法兰德斯 中国商会

FCCC VCKK

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

NEWSLETTER | 9 MAY 2016

One-line news

FCCC/EUCBA ACTIVITIES

Seminar: How to Tackle a Changing China – 18 May 2016 – Antwerp

The Flanders-China Chamber of Commerce and the EU SME Centre in Beijing are organizing a seminar focused on '*How to Tackle a Changing China*'. The seminar will cover two sessions. The first will be delivered by the EU SME Centre's Director, Chris Cheung who will provide an overview of the recent changes in the Chinese business environment and the opportunities and challenges that arise as a result. The Centre's Business Development Advisor, Rafael Jimenez, will then discuss the increasing trend of Chinese overseas direct investment to the EU and what this means for EU SMEs.

The seminar will be organized on 18 May at 14h00 at Agfa-Gevaert, Septestraat 27, 2640 Mortsel.

The programme is as follows :

14h00-14h05	Introduction by Ms Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
14h05-15h00 (includes Q&A)	How to Tackle a Changing China, Chris Cheung, Director EU SME Centre
15h00-16h00 (includes Q&A)	How to service Chinese Overseas Direct Investment, Rafael Jimenez, EU SME Centre Business Development Advisor
16h00 to 16h30	Networking

Register online before 12 May 2016. Participation fee for FCCC members: 80,5 € (incl. 21% VAT), non-members: 108,9 € (incl. 21% VAT).

The briefing is organized with the support of Flanders Investment & Trade and the EU-China Business Association.

Sino-European Entrepreneurs Summit – 13-14 June 2016 – London

Sino-European Entrepreneurs Summit, annual grand meeting between Chinese and European entrepreneurs

The Sino-European Entrepreneurs Summit (SEES) was created with the objective of promoting international business cooperation between China and the EU, two of the world's most important business partners. SEES has been organizing business oriented conferences and intensive one-to-one meetings since 2008, attracting over 150 leading Chinese entrepreneurs to Europe each year. SEES has proven itself to be one of the major annual meetings for both Chinese and European entrepreneurs. Holding the annual meeting in London in 2016 is important because the delivery of the 13th Five Year Programme and the implementation of the 'one belt one road' (OBOR) strategy will give new momentum to the internationalization of Chinese business. Entrepreneurs are actively seeking international direction, projects, talents and funding. SEES 2016 will take the 13th Five Year Programme as its starting point and address issues that include the search for new growth in finance/financial services, real Industry, and China's internationalization strategy and innovation among other areas.

For more information, visit the SEES website.

The Summit is organized with the support of the EU-China Business Association (EUCBA).

Meeting and Reception with the future Consuls-General from Belgium in Shanghai and Guangzhou – 20 June 2016, 18h00 – Brussels

The Flanders-China Chamber of Commerce (FCCC) is organizing a meeting with the future Consuls-General from Belgium to Shanghai and Guangzhou. This event will take place on Monday 20 June 2016 at 18h00 at BNP Paribas Fortis, Koningsstraat 20, Brussels.

This event is an excellent opportunity to introduce your companies' activities in China with Mr Paul Lambert, future Consul-General of Belgium in Shanghai and Mr Joris Salden, future Consul-General of Belgium in Guangzhou.

Programme:

18h00-18h30	Registration
18h30-18h45	Speeches by: Mr Stefaan Vanhooren, Chairman, FCCC Mr Paul Lambert, future Consul-General in Shanghai Mr Joris Salden, future Consul-General in Guangzhou
18h45-20h00	Exchange of views and networking

Register online at www.flanders-china.be before 16 June 2016. Participation fee for FCCC members: 55 € (excl. 21% VAT), non-members: 85 € (excl. 21% VAT).

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

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.

Agricultural sector mission – 3 to 10 September 2016 – Beijing, Yangling, Shanghai

Flanders Investment & Trade and the Province of Antwerp are organizing an agricultural sector mission to China from 3 to 10 September 2016. It offers companies active in the agro-business the opportunity to prospect the Chinese market. The mission will visit Beijing, Yangling in Shaanxi province, and Shanghai.

In Beijing, individual B2B meetings, a networking reception and a visit to the agro expo VIV China will be organized. The Province of Antwerp will also host a seminar.

In Yangling, individual B2B meetings will also be organized, as well as a visit to the Yangling Agricultural High-tech Industries Demonstration Zone, a cluster of universities, schools, research centers, and an industrial park with Chinese and joint venture companies in the agricultural sector. The Province of Antwerp will organize a networking dinner. B2B meetings will also be held in Xian.

In Shanghai, the mission will visit a Flemish company in the agro sector, and participate in B2B meetings and a networking event.

More information on the mission is available on the website of Flanders Investment & Trade. Register before June 10, 2016.

PAST EVENTS

Briefing: China's New Normal: What are the challenges and opportunities for businesses? – 18 April 2016 – Brussels

The Flanders-China Chamber of Commerce and The Conference Board organized an interesting briefing focused on 'China's New Normal: What are the challenges and opportunities for businesses?'. This briefing took place on 18 April at The Conference Board in Brussels.

