



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

# NEWSLETTER | 12 OCTOBER 2015

<u>Advertisement and sponsorship</u>	<a href="#"><u>Interested to promote your services/products to potential Chinese or Belgian clients?</u></a>
<u>FCCC activities</u>	<a href="#"><u>E-commerce in China: How to succeed in the Chinese market – 19 October – 10 am – Brussels</u></a> <a href="#"><u>Seminar: “An overview of the new legal environment for foreign companies in China” – 23 October 2015, 12-14 h. – Ghent</u></a> <a href="#"><u>10<sup>th</sup> EU-China Business &amp; Technology Cooperation Fair – 4-6 November 2015 – Qingdao and 9-11 November 2015 – Chengdu</u></a>
<u>Activities supported by FCCC</u>	<a href="#"><u>The 7<sup>th</sup> Europe Forum, 2015: “European Practice of Internationalization for Chinese Enterprises” – 13-14 November 2015 – Brussels</u></a> <a href="#"><u>The EU SME Pavilion at World of Food Beijing 2015 – November 18-20, 2015 – China National Convention Center, Beijing, China</u></a> <a href="#"><u>Group business trip: China – Hong Kong – 28 November – 5 December</u></a>
<u>Past events</u>	<a href="#"><u>Seminar: Belgian Customs and its activities in China – 1 October 2015 – Ghent</u></a> <a href="#"><u>Meeting with Chinese delegations – 21 September 2015</u></a> <a href="#"><u>Seminar: “Growing a Business in China: Success Stories” – 16 September 2015 – Ghent</u></a>
<u>Advertisement</u>	<a href="#"><u>An Executive MBA by IMD &amp; CKGSB</u></a> <a href="#"><u>Hainan Airlines, your direct link from Belgium to China</u></a>
<u>Automotive</u>	<a href="#"><u>China to expand EV charging facilities</u></a>
<u>Expat corner</u>	<a href="#"><u>Shanghai expats want more cycling lanes and walking space</u></a>
<u>Finance</u>	<a href="#"><u>Chinese yuan climbs to No 4 spot in global settlement</u></a> <a href="#"><u>Foreign exchange reserves decline for fifth month</u></a> <a href="#"><u>Cross-Border Interbank Payment System launched</u></a>
<u>Foreign investment</u>	<a href="#"><u>Agriculture, forestry and animal-husbandry attract FDI</u></a> <a href="#"><u>Ferrero to set up factory in Hangzhou</u></a>
<u>Foreign trade</u>	<a href="#"><u>China says not opposed to TPP trade pact</u></a>

<u>Health</u>	<a href="#">Wealthy Chinese seeking medical treatment in U.S.</a>
<u>IPR protection</u>	<a href="#">Bank of China embroiled in Gucci counterfeit investigation</a>
<u>Macro-economy</u>	<a href="#">China adopting the IMF's SDDS standard for statistics</a>
<u>Mergers &amp; acquisitions</u>	<a href="#">Meituan and Dianping decide to merge</a>
<u>Real estate</u>	<a href="#">BlackRock looking for opportunities in China</a>
	<a href="#">Beijing's old hutong alleyways offer vision of a better future</a>
<u>Advertisement</u>	<a href="#">ChinAccess: Professional interpreting &amp; Translation Services (EN/NL/CN)</a>
<u>Retail</u>	<a href="#">Online sales of luxury goods surging</a>
<u>Science &amp; technology</u>	<a href="#">Chinese doctor wins half of Nobel Prize</a>
	<a href="#">Tsinghua world's No 1 university for engineering research</a>
<u>Stock markets</u>	<a href="#">China Reinsurance IPO much anticipated</a>
<u>Travel</u>	<a href="#">More holiday traffic in Shanghai</a>
	<a href="#">Finnair to use Airbus 350 on Shanghai route</a>
<u>VIP visits</u>	<a href="#">Premier Li Keqiang calls for start of Thai rail project</a>
<u>One-line news</u>	

## ADVERTISEMENT AND SPONSORSHIP

### Interested to promote your services/products to potential Chinese or Belgian clients?

We would like to offer our members the opportunity to promote your services/ products to potential Chinese and/or Belgian clients. We can promote these in many different ways via advertisement on our website, newsletters and events.

Below you can find the different possibilities:

- [FCCC Weekly](#): This newsletter is published in English and contains economic & trade information on China, a calendar with China-events and career opportunities. It is sent every Monday to 2.700 Belgian business leaders doing business with China and to relevant institutions, embassies, federal and regional authorities as well as the Belgian and Chinese press. It is also sent to Chinese officials and companies based in Belgium.
- [News from Flanders: Europe's Smart Hub](#): This is a quarterly newsletter published in Chinese and English. It contains articles on Flanders' business news, education and tourism. It is sent to over 2.000 Chinese and Belgian companies, Chinese national and local authorities, Chinese companies based in Belgium, Chinese press in Belgium. It is also sent to all FCCC member companies and Belgian and regional institutions.
- [FCCC website](#) contains publications, newsletters, activities, and a broad range of interviews with Chinese and Flemish companies sharing their experiences.
- FCCC Events. The FCCC regularly organizes seminars and other high level events. If you are interested, please send an email to [info@flanders-china.be](mailto:info@flanders-china.be).

If you'd like to advertise on our website, newsletters and events, please check out our [New advertisement and sponsorship opportunities](#).

If you are interested in advertising or sponsoring or need more information, please send an e-mail to: [gwenn.sonck@flanders-china.be](mailto:gwenn.sonck@flanders-china.be)

The Flanders-China Chamber of Commerce offers several advertising and sponsorship opportunities in order to give your activities more exposure to potential new clients and collaboration.

## FCCC ACTIVITIES

### E-commerce in China: How to succeed in the Chinese market – 19 October – 10 am – Brussels

The Flanders-China Chamber of Commerce, The EU SME Centre in Beijing and the EU-China Business Association are organizing a training course focused on 'E-Commerce in China: how to succeed in the fast-changing Chinese market?'.

This event will take place on Monday 19 October 2015 at 10h00 (registration at 09h30) at EUROCHAMBRES, Av. des Arts 19 A/D, B-1000 Brussels.

China has become the world's largest e-commerce market. By 2020, the number of Chinese internet users is expected to reach 80% of the total population, and 70% will shop online. This one day course will provide you with expert insights and hands-on experience in doing online business in China, which you will be able to apply in your real-world projects.

#### 1. Course outline

- Understand e-commerce in China – how it works compared to Europe;
- Explore the best e-commerce options in China for your company and goods;
- Open an online store in China - step-by-step guidance;
- Get your goods to the right Chinese customers – logistics and product compliance;
- Intellectual Property Rights – what you should be aware of;
- Collecting payments;
- Digital marketing for your e-commerce business;
- Building your overall e-commerce strategy;
- Case studies & best practices.

