



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

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FCCC ACTIVITIES

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.

Participation fee for FCCC members: €45 (excl. 21% VAT), non-members: €75 (excl. 21% VAT).

Seminar: "An update on recent changes in China's legal environment" – 26 October 2015, 16 h. – Ghent

The Flanders-China Chamber of Commerce (FCCC) is organizing a seminar in Ghent on the topic of "An update on recent changes in China's legal environment". Mr. Philippe Snel, Partner of the De Wolf Law Firm Shanghai will talk about recent developments in compliance, the food and labor laws, the increased tax burden of foreign companies, attempts to unify the administration of justice on intellectual property rights, and the increasing success of the Shanghai (China) Pilot Free Trade zone and e-commerce.

The seminar will take place on October 26, 2015 at 16 h. in Ghent (place still to be determined). Participation fee: €55 (Excl. VAT) and €75 (Excl. VAT).

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.

ACTIVITIES SUPPORTED BY FCCC

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>](#)

PAST EVENTS

Meeting with Chinese delegations – 21 September 2015

Meeting with Liaoning Governor – 21 September

On Monday 21 September, the Governor of Liaoning Province, Mr Chen Qiufa, and his delegation, comprised of representatives of the Liaoning government visited Flanders. They had a meeting with the Government of the Province of East Flanders, Governor of the Province of East Flanders, Mr Jan Briers and Mr Geert Versnick, Vice Governor of the Province of East Flanders in charge of European and International Cooperation and International Affairs. The Flanders-China Chamber of Commerce (FCCC) was represented by Ms Gwenn Sonck, Executive Director.

Both sides introduced the strengths of each others provinces and discussed cooperation possibilities. The delegation also visited Bekaert, where the delegation was joined by the Vice Mayor of Shenyang, Mr Yang Yazhou. Bekaert and Recticel have important investments in Shenyang.

Meeting with Tianjin delegation – 21 September

On Monday 21 September, a delegation of entrepreneurs, led by the Director of the Tianjin Office of the Langfang Municipal People's Government and the Secretary-General of the Tianjin-Hebei Chamber Of Commerce, was received by the Province of East Flanders, Mrs Astrid Vliebergh, Director and Gwenn Sonck, FCCC. The delegation introduced their companies' activities. Interested companies can obtain further information by sending an e-mail to: info@flanders-china.be.

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

The Flanders-China Chamber of Commerce (FCCC) organized a seminar: "Growing a Business in China: Success Stories". This event took place on 16 September 2015 at the Club of Flanders in Gent.

The goal of the event was to share, discuss and exchange knowledge and experiences between companies doing business with or investing in China. Following the introduction by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, case studies of doing business and investing in China were presented by Mr Hans Deprettere, Sales Export Manager Asia, Orfit Industries and Mr Adam Sneep, Chief Executive Officer, Adifo. The event was concluded by an exchange of views and a networking drink.

Opening of Chinese Cultural Center – 16 September 2015 – Brussels

The Chinese Cultural Center in Brussels was opened on September 16, 2015 by Mme Liu Yandong, Vice Premier of the People's Republic of China; H.E. Qu Xing, Ambassador of the People's Republic of China to Belgium; H.E. Mrs. Yang Yanyi, Ambassador of the People's Republic of China to the European Union; and Mr. Didier Reynders, Vice Premier and Minister of Foreign Affairs of Belgium. The Chinese Cultural Center is located at Rue Philippe Lebon 2-4, 1000, Brussels. Mrs. Gwenn Sonck, Executive Director, represented the Flanders-China Chamber of Commerce (FCCC) at the inauguration ceremony.

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

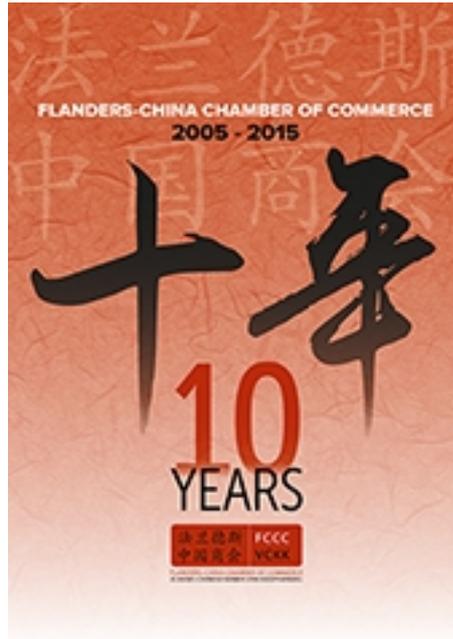
Visit by CCPIT Qingdao delegation – 10 September 2015

