法兰德斯 FCCC
中国商会 VCKK

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

NEWSLETTER | 17 MAY 2016

FCCC/EUCBA ACTIVITIES

Updated invitation: 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
16h00-16h20	Winning in China by Ji Bo, Chief Representative, Cheung Kong Graduate School of Business Europe, Assistant Dean, Global Executive Education
16h20-16h40	Q&A followed by networking

Register online. 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).

De Exportbeurs 2016 – 27-29 June 2016 – Brussels

The Export Fair, organized by Flanders Investment & Trade (FIT) will take place from 27 till 29 June 2016 at Tour & Taxis in Brussels. The Flanders-China Chamber of Commerce (FCCC) will have a booth at the Fair. The Fair will answer all your questions about international entrepreneurship. You will also be able to meet all relevant players in Flanders' export world.

What?
Three days of inspiring experiences, talks and activities:

- B2B/business meetings with country experts from FIT
- B2B and networking with booth owners – experts in international entrepreneurship
- networking with FIT-experts in international entrepreneurship
- networking with Fair visitors at the Export café
- seminars & workshops

Workshop : Doing Business with China for SME's, organized by the Flanders-China Chamber of Commerce and Flanders Investment & Trade
Time : 28 June - 15h15
Location : Export Fair

Where and when?
The Export Fair takes place from 27 till 29 June 2016 at Tour & Taxis, Brussels.

- Monday 27/06 9h-17h
- Tuesday 28/06 9h-17h
- Wednesday 29/06 9h-16h

For whom?

- Flanders' companies with international activities and/or ambitions
- Those interested may register as private persons

Price?
€50 per person per day

How to participate?

1. Register as a Flemish company or private person and make your profile. Your profile is not visible to other participants. You will receive an e-mail confirmation about your registration.
2. You will only be cleared when your full profile is made. You will receive confirmation, after which you can fill in your programme.
3. You will receive an invoice by post.
4. You will receive your final programme by e-mail

Further questions?
Mail to exportbeurs@fitagency.be or contact the FIT office in your province.

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.

EU-China Business and Technology Cooperation Fair China Tour 2016 – 28 October – 4 November 2016 – Chengdu, Qingdao

The European Commission, the Enterprise Europe Network and EUPIC are organizing a tour to the EU-China Business and Technology Cooperation Fair China from 28 October to 4 November 2016 in Chengdu and Qingdao. This tour is organized with the support of the EU-China Business Association (EUCBA).

As an important platform for building ever closer relationship between 28 EU member states and China, the 11th EU-China Business and Technology Cooperation Fair, in the context of the importance of the land and marine Silk Roads linking China and Europe, will take place in Chengdu and Qingdao, two vital strategic cities of west and north China, the first phase in Chengdu from 28 October till 1 November, 2016 and the second phase in Qingdao from 2 to 4 November, 2016. The fair will gather 1,500 participants of companies, state/regional governments, clusters, business associations, EU-China Cooperation experts, universities, R&D institutions from west and north China, the European Commission, EEN partners, and European countries who are seeking potential collaboration and partnerships with their counterparts.

Chengdu is the centre of West China and hometown to the giant pandas. It is also the i nitial station of the Chengdu-Europe Express Railway to Lodz, Poland. Forbes listed Chengdu as one of “The Next Decade’s Fastest Growing Cities Globally”. Chengdu Shuangliu International Airport is ranked first in Mid & West China, with direct flights to Amsterdam, London, Paris, Frankfurt, Moscow, etc. There are 14 Consulates General in Chengdu. Leading industries are ICT, environment, renewable energy, new materials, life sciences, bio-pharmaceuticals, aviation, and modern agriculture.

Qingdao is located at the intersection of two Silk Roads, both through the continent and over the sea. It is the converging point for Asia-Pacific economic integration. 70% of China's academicians and 30% of senior researchers on maritime sciences and technologies are based in Qingdao. The EU Is now the No 1 trading partner for Qingdao. Leading industries are maritime equipment, maritime bio-pharmaceuticals, renewable energy, new materials, maritime environment, ICT, home appliances, and rolling stock.

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.

ADVERTISEMENT

MEMBERS' NEWS

Flanders Cleantech Internationalisation Awards – Deadline 5 June 2016

Who wins the Flanders Cleantech Internationalization Awards?

In 2016, on the occasion of the VITO i-SUP2016 event, FCA and FIT jointly organise the "Flanders Cleantech Internationalisation Awards". This contest looks for Flemish cleantech SMEs with the highest sustainable impact while exporting its clean technologies abroad.

The award consists of 3 categories: energy, materials and chemistry. The main focus of this contest lies on:

1. International sustainable impact
2. International market traction
3. Ability to execute in future

The complete award procedure can be downloaded here.

Participation in this award means getting the attention of a renowned jury of cleantech investors and thought leaders as well as exposure at the i-SUP2016 event with more than 400 visitors.

How to participate?

Are you a Flemish cleantech SME with a brilliant international performance? Click here and register your company before June 25, 2016. Do you know a Flemish cleantech SME that qualifies for this award? Click here and nominate a company before June 1, 2016.