#### 2. Who should attend?

The training course is suitable for anyone who is involved in online business. Whether you are a business owner, marketing or BD director or e-commerce manager and specialist, you will get from this course a solid foundation for successfully planning and managing online selling in China for your products.

#### 3. Registration

To sign up for this training, please click on the following link: <http://www.flanders-china.be/en/events/upcoming/e-commerce-in-china-how-to-succeed-in-the-chinese-market-19-october-10-am-brussels/subscribe>

#### 4. About your trainer: Mr Dimitry van Toorn

Dimitry van Toorn is EU SME Centre expert who specialises in e-commerce strategy for European SME's interested in expanding in China. He started his career at Mattel Inc., worked for nearly two decades respectively in Shanghai and Hong Kong at a major product Sourcing and Sourcing Agency and joined Intertek plc (Hong Kong) in 2005. The latter is a leading Testing, Inspection and Certification (TIC) company, where Mr Van Toorn developed the Global Supply Chain business stream. Dimitry initiated and founded the company trade FWD with its proprietary B2B Cross-Border Payment Solutions, B2B Financing Options, and ESCROW services business model, before embarking a new area with founding VAN TOORN & ASSOCIATES including the 'Enter CHINA' initiative.

VAN TOORN & ASSOCIATES Limited is specialized in supporting international SME's establishing business entities in the Far East (emerging) markets through seminars and trainings on B2C e-commerce business in Greater China, Vietnam, and Indonesia. The key topics cover supply chain / fulfillment, (digital) payments, market quality / regulatory requirements, social media marketing, and intellectual property rights.

#### 5. About the EU SME Centre

The EU SME Centre is a European Union funded initiative preparing SME's to do business in

China. Located in Beijing, the Centre provides practical information, confidential advice, and training in the areas of business development, legal issues, standards and HR to facilitate market access for European SMEs. The Centre also acts as a platform to facilitate coordination amongst Member State and European public and private sector service providers to SME's.

#### **6. Fee & course package:**

Fee: € 280(Excl. VAT)/person, includes full-day training, course material, lunch, and:

#### **A prior technical consultation - An In house expert will help you determine:**

- Whether your product or services are suitable for online business in China;
- What you stand to gain by entering the Chinese market;
- What risks you are likely to face when entering the Chinese market.

#### **The EU SME Centre Gift Pack:**

- Is China on your radar?
- Ways to enter the Chinese market.
- Exporting goods, services and technology
- Knowing your partners in China.

#### **Tailor made follow-up services:**

- Free access to the update of relevant EU SME Centre publications
- Tailored made assistance to your follow-up enquiries (free of charge for non-technical enquiries)

#### **7. Cancellation policy:**

If you cannot attend an event for which you have registered, please cancel your registration no later than 3 working days prior to the event by sending an e-mail to [info@flanders-china.be](mailto:info@flanders-china.be). If we receive no cancellation within that date, all costs will be charged.

### **Seminar: "An overview of the new legal environment for foreign companies in China" – 23 October 2015, 12-14 h. – Ghent**

The legal environment for foreign companies in China has been undergoing some important changes in recent years. Most of these evolutions are directly linked to the implementation of China's economic reform plan and of the rule of law, which is being promoted as an essential element thereof.

The Flanders-China Chamber of Commerce (FCCC) is organizing a seminar where will be discussed how these reforms affect daily operations of foreign companies in China.

The seminar will be presented by Mr Philippe Snel, who has been practicing as a foreign lawyer based in Shanghai for the past 10 years, advising foreign companies about the intricacies of Chinese law. He will share some of his insights with regard to the reform and the practical consequences it has on foreign businesses in China.

His presentation will deal with such issues as: legal compliance and risk management, the growing importance of labor laws, the increased tax scrutiny on foreign companies, the implementation of strict regulatory frameworks for several industries (e.g. food, advertising), the influence of environmental protection laws and the promises of the China (Shanghai) Pilot Free Trade Zone.

The lunch-seminar will take place on Friday 23 October 2015 at 12 h in Ghent.

Participation fee: €75 (excl. 21 % VAT) for members and €95 (excl. 21% VAT) for non-members.

If you are interested in attending this seminar, please register online before 19 October 2015

via the [this link](#).

## 10<sup>th</sup> 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 10<sup>th</sup> 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](http://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 10<sup>th</sup> EU-China Business & Technology Cooperation Fair will be held from 9-11 November 2015 in Chengdu.

## ACTIVITIES SUPPORTED BY FCCC

### The 7<sup>th</sup> Europe Forum, 2015: “European Practice of Internationalization for Chinese Enterprises” – 13-14 November 2015 – Brussels

The Federation of Chinese Professional Associations in Europe (FCPAE), composed of 50 associations of Chinese professionals in over a dozen European countries and encompassing more than 20,000 Chinese professionals actively working in various areas in Europe, is organizing the 7<sup>th</sup> Europe Forum, 2015 – “European Practice of Internationalization for Chinese Enterprises” on 13-14 November 2015 in Brussels. In this year’s forum, strategy experts, entrepreneurs and scholars across the European Union (EU) and China, representatives of Chinese professionals in Europe, as well as officials from the Chinese, EU

and Belgium governments will be invited. They will join together to discuss a blueprint for the future of Sino-European cooperation and innovation.

Topics will include:

- Opportunities and challenges of internalization for Chinese enterprises
- Hot fields in Sino-European Cooperation
- Development of Low-Altitude Economy in China

Registration is open online (click [here](#)) before 30<sup>th</sup> of October, 2015. Due to limited space of the Forum, the organizing committee will only accept the first 120 registrations. The registration fee per person is €350, which covers the costs of conference organization, documents printing, lunches, banquet, transportation, translation, etc.

## 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>](#)

## Group business trip: China – Hong Kong – 28 November – 5 December

Flanders Investment and Trade (FIT) is organizing a group business trip to Hong Kong, Guangzhou and the Pearl River Delta (PRD) from November 28 till December 5. The PRD is a fast-growing, strong economic region, offering numerous opportunities for foreign companies. FIT is helping Flemish entrepreneurs to prepare to enter the Chinese market. FIT is also arranging a tailor-made program of appointments with potential business partners. The PRD is now surpassing Tokyo as the most urbanized area in the world. Its expansion is continuing, also in the economic field. The PRD accounts for about 20% of China's GDP, 40% of China's trade, and it is the richest region in China with the highest purchasing power. The population of the PRD in mainland China reaches 42 million. When taking Hong Kong into account, the figures are even more impressive.