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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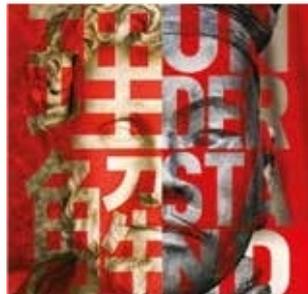
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AUTOMOTIVE

More EV charging facilities to be built

The Chinese government has promised to build more charging facilities for electric vehicles. The number of stations will be increased and standards for charging ports will be unified so that they can be used by all vehicles, Zheng Shanjie, Deputy Director of the National Energy Administration (NEA), said. The government decided that all new residential complexes should ensure that parking lots have charging facilities, while no less than 10% of parking lots in large public buildings or public car lots should have charging facilities. In the first eight months of this year, sales of green vehicles rose 270%.

- In the first eight months of 2015, China sales of Mercedes-Benz rose by 30% year-on-year to more than 227,000 cars. Meanwhile, Audi's sales decreased by 0.8% and BMW lost 0.9%. In August alone, Mercedes-Benz sales in China increased by 56.7%. Mercedes-Benz plans to bring almost its entire product portfolio to China by around 2020. The company will consider "Chinese preferences" in future development of the

brand.

- Italian motorcycle producer Ducati is increasing its presence in China with the foundation of Ducati China as a new business unit of Audi China. The company plans to double its dealerships in China in two years and introduce four new models in the coming months. Denker Group, the current importer, will remain the Ducati partner in China managing the dealerships in Beijing, Shanghai and Chongqing. Ducati said its sales in China increased by 46% year-on-year between January and July this year.
- Dong Yang, Deputy Director of the Chinese Automobile Manufacturers Association (CAMA), wants the seven Chinese cities that restrict car purchases to distribute an additional half a million plates in total this year. The extra cars would allow the Chinese auto market to grow by about 2%. It grew by an annual average of 24% between 2000 and 2010, but the growth rate declined to 7% between 2010 and 2014. In the first eight months of 2015, both production and sales dropped slightly from a year earlier.
- A Hong Kong-based electric vehicle charging company aims to push the growth of electric cars in China by developing a charging network in the country. EV Power Group founder Martin Tsang said that by having installed 600 charging stations in cities like Beijing, Shanghai and Guangzhou, the company was quickly putting in place the infrastructure to facilitate the faster adoption of electric vehicles. EV Power already operates 3,000 regular and fast chargers in shopping malls, office buildings and residential sites in mainland China, Hong Kong and Macao.
- Volkswagen, which is involved in a pollution-cheating scandal in the United States, may face a tough battle to retain its brand image and sales record in China, its biggest global market. Volkswagen Group China said it has no further comments on the issue, and its joint venture FAW-Volkswagen said that vehicles it produces and sells have no such problems. Volkswagen's sales in China during the first six months of the year dropped 5.6% year-on-year to 1.74 million units. In 2014, its sales had surged by 12.4% in the country.

EXPAT CORNER

Hong Kong best for career advancement

Hong Kong is the best place in the world for expats to advance their careers, but it ranks behind Singapore and Taiwan as a place to live and work, according to a survey by the research firm YouGov and commissioned by HSBC. The study sought views from more than 21,000 expatriates from 198 countries over three months earlier this year. The average salary of Hong Kong expats questioned was more than USD176,000 per year, about USD70,000 above the global average. New Zealand and Sweden took second and third places respectively, while China ranked 27th in the survey – putting it behind Saudi Arabia and Vietnam.

