法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 22 FEBRUARY 2016

	Advisor
Retail	Sportswear market to surpass luxury goods
Stock markets	Chairman of Agricultural Bank to replace CSRC Chairman
Travel	Didi Kuaidi-Lyft alliance trying to displace Uber
One-line news	
Announcements	The 7th Weihai International Food Expo – June 17 to 20, 2016 – Weihai

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FCCC/EUCBA ACTIVITIES

Seminar: How to Prepare for Trade Fairs in China: Selection Advice, Negotiation Tips and IP Protection – 2 March 2016 – Eurochambres, Brussels

The EU SME Centre and the China IPR SME Helpdesk are organizing a half-day training seminar, on 2nd March in Brussels, to learn all you need to know about preparing for trade fairs in China. This seminar is organised with the support of the EU-China Business Association and Eurochambres.

During this seminar, the EU SME Centre's expert Rafael Jimenez, alongside Simon Cheetham, Team Leader of the China IPR SME Helpdesk, will share their insights on the following topics:

- What to do in preparation for a trade fair in China?
- Which fair should I choose to attend in China?
- Practical tips for business negotiation in China
- Key protection measures SMEs can take before attending trade fairs in China
- Collecting evidence of IP infringements

PROGRAMME

9.00 am - 9.30 am	Registration and networking
9.30 am - 10.30 am	How to prepare for a Trade Fair in China: Before, During and After the Event by Rafael Jimenez, Business Development Advisor, EU SME Centre
10.30 am - 11.30 am	How to Protect Your Intellectual Property at Trade Fairs In China: Common Issues, Strategies and Enforcement, by Simon Cheetham, Team Leader, China IPR SME Helpdesk
11.30 am - 12.00 pm	Q&A

Participation fee 50€. Payment Method: Pay on the Door | Cash Only | Invoice will be provided.

9 AM – 12 PM, Wednesday, 2nd March, 2016 | Eurochambres Avenue des Arts, 19 A/DB-1000 Brussels, Belgium.

More info

China Mission East-Flanders – 28 May – 4 June – Beijing, Shanghai, Tianjin, Shijiazhuang

China, the largest economy and the most dynamic consumer market in the world, is no longer only a production or sourcing country. It is a huge market for European products which have a stellar reputation with the consuming Chinese middle class. Thousands of Flemish companies are active in China. 2016 is an excellent moment in time for your company to participate in the East-Flanders trade mission, organized by the Province of East-Flanders, Voka Chamber of Commerce East-Flanders and Flanders Investment & Trade, in cooperation with the Flanders-China Chamber of Commerce. On the programme are B2B meetings, visits to companies, ports and industrial zones. Also planned are meetings with Chinese authorities and networking with Chinese and Belgian business partners. We will visit four important cities: Beijing, capital of China; Shanghai, the biggest city of China; Tianjin, the most important port city in North

China; and Shijiazhuang, provincial capital of Hebei. The Province of East-Flanders opens doors. The trade mission is headed by the Governor of the Province of East-Flanders Jan Briers and Vice Governor Geert Versnick. For more than 25 years, East-Flanders has had close relations with the Chinese Province of Hebei. The presence of the Governor and Vice Governor will certainly open doors to your company!

More information and subscription

The trade mission is organized by the Province of East-Flanders, Voka Chamber of Commerce East-Flanders and Flanders Investment & Trade, in cooperation with the Flanders-China Chamber of Commerce.

ADVERTISEMENT AND SPONSORSHIP

Advertisement and sponsorship opportunities 2016

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.

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

The sponsoring opportunities are the following:

1. SPONSORING OF ACTIVITIES

During FCCC activities, you can put a banner of your company at the event and distribute documentation of your company and obtain free invitations.

Invitations are distributed via E-mail and the FCCC website and newsletters. The events are announced in different media channels.
The fee is according to each different event.

2. SPONSORING AT THE FCCC WEBSITE

Your logo will be displayed on the FCCC home page with click through to your own website or to your own page on the FCCC-website

GOLDEN SPONSOR (12 months): 1.950 €
SILVER SPONSOR (6 months): 1.450 €

3. SPONSORING IN THE FCCC WEEKLY NEWSLETTER

Every Monday, the weekly Newsletters are sent and posted on the FCCC website.

Number of recipients every week: 1200 executives dealing with China

GOLDEN SPONSOR (12 months): 1.950 €
SILVER SPONSOR (6 months): 1.550 €
SPONSOR (3 months): 895 €

4. SPONSORING IN THE QUARTERLY E-NEWSLETTER IN CHINESE AND ENGLISH LANGUAGE: "NEWS FROM THE HEART OF EUROPE: FLANDERS"

- Newsletters are also posted online at the FCCC website
- 1 issue every quarter
- Number of direct recipients: +/- 2000 Chinese and Belgian business leaders, local authorities and institutions
- Distributed through the different Chambers of Commerce in China

- Your logo on the electronic newsletter and a 200-word profile of China activities

GOLDEN SPONSOR: 1.650 € -3 issues
SILVER SPONSOR: 1.250 € - 2 issues

Amounts are excl. VAT.