For more information, contact: Michèle Surinx at [michele.surinx@fitagency.be](mailto:michele.surinx@fitagency.be) ; tel. 02-5048791 or Kristof Kuvelier at [kristof.kuvelier@fitagency.be](mailto:kristof.kuvelier@fitagency.be) , tel. 02-5048742.



## PAST EVENTS

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

The Flanders-China Chamber of Commerce and the Province of East Flanders organized a seminar focused on 'Belgian Customs and its activities in China' on 1 October 2015 in Gent. Following a word of welcome by Mr Geert Versnick, Vice Governor in charge of European and International cooperation and economic affairs; and an introduction by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce; Mr Eddy De Cuyper, Counsellor, Customs Attaché, Embassy of Belgium in China, gave a presentation on the Belgian Customs in China: legal aspects, procedures and experiences in relation to the Chinese customs.

The event was concluded by a question and answer session and a networking drink.

### 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](mailto: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.

## ADVERTISEMENT

An Executive MBA by IMD & CKGSB

GUESS WHAT?  
THE BEST WAY TO LEARN  
ABOUT DOING BUSINESS  
WITH THE CHINESE IS TO  
LEARN FROM THE CHINESE.

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](http://imd.ckgsb.info)

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



Hainan Airlines, your direct link from Belgium to China.

Hainan Airlines is your 5 Star Airline awarded by Skytrax, operating direct flights from Brussels to Beijing.

Save time, fly in comfort and have the possibility to connect to 50 domestic destinations including Hong Kong and Taipei.

A seamless connection and a convenient transfer service will bring you via Beijing to your destination in Hong Kong.

## AUTOMOTIVE

### China to expand EV charging facilities

China expects to establish a network of charging facilities to serve five million electric cars by 2020. There should be at least one charging station for every 2,000 cars and public parking lots are required to reserve at least 10% of their space for electric cars to charge, according to a new guideline. The market potential is huge because there are now about 240,000 electric cars in China but only 30,000 charging facilities, or one charging station for every eight cars. Statistics show that China sold 108,654 new-energy vehicles in the first eight months of 2015, a 270% rise from the same period a year earlier. Pure electric models accounted for the majority of the rise.

- China's auto dealers saw their inventory levels rise again in September. The Vehicle Inventory Alert Index compiled by the China Automobile Dealers Association (CADA) stood at 55.7% in September, hovering above the alert level of 50%. The index is based on a survey of more than 1,000 authorized stores in China that sell 55 brands

of vehicles, both Chinese and foreign.

## EXPAT CORNER

### Shanghai expats want more cycling lanes and walking space

Lack of cycling lanes and pedestrian walking space were among the major complaints of the expatriate community in Shanghai. A survey conducted by the Shanghai University of Sport found 54.55% of foreigners were not happy with sidewalks in the city. The dissatisfaction about exercising facilities at public parks was 45.46%. Over 330 foreigners living in Shanghai were interviewed for the survey. 43.18% of them said there were not enough public venues for group sporting activities like playing badminton, football, and basketball, while 27.27% felt the city should make more spaces available for cycling. Many approved of the organization of large-scale sports events and activities. The annual Formula 1 China Grand Prix (20.69%) and the ATP Shanghai Rolex Masters (20.69%) were the most followed events, but a quarter of those surveyed said transportation to the venues needed to be improved, the Shanghai Daily reports.

## FINANCE

### Chinese yuan climbs to No 4 spot in global settlement

China's currency has snatched the world's No 4 spot in global payment value from Japan, according to SWIFT, but analysts still expect Beijing to allow the yuan to depreciate against competing currencies in the coming months. The yuan reached a 2.79% share of world payment value in August, up from just 0.84% three years earlier, or No 12 globally. The yen's share of the market was three basis points lower at 2.76% in August, trailing the yuan for the first time ever. The U.S. dollar still captures 44.82% of the market, the euro 27.2% and the British pound 8.46%. August also marked the first time that more than one million transactions had been conducted in yuan, a 50% growth on the same month last year. The number of transactions is unlikely to fall but the total value could be weakened if the yuan continues to depreciate. Nomura's Foreign Exchange Strategist Craig Chan projected the spot onshore yuan rate to peak at 6.70 in December 2015 before settling at around 6.60 at the end of the year. China launched its own global payments system for yuan transactions last week.

### Foreign exchange reserves decline for fifth month

China's foreign exchange reserves fell for the fifth month in September but the decline narrowed, indicating milder capital outflow pressure. The reserves decreased by USD43.26 billion in September, less than the record USD93.9 billion decline in August when the central bank engineered a 3% devaluation of the yuan against the U.S. dollar. China's foreign exchange reserves stood at USD3.514 trillion by the end of September, 12% off its peak of nearly USD4 trillion by the end of June last year, but they remained the world's largest. Economists said the figure showed that capital outflow continued but the pace was slower, and the central bank will still take measures to stabilize the yuan's exchange rate. China's foreign exchange reserves shrank by USD180 billion in the third quarter – the largest fall in two decades. China Merchants Securities said China's foreign exchange reserves may continue to fall in the coming months, as the global market worries about U.S. monetary policies. Ding Shuang, Chief China Economist at Standard Chartered Bank, said he expected capital outflow from China to slow down in the coming months as companies had improved their foreign debt structure, helping offset foreign exchange outflow. Fueled by exports, China's foreign exchange reserves had been growing for more than a decade to peak in June 2014. The foreign exchange reserves are four times the external debt amount and can cover 20 months of imported goods and services.

### Cross-Border Interbank Payment System launched

China's Cross-Border Interbank Payment System (CIPS) was launched in Shanghai last week, designed as an "expressway" to facilitate the yuan's use in international trade and investment. CIPS is a global clearing platform for real-time settlements in the currency. It connects China with most offshore yuan centers and countries in Asia, Oceania, Europe and Africa, and supports cross-border goods and services trade settlement, direct investment, fundraising and

personal remittances. Considered an important addition to the country's financial infrastructure, CIPS is expected to increase the global usage of the yuan by cutting transaction costs and processing times. At the system's opening ceremony in Shanghai, Fan Yifei, Deputy Governor of the People's Bank of China (PBOC) called the system's creation a milestone. Experts said the system helps clear one of the biggest hurdles to the internationalization of the yuan. The launch came two days after global transaction service provider SWIFT reported that the yuan overtook the Japanese yen to be the world's fourth-largest payment currency during August. In the system's first phase, 11 domestic and eight foreign banks have been approved by the central bank to directly participate in yuan transactions using CIPS, the China Daily reports.