FINANCE

Fanya Metals Exchange investors protest

Investors in financial products of the Fanya Metals Exchange in Yunnan province protested in Beijing after they could not withdraw their investments. More than 400 of these so-called commodity exchanges have mushroomed in China in a regulatory void and attracted CNY1 trillion in investments. They are now all under scrutiny. The angry investors, wearing T-shirts calling Fanya a “scam”, demanded the central government investigate Fanya for defaulting on CNY36 billion it owed investors. The exchange had promised double-digit returns on a punt on metal prices increasing, a bet that went wrong as commodity prices collapsed worldwide. “The China Securities Regulatory Commission (CSRC) does not have the power to regulate regional exchanges,” said a CSRC source who did not want to be identified. Geng Shuang, Senior Lawyer based in Guangzhou, said: “Spot markets come under the ambit of the Ministry of Commerce while securities and futures markets are under the CSRC. These so-called spot-trading exchanges are structuring contracts and complicated financial products based on commodity spot prices, creating a regulatory uncertainty. As a result, neither the Ministry nor the CSRC minds them at present.” China Financial Trading, an industry data provider, has identified 653 commodities exchange houses in China trading more than 200 commodities on

their platforms. The Fanya exchange, which claims to trade 14 minor and rare metals, including indium, bismuth, tungsten, antimony and cobalt, is an example of the risks that such exchanges present, the South China Morning Post reports. Fanya's product, named "ri jin bao", promised an annual return of 13.68%, guaranteed principal and instant redemption. It could be bought online by retail investors all over China.

- China should continue with financial reform because costs will rise if it is delayed, Sheng Songcheng, Director of the Survey and Statistics Department at the People's Bank of China (PBOC) said. "The slow pace of reform will leave domestic markets vulnerable to global volatility," Sheng told a financial conference in Shanghai. "We shouldn't miss the opportunity of financial reform and opening because of market volatility."
- China will push forward with market-based reform of its currency regime and make the yuan convertible on the capital account over time, President Xi Jinping told The Wall Street Journal. A recent drop in China's foreign exchange reserve was "moderate and manageable", and the level of reserves remained abundant, Xi added.
- China may expand a trial to replace business tax with value-added tax (VAT) next year if not this year, Ernst & Young said. "The reform has been proven as a stimulus to the service industry," Kenneth Leung, Indirect Tax Leader at EY China, told Shanghai Daily. China launched the VAT reform in January 2012 in Shanghai in an effort to ease the tax burden for companies and boost the service sector. VAT has still to be applied to four sectors – real estate, construction, financial services and customer services.
- The People's Bank of China (PBOC) raised the ceiling on cross-border yuan fund flows for multinationals via two-way cross-border yuan cash pooling and cut the threshold to conduct the business. The cap on the net inflow was raised to 50% of the total shareholders' equity in the cash pool. The initial ceiling for inflow was 10% and there was no limit on outflow. Two-way cross-border yuan cash pooling allows multinationals to more conveniently allocate capital between group companies.
- A rising bad loan ratio is expected to cause some Chinese banks to post zero growth in profits or even negative growth in the second half of this year or in 2016, PricewaterhouseCoopers (PwC) said. "The banking industry in China is facing three turning points at present — profit growth declines, the interest margin narrows and most importantly asset quality is under growing pressure," said Raymond Yung, Financial Service Leader of PwC China.
- The U.S. government is backing a possible IMF decision to add the Chinese yuan to its Special Drawing Rights (SDRs).

FOREIGN INVESTMENT

Intel invests in eight Chinese start-ups

Intel Corp has invested a total of USD67 million in eight Chinese technology start-ups, in an effort to give it an edge in emerging sectors such as next-generation smart devices, robotics and cloud services. The investment comes less than a month after the United States-based multinational pumped more than USD60 million into a Shanghai-based drone maker, Yuneec International Co. Twelve Chinese companies have received a capital injection from Intel this year, including a roughly USD1 billion investment in a mobile chip set subsidiary under the Tsinghua Unigroup. The U.S. company has now invested nearly USD2 billion into more than 140 Chinese companies since 1998. Ian Yang, Intel's China President, said the country's increasing demand for innovation, particularly in consumer electronics, had driven the investments. "The growing spirit of grassroots innovation in the country is likely to present more investment opportunities." Intel's latest investments in China will focus on smart devices, the Internet of Things, drones, visual reality and data analytics. One of the most eye-catching recipients of Intel's recent investment is Ninebot, a Tianjin-based short-distance personal electric-vehicle maker which acquired industry leader Segway in April. It plans to use Intel technology in its future vehicle models, the China Daily reports.

- Hollywood studio Warner Bros is setting up a joint venture with a consortium led by China Media Capital (CMC) to produce Chinese-language movies for the international

market. Flagship Entertainment Group will have offices in Beijing and Los Angeles. The new company is 51% owned by a consortium led by CMC – of which 10% will be held by Hong Kong broadcaster TVB – and 49% by Warner Bros.