According to Chinese President Xi Jinping, the Chinese economy has entered a "new normal" of "moderate to high growth", implying that China's GDP will be growing at the lower rate of 6.5% to 7%. What do companies need to know about this "new normal"? David Hoffman, Senior VP Asia and Managing Director of The Conference Board China Center for Economics & Business, delivered a special briefing to help companies dimension the current state of play in China:

- An appraisal of recent economic, financial market and political economy developments
- How these developments fit into the big picture scheme of China's momentous transition
- What they imply for the near- and medium-term business environment for MNCs and foreign investors in China

David also provided an introduction to the concept and components of "global China exposure", and how "geo-economic" propagations and exertions from China will (and could) impact the global business environment.

Mr Bert De Graeve, Chairman of the Flanders-China Chamber of Commerce, facilitated the briefing, which was conducted according to the Chatham House Rules.

AUTOMOTIVE

Car plant to become China's biggest investment in Africa

Beijing Automotive Industry Holding Co plans to produce up to 100,000 vehicles at its new manufacturing base in South Africa in 2018. Scheduled to break ground next month and begin production in November 2017, the Port Elizabeth plant will be the single-largest Chinese investment in all of Africa. With a CNY5 billion investment from BAIC, the plant will be operated as a joint venture with South Africa's Industrial Development Corp. Buoyed by the surging demand for new vehicles in Africa, BAIC established a minibus assembly plant that employs more than 500 people in Springs, also in South Africa, in 2013. "We will continue to invest in our South African factories and an assembly plant in Nairobi, Kenya, to make pickups and light trucks," said BAIC Group Chairman Xu Heyi. BAIC's new manufacturing base will produce passenger vehicles, sport utility vehicles (SUVs), minivans and vans. It will create 2,500 jobs directly, and more than 10,500 jobs indirectly. At its full capacity, the plant will generate an industrial added value of CNY12.4 billion for vehicles and CNY6.2 billion for parts, the China Daily reports.

- SAIC Maxus, a subsidiary of SAIC Motor, has put on display two big-sized zero-emission electric vehicles: the seven-seater EG10 and the 15-seater EV80 at the Beijing Auto Show 2016. It also plans exporting them to the Middle East, Australia and New Zealand. This year, SAIC is targeting to sell in China about 6,000 units of the EV80 priced around CNY500,000, and about 1,000 units of the EG10 priced around

CNY400,000.

- U.S. electric automaker Tesla Motors plans to open at least 10 new stores this year in China, which became its second-largest market after the United States in the first quarter of 2016. Globally, Tesla delivered 14,820 cars in the first quarter, up about 50% year-on-year. It aims to deliver 80,000 to 90,000 cars globally this year.
- Ford Motor's monthly vehicle sales in China recorded the largest decline in a year while General Motors' sales growth turned positive. Ford's 11% year-on-year sales decline in April was the biggest since the automaker began reporting monthly retail rather than wholesale data in May last year.

EXPAT CORNER

Baopals website helps expats buy on Alibaba

For expats living in China, finding their way around the giant online shopping platforms run by Alibaba, which offer more than 800 million products, can be a daunting task. This led long-term U.S. expats Charlie Erickson, Jay Thornhill and Tyler McNew to develop Baopals, an English-language website that helps foreigners in China to navigate and buy goods on Alibaba platforms Taobao and Tmall. With an investment of about CNY500,000, which included their own personal savings together with financial help from friends, the trio set up Baopals in Shanghai in February. "The idea was born out of necessity from all of us," said co-founder Erickson. "I was always asking my Chinese colleagues to help me buy things on Taobao. So, we just wanted to figure out a way to do this independently." Baopals constantly updates the flow of goods from Alibaba's platforms and automatically translates the product information, including customer reviews, into English. The website also reorganizes products into different categories to facilitate the item search for non-Chinese speakers. Baopals accepts Alipay, WeChat Wallet and China UnionPay as payment methods and is working on integrating Visa, Mastercard and Paypal into the system. In the past two months, the website has sold 7,000 products and shipped them to 40 cities in China. For every transaction on the platform, Baopals charges a service fee of 5% of the item price, plus CNY8 per item type. The service fee is automatically included in the pricing of all the products on the site, the China Daily reports.

FINANCE

Chinese authorities investigating the banks' notes market

Xin Yueliang, Chief Executive of Piaobaobao.com.cn, an agency based in Shandong province, said the bills market has been chaotic for years, with illegal agents faking notes and colluding with bank employees to embezzle funds. He added that electronic notes could go a long way in tackling the problem. "It is almost impossible to fake an electronic note," Xin said. A senior note trader said the turnover on China's note market amounts to more than CNY10 trillion a year and only a very small portion of it is problematic. "The note business is usually strictly insulated from a bank's core business. Even with these recent cases of fraud, it is unlikely that the money is not traceable," he said.