- As fears linger over stocks, yield-hungry capital has headed into bonds, building a bubble that analysts say cannot be sustained. China's prodigious bond market, the third-largest in the world after the U.S. and Japan, started to take off this year. Loosening curbs on companies issuing papers, a local-government debt swap plan that propelled bond issuances, and rounds of monetary easing by the central bank have increased the allure and variety of fixed income products. In the first three quarters of this year, net bond issuance amounted to CNY8.7 trillion, 67% higher than the same period last year.
- Last week the yuan closed at 6.345 against the U.S. dollar, its strongest finish since mid-August, although analysts still expect the yuan to weaken again in the near term.
- China will step up its crackdown on illegal cross-border money transfers conducted by underground money dealers and offshore companies, as part of efforts to fight corruption, the People's Bank of China (PBOC) announced. China has already detected 92 "major" cases involving over CNY800 billion since launching the campaign in April.
- Taking up the G20 presidency in 2016, China will advance the implementation of the newly approved Base Erosion and Profit Shifting (BEPS) plan, Minister of Finance Lou Jiwei said during the World Bank and International Monetary Fund (IMF) annual meetings in Lima. BEPS aims to stop multinational companies from avoiding tax by shifting profits to destinations with lower corporate tax requirements.

## FOREIGN INVESTMENT

### Agriculture, forestry and animal-husbandry attract FDI

Foreign direct investment (FDI) in China's agriculture and forestry sectors by investors from countries along the "Belt and Road Initiative" surged 2,171% and 1,137% year-on-year, respectively, in August, the Ministry of Commerce (MOFCOM) said. FDI from the nations and regions in China's animal husbandry and fishery industries also rose 127% and 103%, respectively, indicating that China's huge demand for products such as grain, vegetables, high-protein food and aquatic products remains attractive to international investors. Shen Danyang, MOFCOM's Spokesman, said the "Belt and Road Initiative" will prove a flexible platform for both inbound investment by foreign firms and outbound investment by Chinese companies. Singapore, Saudi Arabia, Indonesia, Brunei and Malaysia were the top five investors into China among Belt and Road countries in August. FDI into China dropped 14% during the month from a year earlier, totaling USD7.2 billion, but Belt and Road countries set up 244 companies in China during August, a 54.4% rise on last year, the China Daily reports.

### Ferrero to set up factory in Hangzhou

Ferrero International, the world's third-largest chocolate maker, expects to create 500 to 700 jobs next year in Hangzhou after launching its first East Asian factory, investing USD300 million, the biggest investment the company has ever made. Giovanni Ferrero, the family-owned company's Chief Executive, said China now represents one of the world's most promising markets for chocolate. Ferrero currently claims a commanding 24% of the Chinese chocolate confectionery market. The market still has a huge potential. Chinese consumers eat 40 to 70 grams of chocolate annually per capita, compared with 4.3 kilograms in the United States and 9 kg in Switzerland, the highest in the world, according to research company Euromonitor International. Jason Yu, General Manager of Kantar Worldpanel China, a market

research firm, said establishing local production means foreign brands such as Ferrero can create and launch products that are more appealing and relevant to Chinese consumers rather than relying on imports. Bert Alfonso, President of Hershey's International, forecast at the Consumer Analyst Group of New York conference earlier this year that chocolate sales in China could expand to USD4.3 billion by 2019, about 60% higher from the USD2.7 billion in 2014, lifted by strong demand from the growing urban population, the China Daily reports.

- Infineon Technologies, Germany's largest semiconductor producer, has revealed plans to build a second factory in Wuxi, Jiangsu province, at a cost of nearly USD300 million. CEO Reinhard Ploss said the facility could create around 2,500 jobs at full production. The facility is expected to be completed by the end of 2016, and cover an area of 36,000 square meters. In fiscal year 2014, China accounted for 20% of Infineon's total revenue. China accounts for half of the world's semiconductor consumption.

## FOREIGN TRADE

### China says not opposed to TPP trade pact

The Ministry of Commerce (MOFCOM) said China welcomes the agreement on the Trans-Pacific Partnership (TPP) free trade pact and hopes it can facilitate talks on other regional free trade deals. The comments came after the Trade Ministers of the United States and 11 other countries in the Pacific Rim reached an agreement on the TPP in Atlanta, even though final ratification in several member nations is far from certain. China is not a party to the TPP. China is expected to push for the conclusion of the Regional Comprehensive Economic Partnership (RCEP) negotiations by the end of the year, a rival trade pact to the TPP. The top negotiators will gather in South Korea from October 12 to 16 for the RCEP talks. China is also in talks with South Korea and Japan for a separate free-trade agreement (FTA). The three countries were discussing a possible trilateral meeting of their Finance Ministers on the sidelines of a meeting of Group of 20 finance leaders in Peru last week, said Japanese Finance Minister Taro Aso. China will conduct comprehensive and systematic assessments of the fallout from the TPP since it believes that such deals have disruptive effects on non-signatory nations, Commerce Minister Gao Hucheng said. China has to date signed bilateral and multilateral free trade agreements with seven TPP members. Ma Jun, Chief Economist with the People's Bank of China (PBOC), and Xiao Mingzhi, Economist based in Shanghai, said in a report that China would lose 2.2% of its GDP if all other 15 potential members joined the Trans-Pacific Partnership but China did not.

## HEALTH

### Wealthy Chinese seeking medical treatment in U.S.

More wealthy Chinese are seeking medical treatment in the United States as top American hospitals expand their reach through Chinese partners. "We currently have 1,000 patients from 70 countries, including China, and we will see the number of Chinese patients rise with referrals from our partner," said Spencer Koerner, Medical Director of the international health center of Cedars-Sinai Medical Center in Los Angeles. Cai Qiang, Chairman of Saint Lucia Consulting, the hospital's partner in China that refers patients to the U.S., said a patient would typically be able to see a physician at the hospital two weeks after obtaining a visa for treatment in the U.S. This would include experimental types of procedures, Koerner said. Referral agencies evaluate each case and charge a fee for producing a summary of the patient's medical history, translating test results, booking appointments and escorting the patient overseas. Cai said that in 2011, only 3% of affluent Chinese were aware they could have offshore treatment for critical conditions, but that figure rose to 40% last year. The number of Chinese patients that went overseas for medical treatment had also risen from fewer than 200 in 2011 to 3,000 last year, he said. Of those who sought medical help abroad, about 70% had cancer. The U.S. was their most popular destination, he said, followed by Britain, Germany, Japan and Singapore, the South China Morning Post reports. Another top American hospital popular with Chinese patients is the Mayo Clinic, a non-profit group based in Rochester, Minnesota.