- Authorities are investigating two Chinese managers of Swiss lift and escalator maker Schindler over possible embezzlement and bribery. A company statement said: “This primarily concerns embezzlement to the detriment of Schindler, as well as passive bribery (acceptance of bribes), and possibly bribery relating to private individuals.” Schindler, which entered the China market 36 years ago, said it is working closely with authorities on the case.

FOREIGN TRADE

U.S.-China trade expected to double by 2024

The annual bilateral trade volume between China and the United States is expected to double by 2024, according to Chinese Commerce Minister Gao Hucheng. In a column published in USA Today under the headline “China-U.S. trade soars, benefiting both nations”, he wrote that “by 2024, the volume of bilateral trade is likely to surpass USD1 trillion”. Bilateral trade in goods hit USD555.1 billion last year, up 227-fold since diplomatic relations were forged in 1979 and a reflection of the integration of China's economy with the world economy. “China and the U.S. share extensive common interests and mutual demands, with economic globalization and regional economic integration rapidly developing,” said Chen Fengying, Expert on the world economy at the China Institutes of Contemporary International Relations. “As President Xi Jinping visits the United States, history tells us that Sino-U.S. economic cooperation is win-win, and we look forward to a bright future,” Commerce Minister Gao concluded.

HEALTH

Patients in Shenzhen to get second opinion from U.S. doctors online

Chinese patients will be able to get a second opinion from U.S. medical organizations later this year after a new service is added to the online Citizen Health Platform of Shenzhen, operated by Hong Kong-based Good Health System Group and the Hong Kong Institute of Cell Molecular Medicine (ICMM). Patients will be able to upload their medical records and examination reports and have them translated into English by doctors in Hong Kong or Singapore. They will receive a diagnostic report issued by international teaching hospitals or institutions in the United States within two weeks. So far, four American medical institutions – United Healthcare, Mayo Clinic, UCSF Medical Center and Memorial Sloan Kettering Cancer Center – will collaborate with ICMM for the project. More are expected to sign up in the near future, said Dr. Jiang Zhongyuan, founder of ICMM. “In Hong Kong and overseas, many people seek a second opinion to confirm a diagnosis of cancer or other critical illness,” Jiang said. This could also push Chinese patients to seek follow-up treatment overseas, which could reduce the workload for doctors at busy hospitals. Medical tourism is already booming among wealthy Chinese, the South China Morning Post reports.

MACRO-ECONOMY

Many enterprises in Kunshan installing robots

A total of 600 major industrial enterprises in Kunshan, Jiangsu province – one of China's largest manufacturing hubs for the electronics industry – are going to replace human labor with robots within the next five years. The value of the city's automation and robotics market is expected to reach CNY80 billion by 2020. The city's government is handing out CNY2 billion in annual subsidies to support local manufacturers who install robots on assembly lines. There are about 80 robot-manufacturing companies in operation in Kunshan, with an output value of more than CNY300 billion annually. The authorities' ambitious plans for automating the electronics hub have stemmed from concerns over Kunshan's recent economic slowdown. Kunshan has the highest GDP of all county-level cities in China, but it dropped 1.8% last year. Automation is hoped to help increase the city's GDP by about five percentage points over the next five years. In Guangdong province competition among robot making companies is rising, as many have been forced to engage in a price war, the South China Morning Post reports.