The top 3 finalists will be announced at the 'Cleantech Internationalisation Awards Ceremony' on October 16 at Hilton Hotel in Antwerp.

More information can be found on our website.

AUTOMOTIVE

Warnings over structural overcapacity

Experts are warning of structural overcapacity in China's automotive industry after a survey showed that 37 automakers in China had a combined capacity of 31.22 million cars by the end of 2015. Automakers had a manufacturing capacity of 25.75 million passenger cars, and 5.47 million commercial vehicles, and will be adding another 6 million units annually. 80% of the passenger car capacity was utilized, but nearly 49% of the commercial vehicle capacity went idle in 2015, said Huang Yonghe at the China Automotive Technology and Research Center. The survey was done by the Center, the China Association of Automobile Manufacturers (CAAM) and the National Development and Reform Commission (NDRC). China sold 343,000 commercial vehicles in April, a 5.4% growth year-on-year, lower than the overall auto growth rate of 6.3%, according to the CAAM. 1.2 million commercial vehicles were sold through the first four months this year, a mere 2.7% increase year-on-year. Another segment that is prone to overcapacity is the new-energy vehicles (NEVs), though sales of such cars have been strong. Sales of NEVs reached 31,772 units in April, a 190% rise year-on-year. A total of 90,529 NEVs were sold in the first four months of the year, a 131% surge from the same period last year. Statistics show that 8.65 million cars were sold in the first four months, a 6.1% growth from the same period last year, the China Daily reports.

- Auto joint venture FAW-Volkswagen Automotive Co is to build a new whole-vehicle manufacturing base in Tianjin, its fifth in China. Construction is expected to be finished in 2018. With an investment of CNY19.5 billion, the new plant is expected to make 300,000 cars per year. Its four existing factories manufactured a total of 1.65 million vehicles last year, and aim to reach an annual output of 3 million vehicles by 2020.
- China's auto sales growth slowed in April. Total deliveries of passenger cars and commercial vehicles grew 6.3% month to 2.12 million units, slower than the 8.8% year-on-year increase in March. The passenger car market rose 6.5% in April versus

9.8% in March, the China Association of Automobile Manufacturers (CAAM) said. Automakers sold 24.6 million vehicles in China in 2015, up 4.7%.

- China's booming market for imported luxury cars has sparked the emergence of a number of new online buying platforms, including UGcar, a cross-border website. The operation has just completed a CNY10 million Series-A financing, led by Gobi Partners and Tianjin CaifuJiaji Investment Partnership. Founder Zhao Qing said while e-commerce has been well-embraced by Chinese customers, online sales of cars was more challenging.

FINANCE

AIIB sets date to hold first annual meeting in Beijing

The China-led Asian Infrastructure Investment Bank (AIIB) plans to hold its first annual meeting on June 25 and 26 in Beijing. “Governors and representatives from the bank’s 57 members, along with invited observers from international partners will take part in the meeting,” the AIIB said. The bank did not offer details on the meeting, but President Jin Liqun said in Hong Kong last month that the Board would meet to discuss new membership. Hong Kong is expected to join within the year, but Taiwan said it would not join after Jin said China’s Ministry of Finance would need to apply on its behalf in line with the bank’s charter. The bank has 57 members, but Jin said a further 30 countries and economies had indicated a firm intention to join, and he hoped the eventual number of members would reach 100. Jin expected the AIIB could have an asset portfolio of USD1.5 billion in the first year and potentially reach around USD4 billion to USD5 billion of lending after five years. The AIIB officially started operation on January 16 after a high-profile inaugural ceremony. One month ago, it announced it would co-finance a dozen projects with the World Bank and these were expected to make up a majority of the AIIB’s business this year.

- Bank of China (BOC) will further expand its overseas business by tapping into more profitable fields such as corporate financing and commodity hedging. During the last three years, the bank's overseas assets rose 54%, accounting for 27% of the group's total assets. Profit before tax of the bank's overseas business increased by 5.05 percentage points, accounting for 23.64% of the total. Meanwhile, the non-performing loan ratio of its overseas branches remained as low as 0.17%, according to Chen Siqing, President of BOC. The bank has expanded its global reach to 46 countries and regions, adding five more countries in 2015.
- The net profit growth of China's 16 A-share listed banks continued to slow to 2.66% in the first quarter of the year, while their non-performing loan balance exceeded CNY1 trillion along with a continued increase in the NPL ratio, according to a new EY report on the Chinese banking industry. Steven Xu, Partner of EY Financial Services in Greater China, said: “Narrower interest margin and increased provision resulted in further slowdown in net profit growth.” Last year, the average net interest margin narrowed to 2.54%, down 7 basis points from 2014.
- Bank of China (BOC) announced it is actively preparing for China's relaunch of a pilot program on non-performing loan securitization. The regulators set CNY50 billion as the initial quota for the six banks to test NPL securitization, including BOC. At the end of 2015, Chinese commercial banks reported CNY1.27 trillion in NPLs, up 51% from the previous year.
- Hong Kong and mainland China top the global list of people and companies hiding money in secretive offshore tax havens, according to the Panama Papers database made public by a group of global investigative journalists. Together the two jurisdictions accounted for nearly one in four individuals or parties around the world who established the 366,000 overseas shell companies listed in the database.
- China will expand reform of resource taxes across the board from July 1. Resource tax will be levied on most mineral products based on price instead of quantity, the Ministry of Finance and the State Administration of Taxation (SAT) said. Since 2010, China has experimented with taxes based on price instead of quantity on six mineral products – coal, gas, molybdenum, oil, rare earth and tungsten.
- China’s online finance management market will grow to CNY10 trillion in 2020,