5. SPONSORING EU-CHINA ACTIVITIES

The EU-China Business Association (EUCBA) is an association of Associations in the European Union countries promoting business relations between European enterprises, institutions and their Chinese counterparts. It is an International non-profit organisation registered in Belgium.
The FCCC holds the secretariat-general of the EUCBA.

The EUCBA organises high-level EU-China events and also publishes a Quarterly newsbulletin.
www.eucba.org

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

ACTIVITIES SUPPORTED BY FCCC

MO*talks: The world becomes Chinese – 9 March 2016 – Brussels

On March 2 MO*'s spring issue focusses on China's growing role in the world. Do we have to be afraid or not: is the trend bringing us a welcome and fresh new wind and new investments? On the occasion of this isse, MO* is organizing 'MO* talks: the world becomes Chinese' on Wednesday 9 March 2016. Fascinating speakers include Henk Schulte Nordholt (sinologist and author of "China & de barbaren"), Ching Lin Pang (sinologist, antropologist and Professor at KULeuven and UAntwerpen), Wim Polet (sinologist, Head International Department Industrial Sciences KULeuven and former Director Confuciusinstituut Leuven). A Representative of tehe Chinese Mission at the EU has also been invited. John Vandaele, Journalist of MO* and a China Specialist, will manage the event.

Wednesday, 9 March 2016, 19h30, Vlaams-Nederlands Huis deBuren, Leopoldstraat 6, 1060 Brussel. Register at info@mo.be More information is available at:
www.mo.be/motalks-de-wereld-wordt-chinees
www.facebook.com/events/226240827719977/

PAST EVENTS

FCCC Chinese New Year Reception – 3 February 2016 – Brussels

On 3 February the Flanders-China Chamber of Commerce (FCCC) organized its annual Chinese New Year Reception at KBC Bank in Brussels. Speakers at this event were:

- Mr Bert De Graeve, Chairman, Flanders-China Chamber of Commerce
- His Excellency Mr Qu Xing, Ambassador of the PRC in Belgium
- Mr Geert Bourgeois, Minister-President of the Government of Flanders, Flemish Minister for Foreign Policy and Immovable Heritage

Special thanks to KBC Bank at which the reception was organised and also its golden sponsor: ZTE, silver sponsors: Deme and Maasmechelen Village.

Pictures of the event can be viewed online.

EUCBA: Exclusive Luncheon with Her Excellency Mrs Yang Yanyi, Ambassador of the People's Republic of China to the EU and Head of the Chinese Mission to the EU – 3 February 2016 – Brussels

The EU-China Business Association (EUCBA) organized an exclusive luncheon with Her Excellency Mrs Yang Yanyi, Ambassador of the People's Republic of China to the EU and Head of the Chinese Mission to the EU on 3 February 2016 in Brussels. Following a networking cocktail, Mr Stephen Philips, Chairman of the EUCBA, introduced the speaker. Ambassador Yang Yanyi delivered the keynote speech on the developments of EU-China relations. Mr. Bert De Graeve, Chairman of the Flanders-China Chamber of Commerce (FCCC) presented the conclusions of the event.

Pictures of the event can be viewed online.

EU-China Conference: China's New Normal: What's In It For Businesses? – 28 January 2016 – Brussels

The European Union Chamber of Commerce in China, the EU-China Business Association and BUSINESSEUROPE organized an exclusive dialogue with the European Commissioner for Trade Cecilia Malmström, the European Parliament's Chair for Relations with China Jo Leinen, and the European Chamber China President Jörg Wuttke. This event took place on 28 January, 2016 at Thon Hotel EU in Brussels. The purpose of this event was to take stock of the most important developments in the EU-China relations and how this affects EU businesses.

Following an introduction by Mr Markus Beyrer, Director-General, BUSINESSEUROPE, Ms Cecilia Malmström, European Commissioner for Trade delivered a keynote speech on EU-China business relations. Her speech was followed by a speech by Mr Jörg Wuttke, President, European Union Chamber of Commerce in China and another one by Mr. Jo Leinen, Member of the European Parliament and Chair of the Delegation for relations with the People's Republic of China. Following a moderated panel discussion and Q&A, Mr. Bert De Graeve delivered the closing remarks on behalf of the EU-China Business Association.

During the event, representatives from the European Chamber's working groups were on-site to answer specific questions related to their industry sectors.

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

Meeting and Reception with the Ambassador and Consuls General of Belgium in China – Wednesday 27 January 2016 – Brussels

The Flanders-China Chamber of Commerce (FCCC) organized a meeting with the Ambassador and Consuls General of Belgium in China. This event took place on 27 January 2016 at BNP Paribas Fortis in Brussels.