- China's industrial production and retail sales improved modestly in August but fixed-asset investment continued to slow in the first eight months, according to the National Bureau of Statistics (NBS). Industrial output grew 6.1% from a year earlier in August, up slightly from 6% in July but still below the gain of 6.8% in June. Retail sales added 10.8% to CNY2.48 trillion in August, up from 10.5% in July and 10.6% in June. Fixed-asset investment (FAI) increased 10.9% from January to August to CNY33.9 trillion.
- China now has 111 central state-owned enterprises (SOEs) under the State-owned Assets Supervision and Administration Commission (SASAC), with around 25,000 SOEs owned and managed by local governments. The state sector employs nearly 7.5 million people. SOEs were hit by declining profits and increased losses since the beginning of this year. The profits of the country's central SOEs fell by 3.1% year-on-year.
- China should reaffirm its commitment to moving toward a market-oriented, consumer-driven economy, which is in the best interests of the Chinese and world economies, U.S. Treasury Secretary Jack Lew wrote in an article in The Wall Street Journal, ahead of President Xi Jinping's state visit to the U.S.
- The Asian Development Bank (ADB) cut its forecast of China's 2015 economic growth to 6.8% from the previous 7.2% made in March. The bank added that China's exports and consumption would pick up in the coming months to offset the economic slowdown in the third quarter. The ADB also revised down its forecast for the country's economic growth in 2016 to 6.7% from 7%.
- Crude oil output in China reached 18.3 million tons in August, a year-on-year increase of 4.9%. China refined 40.37 million tons of crude oil last month, up 2.8% year-on-year, while refined oil production rose 3.7% to 25.15 million tons, the National Development and Reform Commission (NDRC) said. Apparent consumption of refined oil, calculated as production plus imports minus exports, gained 2.2% from a year earlier to 24.52 million tons.
- Chinese manufacturing activity fell to its lowest level in six and half years in September. The Caixin Flash China General Manufacturing Purchasing Managers' Index (PMI), the earliest indicator of manufacturing activity slated toward private and export-oriented firms, fell to 47 in September from 47.3 in August. China's factories have now seen activity contract for seven months. Sub-indexes showed that manufacturing output, new orders, new export orders and employment all fell at a faster pace.
- The Chinese government published a guideline on the development of areas around the Bohai Rim, including the cities of Beijing and Tianjin, Hebei, Liaoning, Shandong and Shanxi provinces, and Inner Mongolia. The guideline calls for major infrastructure to be built to establish inter-regional transport, energy, water resources and information networks.
- China has been ranked 14th out of 60 leading economies based on an assessment of the business-growth environment, according to a survey by Grant Thornton. The position, although a drop from third in 2013, is higher than some major developed countries, including France at 23rd and Britain at 27th. Singapore was ranked first.

MERGERS & ACQUISITIONS

U.S. second-largest destination of Chinese M&As

The United States is expected to be the second-largest destination for Chinese outbound mergers and acquisitions (M&As) this year, with high-tech companies being the most-sought-after targets, experts from Deloitte said. In the first half of 2015, Chinese outbound M&A volume grew by 25% while the value jumped by 70% year-on-year, according to statistics from Mergermarket, a company specializing in corporate financial news and analysis. Deals were largely concentrated in Western Europe and the U.S., with the former attracting half of the deal value due to the depreciating euro. Western Europe accounted for 35 transactions worth USD24.3 billion, while the U.S. took 35 deals totaling USD9.9 billion. A record increase in the M&A value in the European Union is largely attributed to the deal of Hong Kong-listed conglomerate Hutchison Whampoa buying Telefonica UK for USD15.29 billion, according to Patrick W. Yip, national M&A leader at Deloitte. Chinese acquirers in 2014 completed just 67% of their outbound mergers and acquisitions deals, far less than developed-world acquirers,

according to a report by the Boston Consulting Group.

Changyu acquires Spanish wine maker

Yantai Changyu Pioneer Wine Co, a leading Chinese wine producer, has stepped up its overseas moves with the acquisition of Marques del Atrio, a wine company in Spain. Changyu, which has more than 100 years of history, was established in 1892 by Chinese diplomat Zhang Bishi. Marques del Atrio products have been sold to more than 40 countries, with overseas revenue accounting for about 55% of its total revenue. The Spanish wine company also has close ties with leading global retailers like Carrefour and Tesco. The acquisition follows Changyu's take-over of France-based Roullet-Fransac Cognac in 2013. According to Zhou Hongjiang, General Manager of Changyu, the acquisition will further the wine maker's globalization strategy. However, he did not disclose any details on the acquisition price or other terms of the deal.

- China Electronics Corp (CEC), the nation's largest state-owned information technology company, is in preliminary talks to acquire United States-based Atmel Corp, a maker of chips used in industrial machinery and cars. The thin premium being discussed and the regulatory scrutiny that would come with a Chinese buyer raise the risks that a deal might not materialize, according to one source.

REAL ESTATE

More Chinese interested to buy an island

Many visitors at the Luxury Properties Showcase in Guangzhou were looking to buy islands in the South Pacific for a few million yuan, about the same price as an apartment in Shenzhen. Wang Haiyang, General Manager at Vladi Private Islands, an international island broker, said an increasing number of Chinese entrepreneurs had expressed an interest in investing in islands in recent years. Investors preferred islands that were not too remote and priced from tens of millions of yuan to CNY100 million, Wang said. Fiji in the South Pacific and Canada were among the popular choices.