Shanghai-based BundWealth said. Increasing family wealth and the rise of the middle class in China will fuel the online finance management market, according to analysts. BundWealth is an online finance platform with one million users and a trade volume of CNY1 billion.

- Credit quality in China's commercial banks worsened in the first three months of this year for the 11th straight quarter, the China Banking Regulatory Commission (CBRC) said. The non-performing loan (NPL) ratio rose to 1.75% at the end of March from 1.67% at the end of 2015. Total outstanding NPLs rose to CNY1.39 trillion from CNY1.27 trillion a quarter earlier. The Agricultural Bank of China had the highest NPL ratio at 2.39%, followed by China Merchants Bank's 1.81%. Net profits of banks rose 6.32% year-on-year in the first quarter.
- Minister of Supervision Huang Shuxian joined dozens of world leaders and high-level officials in London for the Anti-Corruption Summit. "The Chinese government has made cooperation, the pursuit of fugitives and the recovery of criminal proceeds part of its work plan on anti-corruption," Huang said at the summit.
- New yuan loans fell to a six-month low in April, a sign of policy-makers' possible reluctance to overstimulate the economy. The monthly total fell almost 60% month-on-month to CNY555.6 billion. Growth of M2 also slowed to a 10-month low of 12.8% in April.
- China's fiscal revenue in April rose 14.4% year-on-year to CNY1.55 trillion, the Ministry of Finance said. The total for the first four months rose 8.6% to CNY5.44 trillion. The central government collected CNY644.3 billion in fiscal revenue, up 2.4% year-on-year, while the total collected by local governments rose 24.7% to CNY908 billion.
- China signed an agreement on the exchange of country-by-country reports by multinationals. Wang Jun, Commissioner of the State Administration of Taxation, signed the agreement during the 10th meeting of the Organization for Economic Co-operation and Development Forum on Tax Administration. 39 countries and regions have signed up to the OECD's Base Erosion and Profit Shifting project. Base erosion is a term referring to the effects of corporate tax avoidance.

FOREIGN INVESTMENT

FDI up 4.8% in first four months

Foreign direct investment (FDI) into China rose 4.8% year-on-year to CNY286.78 billion between January and April, led by a robust inflow to the high-tech service and manufacturing sectors, particularly in western regions. FDI attracted to the service sector rose 7.9% on an annual basis to CNY201.4 billion during the four-month period, the Ministry of Commerce (MOFCOM) said, accounting for 70.2% of the total. The high-tech service sector gained CNY32.53 billion of outside investment, an even-more impressive 108.6% surge. Fast-growth businesses from the high-tech service sector, such as information technology, development of digitalization products, scientific research and development, jumped 195%, 199% and 41% respectively from the same period a year earlier. Tang Wenhong, Director General of the Ministry's Department of Foreign Investment Administration (FIA), said overseas companies can certainly benefit from introducing their recognized brands, products, know-how and technology into China's increasingly encouraged services market. "FDI in western regions posted strong growth between January and April, outpacing the national total with a 36.2% jump year-on-year to reach CNY23.4 billion", Tang said. FDI in China rose from USD108.82 billion in 2010 to USD126.27 billion last year. A total of 8,298 new enterprises were established by foreign companies in the first four months of this year, a 6.5% annual rise, the China Daily reports.

- Elevator firm Otis is to build the world's tallest above-ground test tower in Shanghai. The 270-m tower will be part of the company's new global research and development (R&D) facilities in the city, which are expected to be operational by the end of 2018. China's ongoing urbanization process calls for the building of a huge number of high-rise structures, which rely on high-quality elevators. China produced 760,000 elevators in 2015, 6% more than the previous year. After a decade of 20% annual growth, China's elevator market grew about 10% in 2014.

- Shanghai-based privately-owned Fosun Group is discussing with venture capital firm Paideia Capital to set up a joint venture to tap the booming beauty and personal care market. The two firms are eying a joint venture to buy and introduce overseas brands to the domestic market.
- The China-Africa Development Fund signed a cooperation agreement with the Shaanxi provincial government, the first of its kind with a provincial-level partner that aims to boost more investment in the African market. Hu Heping, Governor of Shaanxi province, said the agreement had great significance for companies in Shaanxi, pointing the way for them to go into the African market. The two sides will establish the Shaanxi Africa Industry Development Fund, which will help local companies in financing, project selection and loans for their businesses in Africa.