This event offered an excellent opportunity to discuss your companies' activities in China with the Ambassador and Consuls General of Belgium in China: Mr Michel Malherbe, Ambassador of Belgium in China; Mrs Cathy Buggenhout, Consul General of Belgium in Shanghai; Mr Christian de Lannoy, Consul General of Belgium in Guangzhou; and Mrs Michèle Deneffe, Consul General of Belgium in Hong Kong and Macao.

The event was concluded with an axchange of views and networking with the Ambassador and Consuls General.

Special thanks to BNP Paribas Fortis at which the reception took place.

Pictures of the event can be viewed online.

AUTOMOTIVE

VW confident its China sales will increase

Volkswagen is confident its China sales may rise in line with the overall auto market this year, as it explores potential cooperation with domestic firm Anhui Jianghuai Automobile Co (JAC), in what could be a third partnership with Chinese automakers. There is potential for expansion in China's smaller cities despite the country's economy registering a weaker growth, according to VW's China Director Jochem Heizmann. VW plans to invest more than €4 billion annually in China in the coming years. Sales in China fell 3.4% in 2015 before rebounding in January. U.S. rival General Motors Co's vehicle sales in China rose 5.2% last year, allowing it to overtake VW to claim the number one spot in the world's largest car market. Based in Hefei in the eastern province of Anhui, JAC is one of China's smaller automakers.

- Auto sales in China surged 7.7% in January from a year earlier to 2.5 million units, the China Association of Automobile Manufacturers (CAAM) said. Strong demand for SUVs offset a decline in sales of sedans. Sales of SUVs jumped 60.5% to 784,900 while the number of basic passenger cars sold dropped 9% to 1.1 million. Sales of commercial vehicles also shed 3.5% to 271,900 units. Chinese-brand auto sales rose 16.6% from the year before to just over 1 million.
- Germany's MTU Friedrichshafen, a subsidiary of Rolls-Royce, signed a deal with China's leading engine maker Yuchai to set up an equally-owned joint venture MTU

Yuchai Power Co. Yuchai Corp is based in Yulin in the Guangxi Autonomous Region. Using MTU's S4000 engine technology, the new plant will start production in 2017 with a capacity of 1,500 engines per year.

EXPAT CORNER

Foreigners with work permits can now buy an apartment in Beijing immediately

Foreigners with work permits who have no property in Beijing can now buy one residential apartment without having to work in the city for a minimum period, local authorities have said. Before the new regulation, foreigners were required to work for at least one year in the capital before they became eligible to buy an apartment there, as part of efforts mirrored in four other Chinese cities that restrict non-residents buying property in order to curb rising house prices. The Beijing Municipal Commission of Housing and Urban-Rural Development said that foreigners working in the capital can buy property and branches of foreign companies can purchase non-residential properties to be used as offices. The new regulation took effect on February 4. Early this month, the Ministry of Housing and Urban-Rural Development and five other Ministries jointly promulgated a new regulation to overhaul the access of foreign capital to the Chinese housing market. In addition, people from Hong Kong, Macao and Taiwan as well as overseas Chinese can now buy apartments in the capital as long as they work, study or live in the city, the China Daily reports.

- The Chinese government has announced that foreigners working in a greater range of areas would be eligible for permanent residency. "In the past three decades, China focused on attracting foreign capital, and in the three decades ahead, it should shift to foreign talent," said Wang Huiyao, Director of the Center for China and Globalization, a Beijing-based think tank. About 600,000 foreigners were living in China, according to the 2010 national census, accounting for 0.04% of the population. Only about 7,000 to 8,000 foreigners had acquired permanent residency.

FINANCE

Six executives of ICBC arrested in Spain

China has expressed its concern over a raid by Spanish law enforcement officers on the Madrid Branch of Industrial and Commercial Bank of China (ICBC) in which six executives were arrested as part of an investigation into alleged money laundering of at least €40 million. It was part of a major operation launched last year that targeted Chinese gangs based in Madrid suspected of importing huge amounts of undeclared goods from China while avoiding paying import duties. The crime groups allegedly deposited their earnings into ICBC, which is accused of then sending the funds to China without checking their origin. The bank has sent Directors of ICBC (Europe) and Lawyers to its Madrid branch to cooperate with the investigators. "Our Madrid Branch is cooperating actively with the investigation," the bank said. The Chinese Embassy in Spain reiterated in a statement that the Chinese government demands all accredited Chinese companies working abroad strictly abide by the law. ICBC opened its first Spanish Branch in Madrid in January 2011, followed by a second one in Barcelona a year later. At present, the bank has 400 overseas outlets in 42 countries and regions.

- China's non-performing loans (NPLs) reached a 10-year high of CNY1.27 trillion at the end of 2015. The average commercial bank NPL ratio rose to 1.67% at the end of December from 1.59% three months earlier, the China Banking Regulatory Commission (CBRC) said in a statement. Special mention loans, referring to debts that could potentially turn sour, rose to CNY2.89 trillion, an increase of CNY80 billion from the end of September.
- China's new yuan-denominated lending rose to CNY2.51 trillion in January, an increase of 71% from a year earlier and well above market forecasts. Last month's new yuan loans were also about four times those posted in December. Social finance stood at CNY3.42 trillion, compared with CNY1.81 trillion in December, the People's Bank of China (PBOC) said.