- Andrew Taylor, co-founder and co-CEO of Juwai.com, a major overseas property information platform for buyers in China, told China Daily that consistent online traffic and phone calls showed there is no sign of waning appetite for overseas properties. "We believe overseas property transactions will climb to USD220 billion by 2020 from USD52 billion last year. The era for overseas investment has just begun," he said.
- Ding Qingping, who built his fortune in real estate as Founder of Zhonggang Group, has been extradited from Spain to China, where he is wanted for fraud totaling more than CNY200 million. Ding fled China with his wife seven years ago, leaving behind huge debts and an unfinished high-rise in Zhejiang province. The couple went to Canada before settling down in Spain.
- Chinese property investors have cast their sights on Dubai as a new investment destination as opportunities in China dwindle following the recent stock market turbulence. In Dubai, rental yields for residential properties are 8% on average annually, driven by strong, stable expatriate demand, compared with yields of just 2% to 3% in China, according to a property consultant at Knight's Court Real Estate. The number of Chinese nationals interested in buying property in Dubai rose 1,200% in August from the same period last year.

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RETAIL

Retail sales rise 10.5% in first eight months

Sheng Laiyun, Economist at the National Bureau of Statistics (NBS), said recently that in the first eight months of the year, retail sales registered 10.5% growth year-on-year, compared with 10.9% growth in fixed-asset investment (FAI) and a 1.4% drop in exports. 60% of China's GDP growth in the first half of 2015 came from consumption, compared with 35.7% from fixed-asset investment and only 4.3% from exports. In 2014, consumption's contribution was 54.3%.

- JD.com, China's second-largest e-commerce services provider by sales, is gearing up to expand operations across Asia and pursue potential international investments after opening its new office in Hong Kong. JD.com will also have a mergers and acquisitions (M&A) team based in Hong Kong. The company plans to raise the number of its Hong Kong staff to about 30 in the next several months.
- Toshiba Corp plans to shut down two of its sales subsidiaries in China and authorize its mainland partner to make and sell its white goods as the Japanese company downsizes its overseas business to narrow losses. Toshiba will tie up with Shenzhen-based Skyworth Digital Holdings Co to sell refrigerators, washing machines and vacuum cleaners from October, widening sales channels.

SCIENCE & TECHNOLOGY

Chinese companies need to focus on innovation

Low level of innovation is affecting the Chinese manufacturing industry's ability to grow from "big" to "strong", according to an industrial report by the Liaowang Institution, a domestic research organization under Xinhua News Agency. A large number of core technologies being used in manufacturing are imported, the report added, based on a survey of 93 large manufacturing companies. China's rate of transformation of scientific and technological achievements is about 10%, far less than that of the developed countries, which is about 40%. Chinese companies need to boost investment in research and development (R&D), especially amid the country's implementation of the 'Made-in-China 2025' strategy, for switching from low-end processing to more value-added production, the Liaowang Institution said.

- China launched a new, smaller type of rocket – the Long March-6 – on September 20 which will be primarily used for carrying satellites. Using liquid propellant in an eco-friendly engine, the rocket carried 20 “micro” satellites, a record for a Chinese rocket. The smaller rocket could make China more competitive in the lucrative market for commercial satellite launches. The Long March-6 is China's first new rocket in more than 20 years.
- With backing from Microsoft, the University of Washington and Beijing's Tsinghua University are opening a new technology graduate school in the U.S. city of Bellevue called the Global Innovation Exchange. It is the first Chinese research institution to be established at a U.S. location, with students and faculty from both universities working to tackle complex global problems.
- About 284,700 students headed overseas to study in 2010, while about 108,300 returned to work in China – less than 40%. Last year, 459,800 headed out, while about 364,800 came back – a return rate of 79%, according to the Beijing-based think tank Center for China and Globalization.

STOCK MARKETS

Beijing pledges crackdown on suspicious trading

Beijing says it will crack down hard on suspicious trading, vowing tough enforcement would become a “new norm” as it tries to rein in the excesses that have shaken the A-share market, as market manipulators chasing profits had exploited new technologies, investment products and business models. “Tightened regulation will become a new norm,” an official said. The CSRC also said it would strengthen supervision of the grey financing market, which channeled an estimated CNY2 trillion in unregulated funds to investors who bought on margin.