FOREIGN TRADE

British firms look to “Made in China 2025” plan

British firms have much to offer and much to gain from China's plan to modernize its manufacturing sector, according to a recent report released by the China-Britain Business Council (CBBC). The “Made in China 2025” plan is a highly ambitious initiative to comprehensively upgrade, consolidate and balance China's manufacturing industry, and it offers plenty of opportunities for British firms, the report said. “We see the next stage of China's emergence as an economic superpower in its ambition to design and make products of the future required not only by Chinese consumers, but consumers around the world,” said Mark Wareing, Director of Advanced Manufacturing and Transport with UK Trade and Investment China at the British Embassy in Beijing. The plan focuses on 10 priority sectors, including advanced rail and equipment, aviation and aerospace equipment, agricultural machinery and technology, power equipment and technology, and new generation information technology. “Made in China 2025 is a truly exciting strategy and it is fantastic to see how closely the skills, experience and capability of the UK's industrial base align with China's ambitions,” said Wareing. UK firms have much to offer in these areas due to their R&D and innovation credentials in industry and education, according to Stephen Phillips, Chief Executive of the CBBC. He said that opportunities will exist throughout China. “While we see tremendous opportunity, we also recognize that there will be challenges such as IP protection, oversupply and over-investment, pace of change and favoring of indigenous innovation among others,” said Phillips, as reported by the China Daily.

European Parliament votes against MES for China

Denying China market economy status (MES) is meaningless and irresponsible, experts said after members of the European Parliament (MEPs) discussed whether the country qualified as one. Steel overcapacity has put hundreds of thousands of workers in the EU at risk, a statement by European Members of Parliament said. The European Parliament passed a non-binding resolution refusing MES to China. Many members said that China has not met the five criteria for a market economy set by European institutions. The UK, the Netherlands and the Nordic countries supported China's market economy status. Germany supports it, in principle, but wants safeguards for sensitive industries, while Italy is strongly opposed. China is recognized as a market economy by 80 countries including Russia, Brazil, New Zealand, Switzerland and Australia. The accession articles of China's entry into the World Trade Organization (WTO) stipulate that China should be automatically given market economy status in December this year after a 15-year transition period. To deny such status to China would be a strong political signal from the EU and could well lead to the deterioration of the recent warming political relationship between the two economies, said Luigi Gambardella, President of China-EU, a non-profit organization in Brussels. Lin Guijun, Professor of International Trade at the University of International Business and Economics in Beijing, said that imposing anti-dumping investigations on European wine, auto parts or vehicles could be a way for China to warn the EU that it is not reasonable to persist in trade protectionism, the China Daily reports.

In a non-binding resolution passed by 546 votes to 28, with 77 abstentions, the European Parliament said it “strongly opposed” the status being conferred to China later this year and underscored an “imminent need” to reform Europe’s anti-dumping laws. However, the European Union may choose to maintain defensive trade measures while eventually approving market economy status to China, diplomats and economists say. They also said a formal denial of the status would harm bilateral trade with China, the EU's second-largest trading partner, and that Beijing may seek legal redress with the World Trade Organization (WTO). The Ministry of Commerce (MOFCOM) said that WTO members were obliged to remove third-country criteria in anti-dumping probes against Chinese goods after December 11.

- The Chinese government has issued guidelines on the recovery of foreign trade, which it called "a vital driving force of economic growth". The State Council put forward 14 measures in five areas. Financial institutions are encouraged to increase support for foreign trade enterprises that are "making profits and receiving orders". The government will give strong support to the import of advanced equipment and technology and lower tariffs on imported daily necessities.
- China refuted the accusation by the European Union's Ambassador to China Hans-Dietmar Schweisgut that its inefficiency in addressing overcapacity of the steel sector harmed European manufacturers. "We hope anyone who would like to make such remarks could make clear the facts and respect facts," Foreign Ministry Spokesman Lu Kang said. Schweisgut said that Beijing was not doing enough to address overcapacity in its steel industry. "The EU imported 32 million tons of steel in 2015, only one-fifth of which is from China. It does not make sense to ascribe the dilemma of European manufacturers to China," Lu said.

IPR PROTECTION

Alibaba suspended from IACC, pledges further cooperation

Alibaba Group Holding has pledged to stop fakes appearing on its online platforms after being suspended as a member of the International Anti-Counterfeiting Coalition (IACC). The e-commerce firm said it would continue cooperation with the IACC, remove products identified as fakes from its platforms and protect the interest of brands. The coalition has more than 250 member companies, including leading brands such as Apple and Rolex. The suspension is likely to lead to Alibaba Executive Chairman Jack Ma calling off his plan to deliver a keynote speech at the coalition's annual spring conference in Orlando, Florida, this week. The suspension comes as Alibaba is transitioning from a platform attracting buyers with cheap goods to providing good quality, genuine brands. Membership in the coalition is the type of endorsement the company is looking for to back this transition. Alibaba "is willing to clean house, but all transitions and upgrading require time," said Tian Hou, Analyst at TH Capital in Beijing.