- Apple Pay, the wireless payment service for Apple devices, launched in China on February 18. Apple Pay offers consumers an easier and safer way of mobile payment through NFC (near-field communications) technology unlike other similar payment services which use bar code scanning. About 20 Chinese banks will support the service.
- Shanghai will expand reform of the value-added tax (VAT) system to embrace all sectors this year as part of efforts to remove barriers to broader economic restructuring, the Municipal Taxation Bureau said. VAT will replace business tax this year in the remaining four industries – finance, construction, property and consumer services – to help reduce the tax burden on corporations.
- The People's Bank of China (PBOC) said it will adjust banks' reserve requirement ratio (RRR) on February 25. Unqualified banks will no longer enjoy a favorable RRR requirement. The PBOC said the adjustment had nothing to do with January's new loan growth after media reports suggested the central bank may hike the reserve ratio for banks to contain risks after the surge in credit last month.
- Sensitive data is missing from the regular Chinese central bank report, financial analysts say. The sudden lack of clear information makes it hard for markets to assess the scale of capital flows out of China as well as the central bank's foreign exchange operations in the banking system, they add. Figures on the "position for forex purchase" are regularly published in the People's Bank of China's monthly report on the "Sources and Uses of Credit Funds of Financial Institutions". The December reading in foreign currencies was USD250 billion, but the data was missing in the January report.
- It is wishful thinking to expect a deal addressing currency volatility – like the 1985 Plaza Accord – to be struck at the G20 meeting of Finance Ministers and Central Bank Governors in Shanghai this week, says China's Finance Minister Lou Jiwei. "That proposal doesn't even exist," he added. The Plazza Accord is an agreement between France, West Germany, Japan, the United States and Britain in 1985 that allowed the U.S. dollar to weaken significantly through joint intervention in currency markets.
- An excessively loose monetary policy in China would risk asset bubbles and fuel yuan depreciation. "Monetary policy should be prudent, appropriate and flexible, and avoid excessively flooding money and excessive loosening," said Yi Gang, Deputy Governor of the People's Bank of China (PBOC). His comments came amid rising calls for more supportive policies, on both the monetary and fiscal sides, to prevent growth from slowing further.
- China's central bank sold a net CNY644.5 billion worth of foreign currency in January, its second-largest monthly sale ever after setting a new record in December, signaling capital outflow pressures. The government said earlier that the country's foreign exchange reserves fell USD99.5 billion in January to USD3.23 trillion, their lowest level since May 2012.

FOREIGN INVESTMENT

Shanghai to attract 45 regional MNC headquarters this year

Shanghai aims to "further improve our business environment" to help attract another 45 multinational companies (MNCs) to locate their regional headquarters in the city this year, the Shanghai Commission of Commerce said. By the end of last year, Shanghai was home to 535 regional headquarters of multinational companies, with 41 of them being Asia Pacific headquarters. About 230 multinational companies located their regional headquarters in Shanghai in the past five years, or an average of 45 per year. The companies accounted for only 1% of the city's total foreign-invested firms, but they contributed 9% of foreign-invested firms' revenues and 15% of their profits. Shanghai is also home to 396 research and development (R&D) centers, or 25% of the country's total. Over 120 were set up by Fortune Global 500 companies, or one-third of the country's total. Foreign direct investment (FDI) in Shanghai should be kept at around USD17 billion, the Commission said.

- Foreign direct investment (FDI) in China continued to increase steadily in January rising by 3.2% year-on-year to USD14.07 billion. Investment in the country's burgeoning service sector accounted for 67.6% of total inflow, while FDI in the high-tech service industry more than doubled to CNY7.2 billion. Investment from the United States, the European Union and Japan rose the most, up by 463.6%, 30.9% and 22.8%.

- China's outbound direct investment (ODI) in overseas manufacturing sectors surged dramatically in January by 87.8% on a year-on-year basis to CNY10.6 billion, according to the Ministry of Commerce (MOFCOM). A major chunk of the capital flowed into the telecommunications, electronic equipment, pharmaceutical and automobile manufacturing sectors, Spokesman Shen Danyang said. Investment in manufacturing equipment surged by 128.3% year-on-year, accounting for more than half of the total investment.