- The Asian Infrastructure Investment Bank (AIIB) and Asian Development Bank (ADB) signed a memorandum of understanding (MOU) in Frankfurt to strengthen cooperation. The agreement sets the stage for jointly financed projects and discussions have already begun about the co-financing of road and water projects. The first of these is expected to be Pakistan's M4 highway, connecting Shorkot to Khanewal in Punjab Province. The AIIB expects to approve about USD1.2 billion in financing this year, including 12 projects with the World Bank and the ADB.
- American International Group (AIG) raised USD1.25 billion selling shares of Chinese insurer PICC Property & Casualty Co near the low end of a marketed range.
- China's ratio of bad debt will continue to rise this year amid weak global demand and restructuring of the Chinese economy, Liu Mingkang, former Chairman of the China Banking Regulatory Commission (CBRC) said. He added it was difficult to predict when the bad loan ratio would peak. China's commercial banks had HKD1.45 trillion in "non-performing loans" last year, with the bad debt amounting to 1.67% of the total by

year-end.

- Authorities have warned against investing in insurance-style schemes run by unregistered online firms. The China Insurance Regulatory Commission (CIRC) referred to Shanghai-based Quark Alliance as an example, saying it was not a registered mutual insurer and that its products should not be considered insurance. “Mutual assistance schemes lack actuary-based pricing systems, provision against risks and strict supervision by government bodies,” the CIRC said. “Such projects may be exposed to solvency problems and financial instability.”
- Solar equipment firm Baoding Tianwei Yingli New Energy Resources Co said it may miss payment on a CNY1.4 billion five-year note. The unlisted firm, a subsidiary of New York-listed Yingli Green Energy Holdings Co, cited straight losses as the reason for the potential default. Bond defaults have been rising in China over the past year and a half, with around 20 firms facing repayment trouble in 2016.
- Vice Finance Minister Zhu Guangyao has been appointed Deputy Director of the General Office of the Central Leading Group for Financial and Economic Affairs. The office is headed by Liu He, President Xi Jinping’s top economic aide and Vice Chairman of the National Development and Reform Commission (NDRC). The Leading Group is chaired by President Xi Jinping.
- China’s capital and financial account deficit narrowed in the first quarter of 2016 to USD48.1 billion, according to preliminary statistics by the State Administration of Foreign Exchange (SAFE). That was down from a final count of USD50.6 billion in the fourth quarter of 2015. The country reported a current account surplus of USD48.1 billion in the first quarter, down from USD91.9 billion in the previous quarter.
- Jiang Jianqing, 63, is set to retire as Chairman of the Industrial and Commercial Bank of China (ICBC). Yi Huiman, who was born in 1964 and has served as President of the ICBC since May 2013, may replace Jiang as Chairman, while Yi’s position may be taken by Qian Wenhui, Chairman of the bank's Board of Supervisors. Jiang was appointed President of the ICBC in February 2000. He became Chairman of the bank in October 2005.
- China’s bad debts are at least nine times the official number and still growing as the economy slows down despite government stimulus measures. CLSA’s head of China and Hong Kong strategy, Francis Cheung, estimated the non-performing loan (NPL) ratio in the banking sector was 15% to 19%, much higher than the official 1.6%.
- China’s foreign exchange reserves rose, albeit marginally, for a second consecutive month in April. The USD7.1 billion rise beat the market forecast of a drop and took outstanding forex reserves to USD3.22 trillion at the end of last month.

FOREIGN INVESTMENT

MOFCOM fines Hitachi for non-registration of joint venture

China’s Ministry of Commerce (MOFCOM) has fined Japan’s Hitachi and a unit of domestic trainmaker CRRC CNY150,000 each for failing to declare a joint venture set up over three years ago. The joint venture obtained a business license but failed to register with the Ministry. Bombardier and New United Group were also fined for failing to register a joint venture.

- Canada is citing the risk of espionage as it prepares to reject the immigration applications of two Chinese employees of telecom firm Huawei. The two employees categorically deny being spies. In 2012, a U.S. House intelligence committee had concluded Huawei was a threat to national security, and barred it from bidding on U.S. broadband projects.
- Carrier Corp, a U.S. air conditioner, heating and refrigeration firm, plans to expand its research and development efforts in China. The United Technologies Climate, Controls and Security unit currently has four R&D centers in China – in Beijing, Shanghai, Qinhuangdao in Hebei province, and Qingdao in Shandong province.
- Disney’s Chairman Robert Iger enjoyed a rare official meeting with Chinese President Xi Jinping, about a month before the opening of the USD5.5 billion Disney theme park in Shanghai on June 16. It is relatively rare for China’s President to meet publicly with

private business leaders, but the park is a prestige project for China, reflecting the government's push to stimulate growth by boosting consumption and services.