- Foreign biopharmaceutical companies will have to cooperate with local companies if they enter the mainland Chinese market, says the Chairman of Hong Kong-listed 3SBio. Dr Lou Jing said if foreign companies choose not to cooperate with local ones, “they won’t have a chance”. His company, based in Shenyang, has the second-highest revenue of Chinese biopharmaceutical producers, according to the consulting firm Frost & Sullivan. In June the company listed in Hong Kong, raising USD710 million.
- Bristol-Myers Squibb will pay USD14.6 million to settle charges from the U.S. Securities and Exchange Commission (SEC) that its joint venture in China gave cash and other benefits to government health care providers to boost drug sales. The SEC says sales personnel at the company’s joint venture plied staff at hospitals owned or controlled by the Chinese government with cash, jewelry, meals, travel and entertainment to secure and expand prescription drug business.
- The famous Chinese cardiologist Zhang Shu, 56, Secretary General of the World Society of Arrhythmias, was the leading official at this year’s World Congress of Arrhythmias, which was held in Beijing from September 17-19. He is highly likely to become President of the Society from 2017 to 2021. Cardiac arrhythmia, or irregular heartbeat, is one of an increasing number of heart-related problems reported in China.
- Roughly one in three of all young men in China would end up dying from smoking-related diseases such as cancer and cardiovascular conditions, if they don’t quit, according to new research published in the medical journal The Lancet. Currently, about two-thirds of young Chinese men smoke, and a majority before the age of 20. It is estimated that half of them will eventually die as a result of smoking if they don’t quit, the studies found.

## IPR PROTECTION

### Bank of China embroiled in Gucci counterfeit investigation

A New York judge has ordered the Bank of China (BOC) to hand over detailed information about Chinese bank accounts used by a counterfeiting ring that allegedly sold millions of dollars of fake Gucci handbags and wallets in the United States. The decision could have far-reaching impact on the ability of U.S. courts to obtain information about criminal activity from Chinese banks. Dan Plane, an intellectual property lawyer in Hong Kong, cautioned that – should the judgment stand – the Bank of China was likely to disclose as little information as it could, while comforting its own customers with information about how to mitigate risks that may arise from disclosure.

## MACRO-ECONOMY

### China adopting the IMF’s SDDS standard for statistics

Governor of the People’s Bank of China (PBOC) Zhou Xiaochuan told IMF Managing Director Christine Lagarde that China would use the IMF’s Special Data Dissemination Standard (SDDS) to compile its statistics reports and improve the quality of its macro-economic policies. “The subscription to the SDDS is necessary for further economic reforms and opening-up, which will help to improve transparency, reliability and the international comparability of the statistics,” the central bank said in a statement. David Lipton, First Deputy Managing Director of the IMF, said: “The subscription to the SDDS underscores China’s strong commitment to transparency as well as to the adoption of international best practices in statistics.” The country became the 65<sup>th</sup> economy to adopt the SDDS, which was established by the IMF in March 1996. To comply with the new standard, China has released some data for the first time, including official reserve assets, the full coverage of foreign debt and quarterly GDP.

- “The baseline growth projections for China assume a further gradual slowdown in 2016-17,” the World Bank said, playing down concerns that the world’s second-largest economy could slow down abruptly following stock market turmoil and a weaker manufacturing sector. “China has sufficient policy buffers to address these risks and prevent a sharp slowdown,” it added. China’s gross domestic product (GDP) is expected to grow by 6.9% this year, moderating to 6.7% next year and 6.5% in 2017, according to the World Bank.



- A lower-than-expected fertility rate means China's population will peak in 2025 at 1.41 billion, and the total population in 2050 will have dropped from 1.37 billion at the end of 2014 to 1.3 billion, according to Zhang Juwei, Director of the Institute of Population and Labor Economics at the Chinese Academy of Social Sciences (CASS). Zhang last week participated in a two-day seminar on economic restructuring and changing employment structures in Brussels. But China's labor supply will remain roughly stable up until 2030.
- China's policy-makers should forge ahead with structural reforms to put the economy on a more sustainable footing, even as growth is likely to slow further to 6.3% in 2016, the International Monetary Fund (IMF) said. "Modest further policy support to ensure that growth does not fall sharply is likely to be needed, but further progress in implementing the authorities' structural reforms will be critical for private consumption to pick up some of the slack from slowing investment growth," the IMF said in its World Economic Outlook.
- A nationwide audit shows that 23.7% of the key construction projects aimed at helping China's economy maintain stable growth are behind schedule. The National Audit Office (NAO) published the results of an audit that was conducted in August in 29 province-level regions, 29 central departments and seven state-owned enterprises (SOE) to assess their implementation of growth-stabilizing measures.
- Wang Tao, Economist at UBS, projected China's gross domestic product (GDP) growth to weaken to an annual 6.6% in the July-September period, below the full-year official target of around 7%. China's economy grew 7% in the first and second quarters. Lian Ping, Chief Economist at the Bank of Communications (BoCom), said that China's economy was still facing downward pressure and that the key to bolster economic growth was investment. BoCom estimated the third-quarter growth to be around 6.9%.
- China's "sponge city program" will enable 80% of its urban areas to collect and recycle rainwater in the near future as the country rolls out a total investment of CNY86.5 billion over the next three years. The sponge city campaign, which aims to turn urban areas into "sponges" to absorb and recycle 70% of their rainwater, will cover 20% of China's urban areas by 2020 and 80% by 2030. The central government has already selected 16 cities as a testing ground.
- China's bakery market was worth CNY113.3 billion last year, an increase of 23.6% compared to 2013, according to Mintel Group, a British market research firm. The company also predicted that the sector will reach CNY139 billion by the end of this year and top CNY253 billion in 2020. Bakery group Tous Les Jours entered China in 2005 and now has 46 stores and 30 licensed outlets, while Paris Baguette set up shop in 2003 and has 118 stores.

## MERGERS & ACQUISITIONS

### Meituan and Dianping decide to merge

Meituan, dubbed "China's Groupon", and restaurant-review site Dianping plan to merge, creating China's biggest online-to-offline (O2O) services provider with a combined value of over USD15 billion. It would be the largest merger in China's internet industry based on combined valuations. Meituan.com, a group-buying site backed by Alibaba, and consumer review service Dianping.com, which is funded by Tencent, said in a joint statement that they have decided to go for a strategic merger. The new company will be run on a co-CEO and co-Chairmen basis. Meituan and Dianping will retain the original structure of their respective human resources, and run their businesses separately while retaining their independent brands. Zhang Tao, CEO of Dianping, said: "We will leverage our resources to help 10 million merchants better serve 1 billion consumers." The O2O service market in China is expected to become a CNY7.2 trillion industry by 2017 from the current CNY6 trillion, according to iResearch Consulting Group. The company is expected to create a strong competitor to Baidu, which promised to invest USD3.2 billion over three years in its own O2O service platform Nuomi. Meituan accounted for 52% of China's group-buying market during the first six months of the year, followed by 30% for Dianping and about 14% for Nuomi, according to Analysys International.