FOREIGN TRADE

China’s foreign trade declines again in January

China’s foreign trade slumped in January, according to the General Administration of Customs. Exports were down 6.6% from a year earlier to CNY1.14 trillion last month, compared to the growth of 2.3% in December. Imports contracted 14.4% to CNY737.5 billion, widening from the 4% decline the previous month. January’s trade surplus shot up to CNY406.2 billion, a record high and up 12.2% year-on-year. “China’s exports fell sharply, suggesting weak global demand,” said Liu Ligang, Chief Economist at Australia & New Zealand Banking Group. “The decrease of imports was in part due to still low commodity prices.” Liu said the earlier Chinese New Year this year compared to 2015 had distorted annual growth rates as traders tended to increase shipments in December. “As China’s retail sales remained stable, the trade slump mainly reflected weakening investment demand, possibly from weaker property investment and measures to reduce overcapacity,” he said. China’s economy had a bumpy start this year as figures for January remained weak due to the earlier holiday and the extremely cold weather. Factories continued to report contracted activities while service providers also saw poorer business. The European Union remained China’s largest trading partner last month, although its trade with China declined 9.9% to CNY290.3 billion. It was followed by the United States and the ASEAN countries, which shipped goods worth CNY269.8 billion and CNY234.2 billion respectively, declines of 9.9% and 10.8%. The foreign trade figures of domestic private firms showed the best performance, increasing 1.1% during the period, while foreign-invested firms said their trade declined 14.3% and state-owned traders reported a contraction of 21.9%. Premier Li Keqiang has said China will not promote exports through currency depreciation, the Shanghai Daily reports.

Upcoming trade fairs in China

Apr 12 - 14, Beijing, China Outbound Travel and Tourism Market (COTTM) 2016
Apr 14 - 16, Beijing, The 20th China International Health Industry Expo
Apr 15 - 19, Guangzhou, The 119th Canton Fair, Phase 1
Apr 17 - 20, Shanghai, The 75th China International Medical Equipment Fair (CMEF Spring 2016)
Apr 21 - 23, Shanghai, China (Shanghai) International Technology Fair 2016
Apr 23 - 27, Guangzhou, The 119th Canton Fair, Phase 2
Apr 25 - 28, Guangzhou, The 30th International Exhibition on Plastics and Rubber Industries (Chinaplas)
May 1 - 5, Guangzhou, The 119th Canton Fair, Phase 3
May 5 - 7, Shanghai, IE Expo 2016 (IFAT CHINA+EPTEE+CWS)
May 5 - 7, Shanghai, SIAL China 2016

Source: EU SME Centre

- The first cargo train to connect China and Iran arrived in Tehran last week. The train, carrying 32 containers of products from Zhejiang province, took 14 days to make the 9,500 kilometer journey through Kazakstan and Turkmenistan. The journey was 30 days shorter than the sea voyage from Shanghai to the Iranian port of Bandar Abbas. More than a third of Iran’s foreign trade is with China. The train service will later be extended to Europe. Initially, one train will run every month.

- Thousands of managers and workers of European steelmakers demonstrated in Brussels on February 15 demanding that officials do more to stop the flood of cheap imports from China. Police said about 5,200 representatives from Europe’s struggling steel industry circled the EU’s Berlaymont headquarters demanding that China be denied market-economy status (MES) that would make it harder to raise barriers against cheap Chinese steel products.
- China has called on the European Union to work together to address global iron and steel overcapacity instead of resorting to trade protectionism. The iron and steel industry has become the main area of China-Europe trade friction. Since 2014, the European Union has initiated 15 trade remedy investigations into Chinese exports, of which eight cases are in the iron and steel industry.
- China COSCO Shipping Corp, a newly formed company merging China's two biggest state-owned shipping conglomerates – China Ocean Shipping (Group) Co and China Shipping (Group) Co – will focus more resources on six new businesses, Chairman Xu Lirong said, namely logistics, industrial equipment manufacturing, financial and shipping services, investment, and operations linked to the country's "Internet Plus" development program. Employing 118,000 staff and managing 46 container ports and 190 berths around the world, the new entity has an annual throughput capacity of 90 million TEU.

HEALTH

Deaths from lung cancer double national average in Hebei

The death rate from lung cancer in Hebei, China’s most polluted province, is more than double the national average, according to the latest research. Deaths from lung cancer have more than tripled over 40 years in the province. The death rate from lung cancer in Hebei was just 9.31 per 100,000 people in the 1973-1975 period, but it rose to 35.22 per 100,000 in 2012 and 38.46 in 2014. In 2013, Oncologist Sun Yan from the Peking Union Medical College Hospital, one of China’s top medical institutions specializing in treating tumors, said the death rate of lung cancer patients across China had seen a staggering 465% increase over the past three decades. Experts have also warned that the number of lung cancer patients in China could exceed one million by 2025. The World Health Organization’s International Agency for Research on Cancer (IARC) published a report in 2013 establishing a strong link between lung cancer and outdoor air pollution.

- Patients with non-emergency conditions will soon have to make advance appointments before going to a major hospital in Beijing. All 22 major hospitals under the Beijing Municipal Commission of Health and Family Planning will stop issuing registration tickets on site for non-emergency patients over the next 10 months. Patients can make appointments through the internet, mobile phone, telephone and ticket machines at hospitals, Yu Luming, Director of the Beijing Municipal Administration of Hospitals, said.