MACRO-ECONOMY

China's economy expected to show L-shaped growth patern

China's economy will tend toward L-shaped growth as deep-rooted problems persist and new challenges emerge, according to an exclusive interview with a high-ranking official in the People's Daily. The article ruled out the possibility of a quick, strong recovery, and suggested that the economy may continue to grow at a moderate level for years to come. The article added that some emerging problems were "bigger than expected", such as shrinking private investment, the real estate bubble, industrial overcapacity, non-performing loans (NPLs), local government debt and financial market risk. Volatility in the stock and foreign exchange markets early this year reflected some of the overall vulnerability of the financial system, the source said. High leverage was called the "original sin" that had led to more risk in forex, stocks, bonds, real estate and bank credit. If not controlled properly, systemic financial risks could precipitate an economic recession and even wipe out ordinary people's savings. Deleveraging should be a priority, and the "fantasy" of stimulating the economy through monetary easing should be abandoned. Rising bad loans need to be met head-on rather than kept hidden. What needs to be done, according to the high-level source, is a further pruning of industrial overcapacity; the closure of "zombie" companies; overall reform of the labor market; faster changes to the household registration system; reduced taxes and more innovation.

The government should remove policy barriers to contribute to the development of a new economy, mass entrepreneurship and innovation, Premier Li Keqiang told a national conference on government reform. "We should be clearly aware that the government is still engaged in things that it should not be," he added. There are weak points in public service and huge room to improve efficiency, the Premier concluded, as reported by the Shanghai Daily.

President Xi Jinping defines supply-side reforms

President Xi Jinping said that China's supply-side structural reform was not the same as advocated by the liberal supply-side economics school in the West. China's supply-side reform was more than "an issue of tax or tax rate" – it was a slew of structural measures to seek innovation, prosperity and well-being, he said. Xi said the concept could be implemented by "cutting capacity, reducing inventory, cutting leverage, lowering costs, and strengthening the weak links". "Our supply-side reform, to say it in a complete way, is supply-side structural reform, and that's my original wording used at the central economic work conference," Xi said. "The word 'structural' is very important, you can shorten it as 'supply-side reform', but please don't forget the word 'structural'," Xi said. The key problem for the Chinese economy was "on the supply side", though China could not afford to completely neglect managing demand. China could not rely on "stimulating domestic demand to address structural problems such as overcapacity", he said. "The problem in China is not about insufficient demand or lack of demand, in fact, demand in China has changed, but supply hasn't changed accordingly," Xi said. He gave the example of Chinese consumers shopping overseas for daily products such as electric rice cookers, toilet covers, milk powder and even baby bottles to show that domestic supply did not match domestic demand. President Xi made the remarks in a speech in January, which was only published last week.

- China's economy will grow by around 6.7% in the second quarter of 2016, on par with that recorded in the first quarter, the State Information Center affiliated with the National Development and Reform Commission (NDRC) predicted. The Center said indicators including output of cars and crude steel, power generation and industrial added value have shown the economy beginning to stabilize. The Chinese government will spend CNY1.2 trillion on infrastructure this year that will attract further investment worth CNY6 trillion. Meanwhile, land and housing sales continue to increase although the property inventory is still excessive.
- According to the World Bank, China has risen six places in a year to the 84th spot out of 189 economies in terms of convenience of conducting business. But both foreign trade growth and overseas investment have declined, due in part to weakening international demand and China's business environment.
- China's consumer inflation in April remained at its highest level since July 2014 while factory gate prices continued to rise, adding to signs of moderate economic stabilization. The Consumer Price Index (CPI) grew 2.3% from a year earlier in April, the same as in February and March, the National Bureau of Statistics (NBS) said. Food prices, accounting for nearly a third of the CPI basket, rose 7.4%. The limited supply of pork continued to drive inflation, while vegetable prices dropped 12.5% from February, taming price rises.
- President Xi Jinping has asked senior officials to "make innovation the pivot of development". "China's economy, now the world's second-largest, still suffers from low quality of growth. Lack of innovation ability has been the Achilles' heel for economic development," said Xi in a speech at a symposium attended by ministerial and provincial officials in January. Aside from innovation, Xi also highlighted coordination, green development, opening-up and sharing.
- China is expected to release a detailed plan on "zombie companies" soon to reduce capacity in oversupplied industries. "Zombie companies" are economically unviable businesses, usually in industries with severe overcapacity, kept alive only with aid from the government and banks. The plan will support banks in using differentiated credit policies to companies in different sectors.
- The Chinese government has approved a plan to further develop the Yangtze River Delta urban cluster. The 30 cities including Shanghai and cities in Jiangsu, Zhejiang and Anhui provinces account for one-fourth of China's economy and cover 354,000 square kilometers. Two other such clusters are the Beijing-Tianjin-Hebei province region in the north and the Pearl River Delta urban cluster in Guangdong province.
- Hong Kong's economy shrank in the first quarter by 0.4% from the final three months of last year, due to falling exports and weak consumer spending. A slump in visitors

from the mainland, weak retail sales and falling asset prices have combined to put the economy on the verge of recession. On an annual basis, growth was just 0.8% in the first quarter, the weakest growth in four years.