- New H3C Group, a newly-formed joint venture between state-owned Unisplendour Corp and Hewlett-Packard Enterprise (HPE), will be targeting emerging technologies and government procurement to boost sales. Headquartered in Beijing and Hangzhou, it is preparing to fight off challenges from Cisco Systems, Dell and others, using its advantage of closer ties with the government and technologies from HPE.
- China and Kazakhstan signed USD2 billion in energy, agriculture and industrial projects during a trip to Kazakhstan by the Communist Party Secretary of China's far western region of Xinjiang, Zhang Chunxian.

FOREIGN TRADE

Export orders at Canton Fair stagnate

The latest session of the Canton Fair in Guangzhou, Guangdong province, drew to a close with export orders worth USD28 billion, a year-on-year increase of 0.1%. "Buyers showed stronger willingness to buy than in the previous several sessions, less influenced by prices and paying more attention to product quality and services," said Xu Bing, Spokesman for the Canton Fair and Deputy Director of the China Foreign Trade Center. "Those enterprises with strong research and development (R&D) capability, self-owned brands and well-developed marketing and sales networks overseas found favor," he added. In all, more than 185,000 buyers from 210 countries and regions visited the 119th edition of the fair, an increase of 0.43% compared to the spring session last year. The number of buyers from the United States and Canada increased by 2.61% and 2.54% respectively. The number of buyers from the European Union showed a year-on-year increase of 0.77%. The fair also attracted more buyers from emerging markets, especially along the Belt and Road Initiative route. Hong Kong, India and the U.S. were the top three sources of overseas buyers. Four of the world's top 10 retailers, Wal-Mart Stores, Home Depot, Tesco and Carrefour, sent buyers to the fair. Electronics and home appliances, daily consumer goods, home decor products, gifts, and machinery, were the top five categories on the shopping list of overseas buyers, the China Daily reports.

Slower export growth, imports drop

China's exports rose sharply slower while imports fell by a wider margin in April month-on-month amid a still weak recovery momentum. Exports in yuan-denominated terms rose 4.1% year-on-year last month to CNY1.13 trillion, slower than the 18.7% jump in March, data from the General Administration of Customs showed. Imports fell 5.7% year-on-year to CNY827.5 billion, falling for the 18th straight month, and the drop widened from the 1.7% decrease in March. But China's trade surplus grew to CNY298 billion in April, up from CNY194.6 billion in March. Year-on-year foreign trade dipped 0.3% to CNY1.95 trillion last month and slipped 4.4% to CNY7.17 trillion in the first four months of the year. "The April exports data weakened significantly from March, but it improved from the first quarter's performance. Imports continued to drop quickly, reflecting weak domestic demand, and the weakness may extend in the near future," China International Capital Corp (CICC) said in a note. Exports to the European Union, China's largest trade partner, rose 1.3% year-on-year in the first four months, while exports to the U.S. and member-countries of the Association of Southeast Asian Nations (ASEAN), China's second- and third-largest trade partners, both dropped by 3.5%. Growth in exports is expected to be flat in May, while imports may rise due to expansionary domestic monetary and fiscal policies, analysts at the Bank of Communications (BoCom) said in a report, the Shanghai Daily reports. Exports fell 1.8% year-on-year in U.S. dollar terms, while imports in April slid 10.9% from the same month last year.

- The Tianjin Jinhang Physics Research Institute under the China Aerospace Science and Industry Corp has sold 3-D printers to Argentina, marking China's first 3-D printer exports to South America. Tianjin Jinhang specializes in laser-related equipment and has produced many types of opto-electronic instruments for China's carrier rockets and spacecraft. The Institute has also developed seven types of desktop 3-D printers.
- China will relax rules for cross-border trading of gold in six cities to increase imports.

Gold companies will be able to clear customs up to 12 times with just one permit. The current rules force the companies to apply for a permit for every import or export of gold. The rules will be effective from June 1 in Shanghai, Beijing, Guangzhou, Nanjing, Qingdao and Shenzhen.

HEALTH

Baidu and military hospital under fire for cancer cure

Chinese authorities have dispatched a team of investigators to Baidu after a 21-year-old student died when he acted upon a top search engine result in his quest to be cured from a rare cancer, only to receive substandard treatment. The Second Hospital of the Beijing Armed Police Corps, where he received the treatment, closed its doors to new patients. It had falsely alleged it was cooperating with Stanford University. Hospitals must not rent out departments or engage in false and misleading advertising, authorities said in the wake of the scandal. They emphasized that medical technologies that were not allowed in clinical practice because of the risks involved must only be carried out on a trial basis and follow relevant regulations. Medical trials must have the patient’s approval and be free of charge. The hospital had outsourced its biological treatment center to a private company. Businessmen from Putian, Fujian province, manage more than 80% of China’s private hospitals.