MACRO-ECONOMY

Financial institutions ordered to support industrial firms

China’s economic and financial institutions were ordered to do more to help industrial firms to support economic growth. The guidelines – jointly issued by the central bank, planning agency, Finance Ministry and financial regulators – required banks to grant more credit to buyers of clean-energy cars and second-hand vehicles; to continue lending to some clients in the steel, non-ferrous metal, coal mining and ship building sectors; and to boost financial support for the “Made in China 2025” state strategy to upgrade the country’s manufacturing ability. For competitive firms with the ability to repay their debts, banks can restructure loan maturity to help solve their short-term cash flow problems, according to the guidelines. Qualified manufacturers were encouraged to raise funds through stock and bond issuance and use the yuan in overseas trade and investment, while enterprises were urged to launch overseas projects through public-private partnerships. Premier Li Keqiang pledged that the government would act if there were signs of China’s economic growth slipping out of a “reasonable range”. Chang Jian, Barclays’ Hong Kong-based Chief China Economist, said the pressing task for

Beijing was “guiding a soft landing” in economic growth. “If you suffer a hard landing, no reform can proceed,” he added. Li’s policy pledge, along with a record amount of new bank credit in January and fresh instructions from Beijing to bolster growth, shored up investor confidence in the Chinese stock market. Chinese banks are already adopting a more aggressive stance in helping businesses, with lenders handing out a record CNY2.51 trillion in new loans last month, although the central bank has refrained from cutting interest rates over the last three months to further boost lending. Banks were ordered not to lend to unapproved new projects in over-capacity sectors, or to “zombie firms” making persistent losses, the South China Morning Post reports.

- Premier Li Keqiang has called for key Ministers and government department Directors to be more responsive to the public and to international concerns about China's economic prospects. They were urged to meet the media to explain how China will overcome the difficulties it faces. The Premier said China is confident it has sufficient policy weapons to help the economy cope with increased challenges.
- The municipal government of Shanghai has pledged to prevent manufacturing from declining to below 25% of the city GDP. Economists say it is important not to let manufacturing wither away when much of the city's new wealth is being created by its financial and service industries.
- Zhao Chenxin, Spokesman for the National Development and Reform Commission (NDRC), told reporters in Beijing that based on the current state of the country's economy there won't be a new round of layoffs. Zhao said China's economic fundamentals have not changed, which will support employment. He also cited mass entrepreneurship and innovation and a “relatively active” labor market as favorable conditions. He said China still has the world's largest foreign exchange reserves, a “relatively large-scale” trade surplus and stable development in the yuan's internationalization.
- China Petroleum & Chemical Corp (Sinopec) will close four areas in the Shengli oilfield, the nation's second-largest. Shengli reported about CNY9.2 billion in losses last year as global oil prices have fallen sharply over the past year. Daqing oilfield, China’s largest explored by China National Petroleum Corp (CNPC), reduced crude oil production in 2015 for the first time in seven years.
- Zhu Baoliang, Director of the Economic Forecast Division at the State Information Center, a think tank affiliated with China’s economic planning agency, said the central bank would maintain an accommodative monetary environment this year to ensure growth of more than 6.5% and to avoid any form of financial, currency or debt crisis, but the monetary support was unlikely to generate strong growth as the effect of stimulus measures in driving growth was wearing out, he said. A growth rebound would not come until 2018, he added.
- The central Chinese government has approved Guangzhou’s plan to become an international trade center and regional transportation hub by 2020 with a target population of 18 million residents. It also asked Guangzhou to further integrate road, port, rail and air links with Hong Kong and Macao. The plan also calls for the Nansha FTZ to experiment with deeper reforms in its economic and legal systems.
- China’s factory gate prices extended their fall to 47 months in January, indicating persistent deflationary pressure. Producer prices fell 5.3% in January year-on-year, less than the fall of 5.9% in December, the National Bureau of Statistics (NBS) said. But the improvement was largely due to a lower base of comparison. The Consumer Price Index (CPI) expanded 1.8% in January from a year earlier, up from the increase of 1.6% in December. The rise was largely a result of higher food costs, which account for nearly a third of the CPI basket. They grew 4.1% in January, much faster than the rise of 2.7% in December.

MERGERS & ACQUISITIONS

COSCO passes milestone in acquiring controlling stake in Piraeus Port

China’s COSCO has been formally declared the preferred investor for the privatization of Greece’s largest port, Piraeus. The Board of Directors of the Hellenic Republic Asset

Development Fund (HRADF) said COSCO has acquired 67% of the shares of Piraeus Port Authority in accordance with the terms of the tender process. On January 20, HRADF accepted COSCO's binding offer of €368.5 million for the controlling stake. The tender dossier will be submitted to the Court of Audit for pre-contractual control, and the contract will be signed after the approval of the court. Completion of the deal is subject to the relevant authorities' approvals, HRADF's statement said. The process should be completed by May. Greece's highest administrative court, the Council of State, said earlier it had dismissed the appeal of various opponents to the privatization of the port authorities of Piraeus as well as Thessaloniki in northern Greece. Under the terms of the tender, COSCO has committed to invest €350 million over the next decade in infrastructure works at the port, the Shanghai Daily reports.