- China Reform Holdings Corp, an investment firm charged with revamping state-owned enterprises (SOEs), plans to buy a 6 % stake in China Tower Corp, valued at more than CNY10 billion. China Tower is being set up to own the wireless infrastructure of China's major mobile carriers. China Reform's investment would also help finance China Tower's construction of a network of electric-car charging stations.

## REAL ESTATE

### BlackRock looking for opportunities in China

BlackRock, the world's largest asset manager, says it is time to actively look for real estate opportunities in China as the economic slowdown takes its toll, but cautions against investments in Hong Kong because it is too early in the interest-rate cycle. John Saunders, BlackRock's head of Asia-Pacific real estate, said Hong Kong prices would come under pressure as U.S. interest rates rose. He forecast housing values would drop 15% to 20%, although he did not specify a timeline for the price decline. In contrast, China's property market looked more attractive, as downward pressure on the economy was beginning to squeeze some of the weaker players. "The downturn in China is nothing new. It has been going on in the last two years, at least," Saunders said. As the economy slows and sellers are more willing to trim prices, he said "it makes sense that it becomes quite an interesting market for us". He added that the recent devaluation of the yuan would be favorable to foreign investors. "Everybody is worrying about China. I think everybody should be more worried about Hong Kong," said Saunders, adding that an interest rate rise will lead to a significant drop in the capital values of homes. A growing number of analysts said Hong Kong home prices could fall as much as 30% by 2017 as interest rates rose and the economy deteriorated, the South China Morning Post reports.

### Beijing's old hutong alleyways offer vision of a better future

The beauty of Beijing's old hutongs (alleyways) is not only in their peculiar architecture, which has defined the capital since ancient times, but also in what they have done for society, says Marta Pozo, a Dutch architect stationed in Shanghai. Pozo moved from Rotterdam to take up the reins as Director of MVRDV Asia in 2014, two years after the Dutch-based architecture firm opened a China office as a base for its growing portfolio of local projects. And while the company's work runs the gamut from large-scale master planning to commercial, mixed-use, cultural, residential and interior-design commissions, it is the intimate way the Chinese have traditionally lived that truly sparked Pozo's imagination. MVRDV has created two exhibitions on the redevelopment of traditional hutongs: the "Next Hutong" for the Xianyukou hutong and the "Collective Hutong" for Dashilar hutong, both key heritage zones in Beijing listed for protection by the central government. The "Next Hutong" was first exhibited in 2014 at the Beijing Center of the Arts. Last month, it was presented as part of "The Nurturing House", the Dutch component of Beijing Design Week 2015. The Nurturing House, which will be on display until October 30, showcases ideas for a sustainable future in China, and how cities globally can be happier and healthier in the urban age.

- Nansha, a new free-trade zone (FTZ) in Guangzhou officially launched in April, has seen average home prices rise more than 10% in half a year, according to data from real estate portal [fang.com](http://fang.com). Nansha was the only district in Guangzhou to see both its transaction volume and average selling price increase in September, despite consumer demand being depressed by the volatile Chinese stock market and yuan depreciation.
- An increasing number of British castles are being sold to Chinese buyers. So far this year, Barrasford and Bird Worldwide, a British-based luxury property broker, has sold castles to 19 Chinese buyers. Liu Gengxiong, Chairman of a Guangzhou-based international trading company that specializes in luxury goods is among the mainland businessmen now planning to spend millions of yuan on buying his own castle, which he intends to use as a private club for his clients. Some also buy luxury suites in castles to rent out as hotel rooms when they are away. The cost of buying a single hotel room within a castle hotel started at about GBP350,000 and the investment could offer an annual return of 8%.
- The sales and price of pre-owned homes rose in Shanghai in September. About

36,000 units were sold, up 3.8% month-on-month and a year-on-year surge of 136.4%, Shanghai Homelink Real Estate Agency Co said. Around 106,600 units of pre-owned homes were available for sale at the end of September, an increase from 103,200 units at the end of August. "The reason why September's growth seemed rather modest was mainly due to the extremely good sales recorded in July and August, a traditionally low season for property sales," said Lu Qilin, Director of Research at Homelink. Shanghai's pre-owned housing index gained 35 points, or 1.09%, to 3,089 in September, with 108 of the 130 areas monitored posting month-on-month gains.

- China Minsheng Investment, China's largest private investment fund, has dropped out of a GBP1.7 billion Royal Albert Dock development in east London, seven months after it signed an agreement with the project owner in Shanghai.

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## RETAIL

### Online sales of luxury goods surging

Online sales of luxury goods are surging in China, according to a new KPMG report, amid growing concern that sales of such goods have been dwindling lately. The global accounting firm released the report in association with mei.com, an online retailer of luxury goods. China's growing middle class is migrating to online platforms from brick-and-mortar outlets to buy products like luxury watches, bags and other status symbols. The report, based on a survey of more than 10,000 consumers of luxury goods, said 45% of respondents chose e-commerce sites as their top choice for buying luxury goods. On average, they spend CNY2,300 per deal online, up by almost a third from a year earlier. Secure online payment tools appear to reassure consumers. Respondents said they would be willing to pay bills up to CNY4,200 via third-party mobile payment platforms. Last year, the corresponding figure was CNY1,900. Although low prices and big discounts are still the main draw of e-commerce sites, almost one third of the respondents said they bought luxury goods online at full price at least once. Thibault Villet, CEO of mei.com, said that "low price is playing an increasingly smaller role in driving online sales. Chinese consumers now can travel around the world or search through websites to know how a product is priced globally."

- Shanghai's retail sales increased 10.3% to CNY13.38 billion from September 24 to

October 7 compared to last year, in the period that contained both the Mid-Autumn Festival and the National Day holiday and which coincided with the Shanghai Tourism Festival and the Shanghai Shopping Festival, according to the city's Commission of Commerce. Sales of jewelry were up 31.6% compared to last year and cosmetics saw a 23.7% increase. Only convenience stores reported a decline in sales. All other retail outlets reported increased business.