- All ambulances in Beijing will be fitted with taxi-style meters in an effort to regulate fee-charging for ambulances. This makes the capital the first city in China to rely on meters for such fees. A total of 580 ambulances in the city have been installed with the meters. Ambulances in the capital are operated by the Beijing Emergency Medical Center, which uses 120 as its emergency telephone number.
- Mergers and acquisitions in China's hospital sector became a new focus in 2015, and large-scale deals and more cross-border transactions will likely be made in the near future, according to PricewaterhouseCoopers (PwC). There were 48 M&As of Chinese hospitals last year, of which 27 were general hospitals, and their disclosed investment amount totaled CNY3.98 billion. In contrast, the disclosed value for specialized hospitals fell sharply in 2015 compared to 2014.
- China has established a green channel for human organs to shorten the time it takes to get them to transplant patients and avoid unnecessary damage or waste. Ambulances will be given the right of way, planes will be allowed to take off early after a faster boarding service, and people transporting organs by train can buy tickets after boarding. The Red Cross will also provide assistance during transport.
- Australian pharmaceutical company Blackmores will attempt to tap into the burgeoning herbal medicine market in China and throughout Asia. The vitamin maker acquired leading local Chinese medicine manufacturer and distributor Global Therapeutics, a group that currently commands an estimated 80% share of the Chinese herbal remedy market in Australia, for USD17 million.
- The National Development and Reform Commission (NDRC) will soon launch large-scale and systematic anti-trust investigations into drug companies, both foreign and domestic. The Commission, which is in charge of China's anti-trust affairs, is collecting evidence to see whether these companies might have violated regulations regarding competition.

IPR PROTECTION

Apple to share “iPhone” trademark with Xintong Tiandi in China

Apple has lost exclusivity on the use of the “iPhone” trademark in China and has to share it with a Beijing-based leather products maker. The Beijing Municipal Higher People's Court has ruled in favor of Xintong Tiandi Technology (Beijing), which sells a number of leather products, such as smartphone cases and handbags, under the name “IPHONE". In 2002, Apple applied for the “iPhone” trademark for its electronic goods in China, but it wasn't granted until 2013. Xintong Tiandi filed for its own “IPHONE” trademark in China in 2007, the same year the first generation of Apple's iPhone was launched in the United States. In order to obtain the exclusivity on the use of the “iPhone” trademark in China, Apple first took the case to the

Chinese trademark authority in 2012, but it failed as the agency claimed Apple couldn't prove the name “iPhone” was a well-known brand prior to Xintong Tiandi's registration in 2007. The Beijing Municipal Higher People's Court said that the company didn't sell the iPhone on the Chinese mainland until 2009. The final judgment means Xintong Tiandi could continue to use the trademark to sell its products. Apple plans to take the dispute to the Supreme People’s Court (SPC).

Gucci America quits IACC

Gucci America has quit the International Anti-Counterfeiting Coalition (IACC), the second defection since the Washington DC-based group allowed Alibaba to become a member in April. Michael Kors walked out of the IACC last month, calling Alibaba “our most dangerous and damaging adversary.” The outrage over Alibaba’s membership raises fresh questions about how effective Alibaba has been in fighting fakes as it expands globally. Gucci, along with other Kering Group brands like Balenciaga, is suing Alibaba in a New York federal court. They accuse Alibaba of knowingly encouraging and profiting from the sale of counterfeit goods on its e-commerce platforms. Alibaba has dismissed the suit as “wasteful litigation.” “The IACC stands by its decision and is committed to lead a coalition of the willing,” IACC President Robert Barchiesi said. Gucci declined to comment.

- Lenovo and ZTE have been put under investigation by the United States International Trade Commission (USITC) after being accused of patent infringement by Singapore-based Creative Technology. USITC also named as respondents in its investigation Samsung Electronics, Lenovo-owned Motorola Mobility, LG Electronics, HTC, BlackBerry, and Sony and its subsidiary Sony Mobile Communications. The products covered by its probe were “portable electronic devices, such as smartphones, with the capability of playing stored media files selected by a user from a hierarchical display”.

MACRO-ECONOMY

Implementation of incentives for private investment to be checked

China will conduct a one-month examination of the implementation of incentives to encourage private investment. The examination will focus on 39 governmental documents released in 2014, and will be conducted throughout May in 18 provinces and regions. “Any decline in private investment will affect the vitality of China's economy,” Premier Li Keqiang said. Private investment rose in the first quarter by only 5.7%, down by 7.9 percentage points compared with the same period last year. Previously closed sectors have in the past few years been opened to private investment. Private entrepreneurs can now invest in projects in transportation, energy, water and environmental protection, as well as urban utilities. However, implementation of these incentives has faced various setbacks, such as local red tape and difficulty in getting loans. “What bothered me most is that we private investors are not treated the same as our public counterparts, and we still face too many restrictions,” said a private entrepreneur.