Record activity in M&A in 2015

Last year saw record levels of activity in China's mergers and acquisitions (M&As). According to ChinaVenture Group, 9,700 deals were announced in the Chinese M&A market last year. The deal value was USD709.4 billion, up 78.1% year-on-year. 4,156 deals were closed in 2015 with a total deal value of USD316.1 billion, up 56.4% year-on-year. Deals-wise, manufacturing, information technology, energy and mining were the most active sectors in 2015. In terms of deal value, however, real estate, transportation and telecommunications were the top three sectors. Pro-industry policies and economic reforms contributed to growth in M&A activity, as well as the government's strategies such as Internet Plus, the Belt and Road Initiative, deepening financial reform, and industry upgrading.

- The combined value of China's outbound mergers and acquisitions is expected to set a record this year and be more diversified. This will give a boost to the world economy, according to Xing Houyuan, Deputy Director of the Chinese Academy of International Trade and Economic Cooperation, a think tank under the Ministry of Commerce (MOFCOM). Chinese companies announced a record-high 598 overseas M&A deals last year, worth more than USD112 billion, according to Dealogic. Less than two months into 2016, Chinese companies already have spent roughly USD55 billion on outbound M&As.
- Temasek Holdings reduced its holdings in China's biggest online retailer Alibaba Group Holding in the fourth quarter while buying shares in other Chinese online companies, including Alibaba's biggest competitor, JD.com and online travel company Tuniu Corp.
- Shanghai-based Fosun has dropped a plan to buy a controlling stake in Israeli insurer Phoenix Holdings because certain conditions for the deal were not met. Fosun had agreed to buy 52.31% in Phoenix from Delek Group in June last year in a deal worth USD462 million. Neither party is obliged to pay a penalty.
- HNA Group, the fourth-largest airline group in China, announced the purchase of Ingram Micro, a U.S.-based electronics distributor with an equity value of around USD6 billion. HNA is making the acquisition through its subsidiary Tianjin Tianhai Investment Co in an all-cash transaction which is expected to close in the second half of 2016. Ingram will continue to operate independently, and the company's corporate headquarters will remain in Irvine, California, said Alain Monie, CEO of Ingram.

REAL ESTATE

Many real estate companies expect losses

More than half of the country's listed real estate companies are expecting to report falls in annual profits last year, as the residential property market continues to slow down. Of the annual earnings forecasts issued by 88 companies, 45 have predicted a decline in net profits, according to new figures from market intelligence provider Tonghuashun. 25 of the companies expect net losses, 22 of them for the first time. Some of the country's largest listed homebuilders by market value, including China Vanke, are yet to release their annual earnings forecasts. Guo Yi, Marketing Director of the Yahao Real Estate Selling and Consulting Solution Agency, said small- and medium-sized developers will continue to be plagued by financial troubles this year, as stock levels remain high. "Despite the government's easing policies, market oversupply is still a challenge, especially in third- and fourth-tier cities where an imbalance in economic development and unequal distribution of resources remains," Guo said. The only way that many firms will be able to control their costs will be to cut the number of new developments, and continue to offer substantial discounts to attract buyers. China Enterprise said it expected a dramatic CNY2.4 billion to CNY2.5 billion loss, while Vantone Real Estate Co said it expected a CNY580-620 million loss, the China Daily reports.

China's major real estate developers' sales surged in January. China Vanke's sales in January reached CNY25.59 billion, a year-on-year increase of 10.3%, while Guangzhou-based developer Evergrande Real Estate Group reported sales of CNY21.23 billion, a 83% increase compared to the same period of 2015. According to Ouyang Jie, Deputy Director of Future Land, the outlook for China's real estate market in 2016 is believed to be more optimistic than last year, thanks to the easing policies released by the government earlier this year.

- Shanghai's new home sales plunged over 94.4% during the weeklong Spring Festival holiday as sentiment among developers and home seekers cooled. The area of new homes sold, excluding government-subsidized affordable housing, totaled 9,200 square meters. The mean price of the new homes was CNY33,378 per square meter, down 12.1% from the previous week.
- China will cut deed and business taxes for home purchases in most cities in an attempt to shore up the country's sagging property market. Buyers in the four cities of Shanghai, Beijing, Guangzhou and Shenzhen will be eligible for a 1% rate in the "deed tax" when they purchase a house no larger than 90 square meters, or a 1.5% rate if the home is larger. To qualify for the preferential rate, the house must be the only property owned by the household. Buyers in smaller cities will also be eligible for a 1% rate on purchases of a second home no larger than 90 square meters, or a 2% rate if the second house is larger.
- China released a guideline on urban planning in a bid to tackle the problems associated with increasing urbanization. Cities will no longer be allowed to grow beyond what their natural resources can support, and odd-shaped buildings will be forbidden.