- The China Securities Regulatory Commission (CSRC) said it had punished those responsible in nine cases of securities market violations, including insider trading, market manipulation and spreading false information. The CSRC decided to impose fines of CNY22.23 million on two legal representatives of companies and 25 persons in the nine cases.
- Euronext said it would partner with the Shanghai Stock Exchange for the marketing of its cash, derivatives, commodities and index data in China to boost the visibility of Euronext's listed firms. The Shanghai Stock Exchange's SSE Infonet unit would act as its market data agent in China. Euronext is the parent company of the Paris-based bourse and the largest exchange in continental Europe.
- Imax Corp's Chinese business unit is seeking to raise as much as USD276 million in a Hong Kong IPO as the use of large-screen cinema technology expands in China. Imax China's net income excluding some items more than doubled in the first half of 2015 to USD18.3 million, while revenue increased 57% to USD43.9 million. The company's largest customer is Wang Jianlin's Wanda Cinema Line, China's largest theater operator. There were 221 Imax theaters showing commercial films in mainland China at the end of June, as well as four in Hong Kong and eight in Taiwan.

TRAVEL

High speed rail line to Hunchun inaugurated

China's first high-speed passenger railway line to the borders with North Korea and Russia has been put into service. The 361-kilometer line runs from Jilin city, the second-largest city in Jilin province, to Hunchun. With trains running at speeds of up to 250 km/h, traveling time between the two cities has been cut from six hours by long-distance bus to two and a quarter hours. The new route gives travelers scenic views of Songhua Lake, Jingpo Lake, Changbai Mountain and Fangchuan township. It includes 115 bridges and 85 tunnels.

- Canadian plane maker Bombardier is close to sealing an order from an unidentified Chinese lessor for its CSeries aircraft. Any such deal would signal increasing interest in Bombardier's biggest-ever jet. The CSeries is more than two years behind

schedule, and several airlines that had shown early interest, including the customer that was supposed to be the first operator, have backed away.

- The Great British Teddy Bear Co is investing CNY50 million to build an amusement park in Beijing that will feature British-themed teddy bears. The 400-hectare park, which will have a teddy bear themed museum at its center, will be built in Daxing district, about 30 km from central Beijing, in partnership with Tenio Architectural Design. Parts of the park will open to the public next May, when the International Heritage Rose Conference is held. 250,000 visitors are expected annually.
- State-owned plane maker Commercial Aircraft Corp of China (COMAC) has signed an initial agreement with lessor ICBC Financial Leasing Co to lease 10 ARJ21 regional jets and 10 of its C919 single-aisle commercial jets to Thai airline City Airways. The Bangkok-based carrier, established in 2011, has become the 21st client for the C919, the China-made 160-seat passenger airplane, and the 20th client for ARJ21, the domestically made regional jet with 70 to 90 seats.
- Russia and China are expected to sign an intergovernmental agreement on the joint development of a wide-body jetliner before the end of the year, according to Yury Slyusar, President of Russia's United Aircraft Corp. "The new jetliner is totally different from the C919 in terms of passenger volume and flight range. The two aircraft are aimed at different markets, so they will not compete with each other," he said, adding that the new plane will be able to carry 210 to 350 passengers.
- 24 intercity lines will be added to the Beijing-Tianjin-Hebei region. With an investment of about CNY615 billion, construction will be completed by 2050, with the total length reaching 3,453 km, the Third Railway Survey and Design Institute Group Corp said. The Yujiapu high-speed railway station already started operation, shortening the travel time from Beijing to the central business district in the Tianjin Binhai New Area to 45 minutes.
- Didi Kuaidi, operator of China's top ride-hailing mobile application, is joining forces with professional networking platform LinkedIn to further develop both companies' operations in the country. The strategic partnership was announced by the two companies on the sidelines of the eighth U.S.-China Internet Industry Forum in Seattle, Washington, which Chinese President Xi Jinping attended.
- A consortium led by China Railway has won a bid for a feasibility study into a 1,200 km long high-speed rail link between India's New Delhi and Mumbai. China has hugely expanded its own high-speed rail network in recent years, and it is now the largest in the world with around 17,000 kilometers of track in service.