- China’s manufacturing sector continued to see operating conditions deteriorate for the 14th month in April as new orders stagnated while exports fell in U.S. Dollar terms for a fifth month. The Caixin General China Manufacturing Purchasing Managers’ Index (PMI) dipped to 49.4 last month from 49.7 in March. Production was broadly flat in April as market conditions were weak and sluggish customer demand led firms to be cautious in production. The official PMI, compiled by the China Federation of Logistics and Purchasing and the National Bureau of Statistics, dropped to 50.1 in April, down from 50.2 in March.
- China’s steel industry recovered last month, as the PMI for the steel industry rose 7.6 points month-on-month to 57.3 in April, according to the China Steel Logistics Professional Committee. It is the first time China’s steel PMI has surpassed the 50 mark in the past two years. The PMI’s gain suggested that both production and steel prices have risen for the past few months.
- Jilin province is expected to experience an “industrial boom” driven by the promotion of innovation and the upgrading of industry in sectors such as biopharmaceuticals and

e-commerce. By 2020, Jilin aims to develop its biopharmaceutical industry to reach a market value of CNY530 billion, accounting for 7% of the total GDP of the province.

- A bumpy economic rebalancing in China and “larger spillovers” from its financial markets were among the major risks clouding the growth outlook for Asia, the International Monetary Fund (IMF) said. Downside risks “continue to dominate the economic landscape and have increased”, it said in its regional outlook. Although the IMF earlier revised up its growth forecast for China to 6.5% for 2016 and 6.2% for 2017, the organization said it was seeing “vulnerabilities” in the nation’s financial sector.
- China’s manufacturing activity weakened further last month despite government stimulus. The Caixin magazine’s purchasing managers’ index (PMI) declined to 49.4 from March’s 49.7 with numbers below 50 showing activity contracting. Caixin said conditions have worsened in each of the past 14 months.
- China is to shake up the state monopoly on the production and sale of table salt, dismantling a system that has been in place for more than 2,000 years. Salt producers will be able to determine their own production scale and market salt directly, rather than selling only to state distributors, while price controls will be scrapped in 2017. Under the current system, Chinese firms operate under a quota scheme.
- Yin Weimin, Minister of Human Resources and Social Security, said 4.43 million people found jobs in urban areas from January to April, accounting for 44.3% of this year's target set in March. The registered urban unemployment rate was 4.04% by the end of March, lower than the 4.5% annual rate set forth by Premier Li Keqiang in the Government Work Report in March. A record 7.65 million college students and about 5 million vocational school students will graduate this year, so more than 12 million young people will need to find jobs.
- GCL Poly Energy, the world’s largest maker of polysilicon and wafers for solar panels, has run into technical difficulties in commercializing a new polysilicon production method, but management has vowed to not abandon the project after ploughing in around CNY800 million so far. It remains uncertain whether the Jiangsu-based, Hong Kong-listed firm will be able to ramp up the capacity of production lines using the so-called fluidized bed reactor (FBR) technology to the targeted 25,000 tons of annual capacity.

REAL ESTATE

CASS predicts further rise of home prices

Home prices in China’s first-tier and selected second-tier cities will continue to rise at a slower pace this year while they will increase in second-tier cities generally, said the latest report from the Chinese Academy of Social Sciences (CASS). Third and fourth-tier cities are expected to see home prices drop slowly and then stabilize amid a shrinking inventory. “Fueled by the country’s generally easier macro-economic policies, property prices in China will head northward this year,” the report said. “However, over the longer term, it is possible that real estate prices will decrease again, starting in the second half of 2017, if China’s macro-economy keeps expanding at a slower pace.” The CASS said the downpayment requirement in third and fourth-tier cities may be further reduced to 15% from 20% now while the deposit for second homes will be cut correspondingly to relieve pressure from a huge housing inventory in those cities. Moreover, further adjustment in some real estate-related tax policies may happen this year, the CASS said. Investment in real estate development may rebound this year while land prices across the country will generally keep rising at a stable pace, the report said. A separate report released earlier by the China Index Academy (CIA), which tracks home prices in 100 Chinese cities, said the average price of a new homes rose 1.45% from a month earlier to CNY11,467 per square meter in April, slowing from a 1.9% gain in March.

- Zhejiang province has taken the lead in China with legislation requiring the construction of environmentally-friendly real estate. The regulation on green buildings took effect on May 1. It requires construction projects in the province to save as much energy, land, water and materials as possible. The Chinese government has set the goal of having green buildings account for 30% of new construction projects by 2020.