- Berlin-based start-up foodora aims to carve a profitable niche in the crowded, HKD2 billion-a-year food-delivery services market in Hong Kong by focusing on online orders with the city's more upscale restaurants. "We are the first in our industry to go for the high-end segment of food delivery in Hong Kong," Mat Podesta, Chief Executive at foodora Hong Kong, said. The expansion of foodora in the city last month followed its merger with German rival Urban Taste, a company owned by Delivery Hero.
- China Resources SZITIC Trust Co, a subsidiary of China Resources Corp, is to sell its 35% stake in 21 Walmart Stores outlets in China, worth CNY3.35 billion. The proceeds could help fund further development by CRVanguard, the company's retail unit. Both Walmart and CRVanguard are experiencing sales slowdowns, as e-commerce competition increases. According to Kantar figures, CRVanguard claimed a 6.6% market share during the second quarter of 2015, slightly behind Sun Art Retail Group, which leads the China market with 6.9%.
- British retailer Marks & Spencer is setting up a new flagship store in Beijing this winter to further expand its presence in China. The store, expected to be located at The Place, a leading shopping mall in the capital, will spread over more than 1,500 square meters and include womenswear, menswear, lingerie and kids wear. The Food Hall will include Marks & Spencer's food and wines, as well as an in-store bakery and coffee shop.

## SCIENCE & TECHNOLOGY

### Chinese doctor wins half of Nobel Prize

Three scientists from China, Japan and Ireland whose discoveries led to the development of new drugs against parasitic diseases including malaria and elephantiasis won the Nobel Prize for Medicine. China's Tu Youyou (84) was awarded half the prize for discovering artemisinin, a drug that has become the mainstay of fighting malaria. She is China's first Nobel laureate in medicine. Drug firms, including Sanofi and Novartis are producing drugs based on artemisinin. Tu had turned to a traditional Chinese herbal medicine in her hunt for a better malaria treatment, following the declining success of the older drugs chloroquine and quinine. She found that an extract from the plant *Artemisia annua* (wormwood) was sometimes effective, but the results were inconsistent, so she went back to ancient literature, including a recipe from AD 350, in her search for clues. This eventually led to the isolation of artemisinin, a new class of anti-malaria drug, which was available in China before it reached the West. Tu has worked at the China Academy of Traditional Chinese Medicine (TCM) since 1965. Malaria still kills about half a million people a year, the vast majority of them babies and young children in the poorest parts of Africa. Premier Li Keqiang sent a congratulatory message to the State Administration of Traditional Chinese Medicine, saying the award is representative of China's technological achievements. Tu and her colleagues started their research into a new malaria drug in 1969 on orders from Chairman Mao Zedong. They experimented with 380 extracts in 2,000 candidate recipes before they finally succeeded in obtaining the pure substance qinghaosu, later known as artemisinin. World Health Organization (WHO) statistics show malaria deaths have fallen from about two million per year in the early 2000s to an estimated 584,000 in 2013.

### Tsinghua world's No 1 university for engineering research

Tsinghua University overtook the Massachusetts Institute of Technology (MIT) to become the world's No 1 university for engineering research, according to the newly published "2016 Best Global Universities Rankings" by U.S. News and World Report, which has been ranking U.S. universities since 1983 and publishing global rankings last year, listing the world's top 750 universities overall, as well as by region and country. Although Tsinghua University ranked 59<sup>th</sup> in the global list – compared with MIT's No 2 and Peking University's No 41 – the university exceeded all of its competitors in the field of engineering research. Tsinghua was No 1 in

publications, total citations and the number of publications among the 10% most-cited papers in engineering. China constructed the most tall buildings, bridges and railways in the world, and educated the greatest number of engineering students.

- Beijing's Zhongguancun, one of China's leading technology hubs, plans to upgrade its core 7.2-kilometer-long street area into one serving innovation and business startups. The area includes Peking and Tsinghua universities. Some 36 office buildings are on both sides of the street, which houses more than 6,000 companies. "After the transformation, the street will be a window for the outside to see the achievements in innovation and startups of Zhongguancun," said Yan Xiumin, Deputy Director of the Zhongguancun Haidian Park.

## STOCK MARKETS

### China Reinsurance IPO much anticipated

China Reinsurance, the biggest provider of insurance to insurers in China, started pitching its USD2 billion Hong Kong initial public offering (IPO) to investors last week. It would offer the shares equivalent to a forecast price-book ratio of 1.12 to 1.3 times for this year. The deal is set to be Hong Kong's biggest listing since late May, when Huatai Securities raised USD4.5 billion. As the only domestic reinsurance group in China, China Re's clients include 93% of the country's insurance companies, according to its prospectus. It is the largest in Asia, and was eighth-largest in the world last year in terms of reinsurance premiums income. Dayton Wang, Insurance Analyst with Guotai Junan International, said the China Re offering could be hot given its market position, although the explosion in Tianjin in August was likely to weigh on annual performance. Gross written reinsurance premiums in China surged 55.7% year-on-year to CNY151.85 billion last year. Meanwhile, insurance companies' written premiums hit CNY173.78 billion, up 52%, according to the China Insurance Regulatory Commission (CIRC).

- Three listed companies controlled by the Aviation Industry Corp of China (AVIC) suspended trading in their shares on October 8, the first trading day after the week-long National Day holiday, due to the parent company's restructuring of its aero-engine assets. AVIC Aviation Engine Corp, Sichuan Chengfa Aero Science and Technology Co and AVIC Aero-Engine Controls Co all issued separate notices, confirming a halt in trading of their stocks. Plans for a national restructuring of the aircraft and gas-turbine engine sector were approved in the second half of 2014.
- The Shanghai Composite Index rose 1.27% to 3,183.15 points on October 9, after jumping 3% the previous day when trading resumed following a weeklong National Day holiday. The rise followed the announcement of plans to install a network of electric vehicle charging stations. Hong Kong shares posted their biggest weekly gains in six months. Shanghai rose 4.27% for the week and Shenzhen 5.52%, with trading shortened by the national holiday.

## TRAVEL

### More holiday traffic in Shanghai

During the seven-day October 1 holiday, more than 2.35 million visitors arrived in Shanghai by train, 4.8% more than last year, while visitors arriving by plane increased by 8.6% to 987,000. The number of visitors arriving by boat fell 12.5% to 10,000 and those by bus fell by 16.13% to 520,000. Shanghai received more than 8.8 million visitors during the holiday, roughly the same as last year, bringing about CNY7.95 billion in travel revenue, down 3.7% from last year. Shanghai's two airports, Hongqiao and Pudong, saw 355,000 passengers leaving and 331,000 entering between September 30 and October 6 – increases of 12.9% and 15.1% respectively compared to the same period of last year. Shanghai's major tourist attractions saw a 24% drop in visitor numbers – a total of 5.85 million this year – over the wet and windy National Day holiday compared to the same period in 2014. Between September 30 and October 6, nearly 1.85 million cars entered the city, up 18.81% compared to last year, while about 2.3 million cars went out, an increase of 36.47%. Japan turned out to be the most popular destination for Chinese tourists with 65,000 citizens heading there from Pudong, more than 50% more than in the same period of last year. Thailand was the second most popular, attracting 37,000 Chinese

tourists, a 23% increase, the Shanghai Daily reports.