- China should prioritize eliminating overcapacity and drive market-oriented reforms to unleash its growth potential. The country's overcapacity was about a third of its total production last year, higher than the global average of about 20%, said Liu Haiying, Chief Economist at Guofu Investment Management. The ratio has risen 10 percentage points over the past three years.
- The rates of growth of China's industrial output, retail sales and fixed-asset investment all slowed in April, the National Bureau of Statistics said. Factory output rose 6% year-on-year in April, down from 6.8% in March. Retail sales grew 10.1% year-on-year in April, slowing from 10.5% in March. Similarly, fixed-asset investment (FAI) growth eased to 10.5% in the January-April period, down from the first quarter's 10.7%. Consumer inflation remained at 2.3% for the third consecutive month in April.

MERGERS & ACQUISITIONS

COSCO to buy stake in Rotterdam's Euromax Terminal

COSCO Pacific, a subsidiary of China COSCO Shipping Corp, has signed a share sale and purchase agreement to buy 35% of Euromax Terminal in Rotterdam from a subsidiary of Hutchison Holdings. The acquisition comprises of €41.43 million of the share capital of Euromax and an assignment on a dollar-for-dollar basis of 35% of the shareholder's loan.

- HNA Group Co plans to buy a controlling stake of around USD1 billion in CWT, a listed Singapore logistics company. Negotiations between HNA and CWT shareholders had been ongoing for several months and were now close to conclusion. HNA Group also announced it planned to establish a dedicated HNA Tourism Group Co to better integrate its aviation and tourism resources.
- China Everbright Ltd. (CEL), a Hong Kong listed conglomerate, has acquired a 67.27% stake in Beijing Huichen Nursing Home Management Co, a leading elderly health care services provider in China. Established in 2007, Huichen provides services including elderly health care, geriatric treatment, rehabilitation and community services.

REAL ESTATE

New home sales rise 61% in first four months

New home sales in the first four months rose 61.4% year-on-year to CNY2.4 trillion, the National Bureau of Statistics (NBS) said. The rate was higher than the 60.3% recorded for the first quarter and came as a result of the government's easing policies, which included lower downpayments and deed tax cuts. Sales by floor area in the January to April period increased by 38.8% to 323.2 million square meters, accelerating from 35.6% in the first quarter. "Major real estate-related indices continued to suggest bright signs as the easing measures fueled momentum," said Li Jiao, Senior Statistician at the Bureau. "We've also noticed a spill-over effect from key cities and regions toward smaller ones, though disparity between cities remains an issue that requires attention," he said. Real estate development investment in non-major cities rose 7.8% year-on-year in the first four months, outpacing the rate of 6.7% for major cities for the first time in about 20 months, Li said. Nationwide, investment in all types of property climbed 7.2% in the first four months, up 1 percentage point from the first quarter. Investment in housing, which accounts for 66.5% of the total property investment, rose 6.4%, accelerating from 4.6% growth in the first three months, the Shanghai Daily reports.

- The credit profile of Chinese property developers is deteriorating. Moody's said the outlook for 44% of the developers rated by the agency was negative, compared to 20% half a year ago. The proportion is one of the highest since 2012. Aggressive debt-funded growth was the most common reason, it said.
- Real estate developers paid more than double the starting prices of three residential

parcels in Shanghai's outlying areas as they expanded their land banks. The high prices paid indicated continuing strong interest in land for housing in first-tier cities. The land parcels were also the first to be released for auction in Shanghai since tightening measures were unveiled on March 25. The average cost of new homes exceeded CNY40,000 per square meter in Shanghai for the first time.

RETAIL

Shanghai 6th city worldwide for luxury goods retailers

Shanghai is the world's sixth-most popular city for luxury goods retailers, according to The Destination Retail 2016 study of 240 international brands by real estate consultancy JLL. It ranks London in the top spot, followed by Hong Kong. "Hong Kong remains Asia's leading destination with many retailers using it as a springboard for expansion into the Chinese mainland," said James Assersohn, Director of Retail for Asia-Pacific at JLL. "Thanks to a diverse economy and wealthy consumer base, Shanghai has become a favorite place for international brands to test the Chinese market and gain exposure," he added. Retailers are drawn to the dynamism of Shanghai due to its "trend-setting nature" while Beijing, which ranked ninth on the list, is favored for its "high sales potential thanks to the strong base of high-net-worth individuals," the report said. Four more of the top-10 places (11 if you count the tie for 10th) are filled by cities in the Asia-Pacific region, namely Tokyo (fourth), Singapore (tied for seventh), Osaka and Taipei (tied for 10th), the Shanghai Daily reports.

SCIENCE & TECHNOLOGY

Number of students taking college entrance exams drops

The number of students due to take this year's national college entrance examinations (gaokao) was lower than last year in several cities, with the number of Beijing gaokao takers declining for the 10th consecutive year. Only 61,000 students in Beijing will take this year's gaokao, nearly half the 2006 figure. Henan province still has the largest number of gaokao takers, with 820,000 students saying that they will sit for this year's exam. But the number of gaokao takers in Henan has also been dropping for six consecutive years since 2009. The drop was mainly caused by a lower population growth. More and more students are choosing to pursue a college education abroad, while some are beginning to think that working may be a better choice than going to college.

