than 100,000 visitors attended last year's design week.
- Chinese steel market players expect September's new steel orders to remain at similar levels as last month although prices could weaken. The latest Platts China Steel Sentiment index (CSSi) read 55.64 out of a possible 100 points in September,

up just 0.45 points from August's 55.19. It was also the second consecutive month the CSSi has stayed above the 50 threshold.

- Baosteel Group's Vice General Manager Zhao Kun has been dismissed for breaking the Communist Party's frugality rules. He was found to have spent company money on expensive accommodation, dinners and personal entertainment, the Communist Party's Central Commission for Discipline Inspection (CCDI) said.
- The market for Apple's iPhone grew 75% in mainland China year-on-year, Chief Executive Tim Cook revealed as he unveiled the iPhone 6s and the iPad Pro. Apple is the third largest smartphone brand in China, behind domestic rivals Xiaomi and Huawei.
- China will launch a nationwide investigation over the suspected illegal cultivation of genetically-modified (GM) crops, as GM soybeans have been found. China is the world's top buyer of genetically-modified soybeans, but Beijing has not given the go-ahead for domestic cultivation of genetically altered crops, although it has spent billions on research.
- Song Lin, former Chairman of China Resources, is to be charged with taking bribes, embezzling company funds and adultery. He was expelled from the Chinese Communist Party, paving the way for his formal prosecution.

ANNOUNCEMENTS

Export Food & Beverages to China: Step-by-Step Instruction

The September 2015 newsletter of the EU SME Centre focuses on the latest updates in the food & beverage sector, as well as listing the key events not to miss this autumn.

Read our newly revised guideline to become familiar with the importing process and labelling requirements for pre-packaged F&B products, and check out our Tip of the Month for changes in China's Food Safety Law. If you export meat products to China, view our recent webinar to learn the requirements specific to your product.

Meanwhile, do not miss this year's [World of Food Beijing](#) on November 18-20 where the EU SME Centre will be showcasing the best products from Europe at its pavilion. Join the EU SME Centre to get your brand into China and make valuable business connections.

For the European business community in Beijing, join our Inter-Chamber SME Working Group meeting on September 16 to get updates on visa and mandatory insurance policies.

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Membership rates for the last quarter of 2015:

- SMEs: €100
- Large enterprises: €285

Membership rates for 2016:

- SMEs: €385
- Large enterprises: €975

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