RETAIL

Sportswear market to surpass luxury goods

China's sportswear market will surpass the luxury goods market by 2020, according to

Euromonitor, with double-digit growth each year to CNY280.8 billion compared with luxury's single digit growth to CNY192.4 billion in the same period. Europe's sportswear market, by comparison, would be worth USD64 billion by 2020, it says. The sports sector contributes 0.67% of China's total gross domestic product (GDP), compared with 2.2% in the European Union and 3.5% in the United States, according to Oriental Patron Research.

- Chinese consumers spent CNY31.2 billion via China UnionPay's network at home and overseas during the Chinese New Year holiday, up 31% from a year ago, with dining and shopping making up most of the expenditure. There were 307 million transactions made from February 7 to 13, a rise of 15%, UnionPay said. Expenditure on highway transport nearly doubled from a year earlier while payment at gas stations jumped 39% with more road trips taken. Restaurant receipts rose by 6% to CNY5 billion, according to UnionPay.
- China's smartphone sales in the fourth quarter grew 8% year-on-year on strong performance by domestic brands, which ousted Samsung from the top-five ranking, as well as China's online shopping spree on November 11, research firm IDC said. Consumers bought 117.3 million smartphones in China in the quarter. The top-three firms were Huawei with a 17.9% market share, followed by Apple's 17.1% and Xiaomi's 16.9% in the quarter, IDC said. In 2015, Xiaomi led the market with a 15% share, followed by Huawei's 14.5%, Apple's 13.4%, Oppo's 8.1% and Vivo's 8.1%.

STOCK MARKETS

Chairman of Agricultural Bank to replace CSRC Chairman

Agricultural Bank of China Chairman Liu Shiyu has been appointed as the new Chairman of the China Securities Regulatory Commission (CSRC), replacing Xiao Gang. Speculation about Xiao's future has been mounting in recent months after he took flak from investors for introducing a circuit-breaker mechanism that triggered an automatic shutdown of China's stock market on two occasions last month after the market slumped more than 7%. Reuters reported in early January that Xiao had offered to resign, but the CSRC denied the report at the time. Xiao Gang had launched his carrier as Secretary to Lu Peijian, the sixth Governor of the People's Bank of China (PBOC). Liu Shiyu was named head of the Agricultural Bank of China (ABC) in December 2012. He previously served as Deputy Governor of the PBOC.

- A group of Chinese investors led by Chongqing Casin Enterprise Group agreed to purchase the 134-year-old Chicago Stock Exchange for an undisclosed amount. It was the first United States stock exchange to be purchased by Chinese companies.
- Shares in Southern Publishing and Media Co rose by the 10% daily ceiling on their first day of trading on the Shanghai Stock Exchange on February 15. The company plans to invest more than CNY1 billion on five major publishing projects, including in digital education, and in the upgrade of Xinhua bookstores.
- The benchmark Shanghai Composite Index showed a weekly gain of 3.49% on February 19, the biggest rise in two months.
- Sainty Marine Corp has become China's first listed company to apply for bankruptcy and reorganization, after it said it had been hit hard by the slowing global shipbuilding industry. The Nanjing Intermediate People's Court has accepted the Jiangsu province firm's application, the company said in a statement, after suffering losses for two years. Sainty Marine suspended trading in its stocks on August 6 last year.

TRAVEL

Didi Kuaidi-Lyft alliance trying to displace Uber

Online ride-hailing and sharing service provider Lyft is looking to leverage its alliance with Didi Kuaidi in the fast-expanding sector, in an effort to become a dominant force in the United States within two years. John Zimmer, President and Co-founder of the San Francisco-based company, said in Beijing that Lyft is aggressively gaining market share from Uber Technologies. China's Didi Kuaidi invested USD100 million in Lyft in September.

- Millions of Chinese broke from tradition and spent their vacations traveling abroad this Spring Festival holiday. Of the 300 million Chinese who traveled during the weeklong holiday, a record 6 million visited overseas destinations, according to Ctrip.com International, China's largest online travel agency. It is customary for Chinese to visit their hometowns and celebrate Chinese New Year with family.

ONE-LINE NEWS

- Authorities in the Chinese city of Tianjin are to relocate 10 chemical plants that were found to be too close to residential areas – six months after a devastating chemical accident killed 173 people. The Work Safety Bureau of Tianjin's Binhai New Area had carried out a review of 583 chemical companies and found problems at 85 plants.
- Lenovo Group has entered into a new 3G and 4G patent license deal with Qualcomm to try to turn around its smartphone operation. Neil Mawston, Executive Director at Strategy Analytics, said Lenovo "may find it harder to return to the top-five ranking in mainland China because it is still battling with the Motorola integration".

ANNOUNCEMENTS

The 7th Weihai International Food Expo – June 17 to 20, 2016 – Weihai

The 7th Weihai International Food Expo will be held from June 17 to 20, 2016 at the Weihai International Exhibition Center in Weihai, Shandong province. Food-related businesses and government delegations are warmly invited to the expo and will enjoy preferential treatment. For more information, contact Mr. Wu Binbin, Section of International Relations, Foreign Affairs Office of Weihai City, Tel: 0086-18563115298, Email: wubinbin3n303@126.com

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