- Chinese outbound real estate investment reached nearly USD30 billion in 2015, doubling that of 2014, according to consultancy Knight Frank. Most of the investments were in gateway cities such as New York, London, Sydney, and regional hubs like Chicago and Seattle. “Going forward, as Chinese capital outflow increases with policy support such as the Belt and Road Initiative, the Asian Infrastructure Investment Bank (AIIB) and China's trade and financial initiatives, capital outflow will become increasingly sustainable,” said David Ji, Director at Knight Frank China.
- Frasers Hospitality, a Singaporean owner and operator of international serviced apartments and hotels, intends to vigorously expand its portfolio in China. The company plans to open 10 more properties in China’s key cities within the next couple of years, apart from its current network of 14 properties in the domestic market. The new projects will be located in Tianjin, Wuxi, Chengdu, Shanghai, Shenzhen, Nanchang, Dalian and Changsha.
- Sales of new homes plunged in Shanghai last month as the local government’s tightening measures to cool the overheated market proved effective. The area of new homes sold, excluding government-funded affordable housing, dived 56.1% from March to 972,000 square meters in April, Shanghai Centaline Property Consultants said. Around 122,000 sq m of new homes costing CNY50,000 per sq m and above were sold last month. More than 1.13 million sq m of new homes were released locally for sale in April, up 31.3% from March, Centaline data showed.
- Portugal received dozens of Chinese millionaires in search of investment opportunities during the three-day Labor Day holiday. Portugal is popular among Chinese nationals eager to acquire a Portuguese passport and invest mostly in property in Lisbon. Portugal approved a record 130 “golden visas” for Chinese nationals in March, according to Portugal’s Real Estate Professionals and Brokers Association. In all, 3,165 golden visas had been issued up to March, with Chinese nationals accounting for about 80% of the total. The visas have brought in €1.92 billion, of which €1.73 billion was in the form of property investment.
- China will strengthen regulations on real estate agencies after they became a major source of customer complaints due to misleading information. Housing listings by agencies will be better regulated and the management of brokers will be strengthened. Fabricating housing listings and charging irregular fees are among the complaints filed by clients.

RETAIL

Halewinner Watches to expand in Macao

Luxury-watch retailer Halewinner Watches Group plans to open at least nine new stores in Macao while closing two in Hong Kong. Most of the new stores will be on the Cotai strip, where Sands China will open its Parisian resort this year and Wynn Macao will launch the Wynn Palace. Macao is trying to attract luxury retail shoppers, diverting them from Hong Kong, where the number of visitors from China dropped for nine straight months and retail sales in February plunged the most in 17 years.

SCIENCE & TECHNOLOGY

Hong Kong universities raise their reputations

Hong Kong’s three leading universities have made the top 80 of the annual Times Higher Education World Reputation Rankings for the first time. The University of Hong Kong (HKU) topped the city’s tertiary institutions at 45. The Chinese University reached a rank between 71 and 80, sharing the same group as the Hong Kong University of Science and Technology (HKUST). This ranking is not to be confused with overall university rankings, also published by Times Higher Education, which is updated every September. The reputation table is based on the subjective judgments of more than 10,000 published scholars from 133 countries.

- The first Sino-Russian university, located in Shenzhen, Guangdong province, plans to enroll its first group of students this year. Postgraduate students in nano-science and ecology will be enrolled in the Shenzhen MSU-BIT University in September after it gets official approval from the Ministry of Education. MSU-BIT, run by Lomonosov Moscow State University, the Beijing Institute of Technology (BIT) and the Shenzhen government, is the first cooperation between Chinese and Russian universities.

STOCK MARKETS

A-shares could be included in MSCI indexes

This June could be huge for Chinese stocks as global stock index provider MSCI decides whether to include A-shares in its MSCI Emerging Markets Index. A lot of money may be moved into China as a result. After taking a decision in June, the inclusion would be implemented in 2017, leaving ample time to resolve any remaining issues. Assuming a 2017 inclusion at a 5% inclusion factor, A-shares could have an initial weighting of 4% in the MSCI China Index and 1.1% in the Emerging Market Index, according to MSCI. Approximately USD2.2 billion could flow into the market. The inclusion would benefit Shenzhen stocks more than their Shanghai counterparts as there are more stocks in Shenzhen representing the new growth engine of the Chinese economy, Société Générale analysts said.

- Chinese companies raised less capital through initial public offerings (IPOs) last month as the China Securities Regulatory Commission (CSRC) slowed approval of new offerings following a stock market rout. 23 Chinese firms went public worldwide last month, down 34% from a year earlier, according to ChinaVenture Investment Consulting. Only CNY6.38 billion was raised, down 84% year-on-year. 11 of the new listings last month were on mainland Chinese stock exchanges, down 63% year-on-year, raising an aggregate CNY3.75 billion, down 76%. The Hong Kong stock exchange saw 10 Chinese listings last month, more than doubled from the same month of last year, but total funds raised were down 92% to CNY1.85 billion. Two were listed in the U.S. and Australia.
- All 33 A shares-listed steelmakers reported lower revenues in 2015 compared to the first quarter of 2016. Five steel firms, including Wuhan Iron and Steel and Hangzhou Iron & Steel, reported an over 40% drop in their annual incomes. Despite the rebound in some steel prices, such as rebar, only three companies – Xining Special Steel, Lingyuan Iron & Steel and Inner Mongolia Eerduosi Resources – reported gains in the first quarter of 2016.
- New York-listed SouFun is seeking a back-door listing at home through the proposed acquisition of a majority stake in Shanghai-listed storage-battery manufacturer Chongqing Wanli New Energy. “Such companies will get a higher valuation on the mainland, where they have established household names,” said Kenny Tang, Chief Executive at Jun Yang Securities. A Soufun Spokesman said New York would remain the firm’s primary listing.
- The fashion for so-called reverse takeovers is seeing some unlikely combinations, such as a mobile game developer getting listed through a shoe company and a pharmaceutical distributor tying up with a brewer. In such deals, a listed company buys a bigger privately-held company through a share exchange that gives the private company’s shareholders control of the merged entity. 762 companies are waiting to launch IPOs. Chinese companies have carried out USD20.6 billion worth of reverse mergers so far this year.
- Shares on the Shanghai Stock Exchange tumbled the most in two months on May 6, posting their third consecutive weekly loss. The Shanghai Composite Index shed 2.82% to end at 2,913.25 points.