VIP VISITS

Presidents Xi and Obama meet at the White House

The major results of Chinese President Xi Jinping's visit to the U.S. may be summarized as follows:

- Cyber-security: launching a twice-yearly ministerial level dialogue by the end of the year.
- Climate change: setting up a bilateral fund to help developing countries combat climate change.
- Military relations: expand the Memoranda of Understanding on Confidence Building measures to include air-to-air safety and crisis communications.
- Anti-corruption: enhancing cooperation on criminal investigations, repatriation of fugitives and asset recovery issues.
- Tourism: the U.S.-China Tourism year to be held in 2017.

U.S. President Barack Obama met his Chinese counterpart Xi Jinping at the White House on September 25, and the two leaders outlined their common vision for a global climate change agreement. Xi and his wife Peng Liyuan received a 21-gun salute and full ceremonial military honors, underlining the huge symbolic importance of the state visit. China is the only country to have had two state dinners during the Obama administration. Xi's predecessor, Hu Jintao, was honored with a state dinner in January 2011 during his final trip to Washington as President.

China confirmed that it plans to launch in 2017 a national emission trading system covering power generation, steel, and cement. China will also set aside USD3.1 billion as a fund to help developing countries fight climate change. U.S. President Obama reiterated that the U.S. welcomes the rise of a China that is “stable, prosperous and peaceful.” Xi underlined the need to be “broad-minded” about the two countries’ differences, to have “mutual respect” and “meet each other halfway” in order to improve relations. China will make available CNY20 billion through a bilateral fund to help developing countries combat climate change. “The significant and new climate finance pledges made by China are a game changer. These are a drastic increase from China’s previous finance commitments,” said Li Shuo, Senior Climate Policy Analyst with Greenpeace East Asia. “With this deal, it’s clear that China is ready to lead on climate,” he added. President Xi Jinping also pledged not to further lower the value of the yuan against the U.S. dollar.

Visiting Seattle on the first leg of his trip, Xi pledged to work with the U.S. to fight cyber crime. Both countries’ leaders agreed not to conduct commercial cyber attacks against each other. Boeing announced in Seattle that it had won USD38 billion worth of orders and commitments for 300 planes from China and would set up an aircraft interior completion and painting center in Zhejiang province for Boeing 737 planes. Washington state exports more to China than any other U.S. state. The Paulson Institute, in partnership with the China Council for the Promotion of International Trade (CCPIT), co-hosted a U.S.-China Business Roundtable, attended by 30 business executives, including Tim Cook of Apple, Jeff Bezos of Amazon, and Warren Buffett of Berkshire Hathaway. CEOs from China included Jack Ma of Alibaba, and Robin Li of Baidu. In the official photo, Xi was flanked by IBM’s Ginni Rometty and Microsoft’s Satya Nadella. Governors from five U.S. states signed an agreement to cooperate with China on the use of clean-tech to combat climate change, and on nuclear energy and smarter electricity use. TerraPower, an energy company founded by Bill Gates, signed an agreement with China National Nuclear Corp (CNNC) on next-generation nuclear power plant technology.

Britain’s Chancellor of the Exchequer visits China

Britain’s Chancellor of the Exchequer George Osborne – visiting Beijing – expressed his confidence in the slowing Chinese economy, saying the country was going through a necessary transformation but was still a driver of global growth. Chinese companies are expected to help finance the GBP16 billion Hinkley Point nuclear plant in southwest England, and Osborne said their participation could lead to China developing and owning a future nuclear plant, possibly at Bradwell. Osborne presented Britain as one of the West’s most open countries to Chinese investments. China and Britain will also study linking the stock markets of London and Shanghai. China and the UK also endorsed 53 agreements at the 7th China-UK Economic and Financial Dialogue, covering a range of sectors including nuclear energy, infrastructure, trade, finance and space programs. Chinese President Xi Jinping is expected to visit the UK in October.

ONE-LINE NEWS

- China ranked second in the global art market last year, with 22% of the world’s art sales, according to the Art Market Report by the European Fine Art Fair. The U.S. topped the list, with 39%.
- Xiao Tian, former Vice Director of the General Administration of Sports, who once sat on China’s Olympic Committee, will be prosecuted for graft after an investigation found he abused his position and took bribes. He held a position equivalent to that of a Vice Minister.
- Investigations into a blast at a chemical warehouse in Tianjin that killed 165 people on August 12 have uncovered evidence of corruption and dereliction of duty by officials. Those found responsible of such wrongdoing would be held fully accountable, whoever they were, Premier Li Keqiang vowed, following a briefing by the investigation panel.

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