Thousands of parents staged demonstrations in the capital cities of Hubei and Jiangsu provinces, protesting over a change to university admission quotas which they say puts their children at a disadvantage. Under the new scheme, leading universities across the country must admit a greater number of non-local students, which the parents fear will make it more difficult for their children to find a place at local universities.

- China signed an agreement with UNESCO to launch a global project to create a geochemical map of the Earth that would provide data to assist in finding solutions for pollution and resource shortages. The project will map the distribution of 92 naturally found elements in the air, water and soil, and could affect scientific decisions on the environment and resources.

STOCK MARKETS

More Chinese companies plan to delist from HKSE

Analysts and market insiders said a growing trend of high-quality Chinese companies trying to delist from the Hong Kong Stock Exchange (HKSE) due to low valuations will deal a blow to the Hong Kong capital market. Since November, at least 10 Chinese companies with Hong Kong listings have unveiled plans to either delist, spin off assets and list them in China, or sell a controlling stake to a mainland-listed company. There were only a handful of such deals in 2012, 2013 and 2014. "Low valuation and low trading volume make Chinese companies want to be delisted" from Hong Kong, said Hong Hao, Managing Director at BOCOM International Holdings Co.

- The China Securities Regulatory Commission (CSRC) is considering measures to curb the flow of overseas-traded Chinese companies seeking backdoor listings in the domestic equity market, according to people with knowledge of the matter. It is weighing possible restrictions on reverse mergers, including capping valuation multiples for deals involving companies that previously traded overseas.
- Chinese business news site Caixin reported the China Securities Regulatory Commission (CSRC) had halted private placements by listed companies that involve online finance, gaming, film and television and virtual reality. It said the regulator had also suspended mergers and acquisitions (M&As) as well as refinancing in those industries, according to the report, which cited industry sources.
- Yadea Group Holdings, China's largest two-wheeled electric vehicle manufacturer by output, has launched a CNY1.86 billion share offer in Hong Kong and is expected to go public on May 19. Headquartered in Wuxi in Jiangsu province, its production capacity hit 5.1 million units at the end of June last year.
- Hong Kong Exchanges and Clearing (HKEx) will slow “less critical projects” and hire fewer staff after reporting a worse-than-expected net profit decline of 9% in the first quarter after turnover fell and running costs increased. HKEx, which runs the local stock and futures market and owns the London Metal Exchange (LME), said net profit for the period was HKD1.43 billion. Average daily turnover on the Hong Kong stock market in the quarter fell an annual 23% while metal trading at the LME decreased 9%.
- Shanghai stocks fell on May 13, dragging down the benchmark index for a fourth week, amid a negative investment sentiment resulting from a downturn in the economic outlook. The Shanghai Composite Index shed 0.3% to 2,827.11 points. The index ended the week down 2.96% and lost almost 8% over the past four weeks.

TRAVEL

Inbound tourist visits up 6% in first quarter

China's struggling inbound tourism industry showed strong growth in the first quarter, with more than 6.22 million visits, a jump of 10.9% over the same period last year. Beijing still ranks first on the list, with more than 54% of visitors saying they would definitely visit the capital, according to Ctrip. “South Korea is the largest source country. Japan was next,” said Yan Xin, Ctrip's Publicity Manager. The Ctrip report also found that, Beijing, Shanghai and Xian still attract the most attention from visitors. More than 14% said they would visit Shanghai and 9.2% of them would visit Xian, home to the Terracotta Warriors. Other popular tourism destinations include Chengdu in Sichuan province, Guilin in Guangxi and Lijiang in Yunnan province. The China National Tourism Administration (CNTA) expects more than 137 million overseas tourists to visit China in 2016, an increase of 2.5% over the previous year. International tourism revenue is forecast to increase by 6.5%, reaching USD121 billion. That would be the second consecutive year of growth for China's inbound tourism market following a period of decline from 2011 to 2014.

Big expansion of railway services announced

China’s biggest railway expansion for 10 years was announced, with nearly 300 new pairs of trains added to rail services in the country. Most of the new trains link small cities in central and west China with metropolises. Travelers to and from Shanghai can expect faster and more frequent services thanks to 33 new trains. Previously, trains between Shanghai and Beijing ran between 6:30 am to 5:30 pm. Now a G8 train will leave Hongqiao Railway Station at 7 pm each day and arrive in Beijing before midnight. New trains from Shanghai to Xian and Changsha will cut travel time by hours. In the past five years, about CNY1.85 trillion has been spent on railways in central and western areas, with about 23,000 kilometers of new lines added. Last year, 9,531 kilometers of new lines went into operation. China plans to spend CNY3.5 trillion over the next five years on more than 30,000 kilometers of new track, the Shanghai Daily reports.

- China will unveil a national standard for self-balancing scooters, a market worth CNY10 billion globally. It will put in place safety features and ensure they are of high quality in China, the biggest manufacturer of the product globally. Zhao Zhongwei, Chief Operating Officer of Ninebot, said: “The standard and regulation in China of the scooter market is still in its infancy although it has a huge market size and potential.” Ninebot has over 70% of the global self-balancing scooter market after it acquired Segway in 2015.