TRAVEL

Calls mounting to split China Railway Corp

Mounting debts at state-owned China Railway Corp Group (CRC) have sparked calls to split up the country's main railway service provider. A railway expert said the central government should divide the CRC into several regional companies with a shareholding structure to maintain a healthy growth. Total liabilities of the CRC stood at CNY4.14 trillion by the first quarter of this year. The company had a deficit of CNY8.73 billion in the first quarter of 2016, up 35% on a year-on-year basis. Losses during this period were mainly caused by fast-growing road transportation and an overall decline in rail goods transportation. Luo Renjian, with the Institute of Transport Research at the National Development and Reform Commission, said even though the CRC's debt burden was not high compared with firms in sectors such as highways, civil aviation and ports, it would be better to divide the company. CRC declined to comment. It announced last month the creation of a number of rail logistics centers in Anhui and Shandong provinces to support transportation of household appliances and diversify its businesses. As China's main railway network developer, the CRC is also responsible for investments in big-ticket projects like railway construction and the purchase of equipment including bullet and freight trains, the China Daily reports.

- Tax authorities have said it is not right to raise hotel room rates because of the new value-added tax (VAT). The actual tax burden of the service sector under the new system which went into force on May 1 will likely be reduced, authorities said. According to the Ministry of Finance, VAT will be levied at 6% on businesses with annual revenue of more than CNY5 million. Businesses with annual revenue of less than CNY5 million need to pay only 3% VAT, but they will no longer have to pay business tax.
- Emirates Airlines has inaugurated the first Dubai-to-Yinchuan flight, providing a direct connection between the Middle East and the Ningxia region of China, which is to become a logistics center on the overland Silk Road.
- China has begun a trial run of its first magnetic levitation train, completely designed and built by local firms, marking a major leap in the technological capability of the country’s rail transport sector. The maglev, with a maximum speed of 100 km/h, began ferrying passengers on the 18.5-km-long line in Changsha, Hunan province. “China has become one of the few nations to have mastered this technology,” Xinhua News Agency said.
- Wet weather in Shanghai did not stop thousands of visitors flocking to the USD5.5 billion Disneyland resort on May 7, the first day of trial operations. Disney kicked off its six-week pilot run of the park ahead of its official opening on June 16. But only about 10,000 visitors were allowed in through tight security checks.
- China is aggressively hiring foreign pilots, with South Korea becoming its major supplier, leading to a shortage of pilots in South Korea. Pilots of Korean Air are asking a 37% pay rise, as Chinese carriers are paying higher wages. Boeing estimates China’s commercial airplane fleet will nearly triple to 7,210 planes over the next 20 years, and it will need 100,000 pilots over that period, nearly a quarter of the world’s total demand. Of the 524 foreign captains now in service in China, 106 are from South Korean.

ONE-LINE NEWS

- China Broadcasting Network Co became the country’s fourth telecommunications carrier after getting a national license to run internet and communications services for consumers. Its entry will push the industry to be more market-oriented and boost technology integration between broadcasting and telecom industries, according to the Ministry of Industry and Information Technology (MIIT). Its registered capital is CNY4.5 billion.
- Alibaba Group, the world’s largest e-commerce services company, posted record-high earnings for the fiscal year to the end of March. It reported a 193% jump in net profit to CNY71.29 billion, up from CNY24.32 billion the previous fiscal year. Alibaba Chief Financial Officer Maggie Wu attributed the gain to a 21% year-on-year increase in annual active buyers on the firm’s online retail platforms.
- Chinese cosmetics maker Shanghai Jahwa (Group) Co has reached an agreement to acquire Mayborn Group, the parent company of the largest British nursing bottles producer Tommee Tippee. Jahwa, wholly-owned by Ping An Insurance (Group) Co, is acquiring the company from British private-equity firm 3i Group for GBP135. It is the first time that Jahwa made an overseas acquisition. It owns many well-known Chinese makeup brands, including Herborist and Maxam.

- A summit between Chinese President Xi Jinping and Japanese Prime Minister Shinzo Abe – possibly in September – appears more likely following the visit to China by Japanese Minister of Foreign Affairs Fumio Kishida, but areas of mistrust remain, observers say.

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