According to the China National Tourism Administration (CNTA), more than 3.3 million tourists had visited 125 scenic spots nationwide in the first six days of the holiday, generating revenue of CNY160 million. Beijing alone had received more than 1.8 million tourists, up 1.5% from last year.

## Finnair to use Airbus 350 on Shanghai route

Finnair plans to use the latest generation of Airbus 350 XWB aircraft on its routes to China from next month. The carrier, which received its first Airbus 350 XWB last week, will use the aircraft on its Helsinki-Shanghai route after flying on some short-haul routes inside Europe. Beijing is also on Finnair's Airbus 350 XWB list, although the exact time frame has not been finalized. The airline is adding Guangzhou as its sixth Chinese destination from 2016 with four weekly flights in the summer season between May 6 and October 29. Finnair's A350 XWB has 297 seats with three cabins, including 46 in business class, 43 in economy comfort and 208 in economy class. Air China and Hong Kong Airlines have also ordered A350 XWBs, but still need to wait some years to get the deliveries. Qatar Airways Group, which received the world's first A350 XWB in January, expects to fly it to China in early 2016.

- According to a Chinese government blueprint, domestic tourism will become an industry of CNY5.5 trillion by 2020, up from CNY3 trillion last year. Such potential boosted the number of tourism property projects to 7,965 last year, from 5,299 in 2013 and 2,259 in 2012. Dalian Wanda Group, controlled by billionaire Wang Jianlin, is the most ambitious, aiming to overtake Disneyland as the world's biggest theme park operator by 2020.
- Roughly 12.5 million train journeys were taken on the first day of the seven-day October 1 holiday – a record for trips on a single day, according to railway operator China Railway. The average number of trips made by train during the holiday has already exceeded the number taken on the busiest day of the Lunar New Year travel season.
- A study by the China National Tourism Administration (NTA) has called for a new system to categorize holidays into two levels – national and local. The system would help ease congestion during major holidays. Under the proposed system, provincial-level administrations would be able to set dates for their own festivals according to local customs and traditions, while the central government would retain the power to set the dates of national holidays. China has 11 official national holidays.
- Work on building China's first high-speed train station with a sea view will begin early next year in Qingdao, Shandong province. The station in the Hongdao Economic Area will serve as a new transportation hub after its completion, scheduled for 2019. High-speed rail lines will shorten journey times from Qingdao to Jinan to one hour instead of the current 2.5 hours, and it will take less than 3 hours to reach Beijing or Shanghai, from the current 5.5 hours and 6 hours respectively. The new railway, with an estimated investment of CNY60 billion will be built along Hongdao Bay. Eventually, the station will serve 20 million passengers a year.
- Uber Technologies said it would invest an additional CNY6.3 billion for expanding its operations in China and also set up a new unit in Shanghai. It plans to expand its services to about 100 Chinese cities in the next 12 months. It currently operates in 21 cities, transporting more than 1 million passengers every day. The company is aiming to get a formal license to provide online car-booking services on a nationwide basis.

## VIP VISITS

### Premier Li Keqiang calls for start of Thai rail project

Chinese Premier Li Keqiang called for an early start to a Beijing-backed rail project running through Thailand during his meeting with Thai Foreign Minister Don Pramudwinai. Li said railway cooperation is the highlight of Sino-Thai cooperation, which can facilitate Beijing's "One Belt, One Road" Initiative to synergize with Thailand's economic development strategy. The Minister, a former Thai Ambassador to China, said the Thai government attaches great



importance to its relations with China, especially the cooperation in the rail sector. The Chinese and Thai governments have recently agreed to start constructing a 840 km railway connecting Kunming in Yunnan province with Thailand's Nong Khai province, Bangkok, and Rayong province by the end of this year. According to China Railway Construction Corp (CRCC), the round-trip fares from Kunming to Bangkok will be around CNY700, between half and one-third of airfares, and freight fees would be one-ninth of the cost by air. 11 million Chinese tourists traveled to Southeast Asia in 2014. The railway is expected to bring about 2 million more each year.

- The new leadership of Sri Lanka has promised to end the stalemate over the stalled Colombo Port City project that has become a bone of contention between China and Sri Lanka. "They have expressed commitment to moving forward the project," said Chinese Vice Minister of Foreign Affairs Liu Zhenmin at the end of a two-day visit. Colombo Port City, a reclamation real estate project the size of Monaco, is among several big-ticket Chinese-backed infrastructure ventures put on hold since China-friendly Mahinda Rajapaksa lost the presidential election in January.

## ONE-LINE NEWS

- A drawing included in the comic book "The Blue Lotus" by Hergé fetched more than HKD9.6 million at an auction in Hong Kong. French auction house Artcurial said it had been bought by an Asian collector. Drawn in monochrome, it shows Tintin being pulled along a street in a rickshaw with a policeman looking on. The drawing is the only original from the book to remain in private hands.
- Former United Nations General Assembly President John Ashe accepted more than USD500,000 in bribes from Chinese real estate developer Ng Lap Seng and other businesspeople in exchange for help in obtaining lucrative investments and government contracts, according to U.S. federal court documents. In exchange for the money, he introduced a UN document in support of a conference center project in Macao being developed by the Chinese billionaire.
- Su Shulin, Governor of Fujian province, is under investigation for corruption, which allegedly occurred when he was Vice President of China National Petroleum Corp (CNPC) between 2002 and 2006, and Chairman of Sinopec from 2007 to 2011.
- Du Runsheng, honored as China's "father of rural reform", passed away in Beijing at the age of 102. Du was the former Director of the Rural Development Research Center of the State Council. As a well-known Economist and the most influential expert on rural issues, Du was one of the key people involved in China's rural reforms in the 1980s.
- Yang Fenglan, a Chinese woman dubbed the "Queen of Ivory", was charged with smuggling 1.9 tons of ivory worth USD2.7 million in a court in Dar es Salaam, Tanzania. Conservation group Elephant Action League said Yang is the most prominent ivory trafficker who has been charged so far in the war against elephant poaching. She is believed to be behind the trafficking of a huge quantity of ivory over several years.
- Lenovo Group saw its personal computer shipments decline in the third quarter as the global market remained gloomy amid volatile currencies, excess hardware inventory and the transition to Microsoft's new Windows 10 operating system. Separate preliminary estimates by research firms IDC and Gartner showed about a 4% drop in Lenovo's worldwide personal computer shipments last quarter.



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