- Five airlines, two of them foreign, have been punished over errors that could have resulted in plane crashes. China Eastern Airlines, Okay Airways, Xiamen Air, Orient Thai Airlines and Emirates have been ordered to make immediate corrections. The Civil Aviation Administration of China (CAAC) said pilot error was responsible for most of the problems.The CAAC also plans to evaluate the performance of the 175 foreign airlines that operate on the Chinese mainland.
- Apple is investing USD1 billion in Didi Chuxing, joining Tencent and Alibaba in taking a strategic stake in the company which provides vehicles and taxis for hire in China via smartphone applications.
- A Chinese consortium is preparing to bid for the high-speed project linking Malaysia's capital Kuala Lumpur and Singapore. Sheng Guangzu, General Manager of the China Railway Corp, the leading company in the consortium, said it would also involve another five companies, including China Harbor Engineering Co. The subsidiary of CCCG will start a three-day visit starting from May 23 to Malaysia to push for the project. The 350-kilometer railway line, the first high-speed rail project in Southeast Asia, has attracted not only Chinese companies but also Japan's Kawasaki Heavy Industries, Germany's Siemens and France’s Alstom.

ONE-LINE NEWS

- Internet search firm Baidu must change how it displays search results following an outcry over the death of a student who used it to seek a cancer cure. The Cyberspace Administration of China said Baidu relied excessively on profits from paid listings in search results and did not clearly label such listings as the result of commercial promotion, compromising the objectivity and impartiality of search results. Baidu has taken down the majority of paid-search links for major medical-related keywords and announced that it would stop working with all military-related medical institutions.
- JD.com, China’s No 2 e-commerce company, reported a 47% rise in first-quarter revenue and expected second-quarter revenue to be between CNY64.2 billion and CNY66.2 billion, a growth rate of 40% to 44%. The amount of goods sold on JD.com’s platforms rose 55% to CNY129.3 billion.
- Leo Li, who heads Shanghai-based chip designer Spreadtrum Communications, was appointed Chairman of the Global Semiconductor Alliance (GSA) for 2016 and 2017. The GSA will also open a new office in Shanghai.
- Ling Jihua, former Vice Chairman of the Chinese People's Political Consultative Conference (CPPCC) and former top aide to ex-President Hu Jintao, has been charged with taking bribes, illegally obtaining state secrets and abusing power. Ling was Director of the General Office of the Communist Party of China Central Committee between 2007 and 2012.

ANNOUNCEMENTS

Projects in Shandong province

The Flanders-China Chamber of Commerce (FCCC) has received a list of projects in Shandong province for which partners are sought. The projects are in the sectors mechanical manufacturing, IT, new energy materials, bio-pharmaceuticals, logistics and ship manufacturing, modern agriculture, food, and other sectors.
To receive a list of the projects and more details, send an e-mail to info@flanders-china.be

FOUNDING MEMBERS

STRUCTURAL PARTNERS

WITH THE SUPPORT OF

Your banner at the FCCC website or newsletter

Companies interested in posting a banner/an advertisement on the FCCC website, FCCC weekly newsletter or bi-weekly sectoral newsletters are kindly invited to contact the FCCC at: info@flanders-china.be

Organisation and founding members FCCC

President: Mr. Bert De Graeve, Chairman of the Board, NV BEKAERT SA
Vice-President: Mr. Stefaan Vanhooren, President Agfa Graphics, Member of the Executive Committee of the Agfa Gevaert Group, NV THE AGFA-GEVAERT GROUP SA
Secretary and Treasurer: Wim Eraly, Senior General Manager, NV KBC Bank SA
Executive Director: Ms. Gwenn Sonck
Members of the Board of Directors and Founding Members:
Mr. Bert De Graeve, Chairman of the Board, NV BEKAERT SA
Mr. Jozef De Mey, Chairman of the Board, NV AGEAS SA
Mr Philippe Vandeuren, Legal & Corporate Affairs Director Benelux & France, NV AB INBEV
Mr. Carl Peeters, CFO, NV BARCO SA
Mr. Johan Verstraete, Vice-President Marketing, Sales & Services Weaving Solutions, NV PICANOL SA
Mr. Luc Maton, General Manager Asia Region, NV AHLERS SA
Mr. Philip Hermans, Director General, NV DEME SA
Mr. Philippe Van Der Donckt, Director Business Development, NV UMICORE SA
Mr. Wim Eraly, Senior General Manager, KBC Bank SA

Membership rates for 2016 (excl. 21% VAT):

- SMEs: €385
- Large enterprises: €975

Contact:

Flanders-China Chamber of Commerce
Offices: Ajuinlei 1, B-9000 Gent – Belgium
New telephone and fax numbers: Tel.: +32/9/269.52.46 – Fax: ++32/9/269.52.99
Registered office: Zenith Building, Koning Albert-II laan 37, 1030 Brussels
E-mail: info@flanders-china.be
Website: www.flanders-china.be

Share your story:
To send your input for publication in a future newsletter mail to: info@flanders-china.be

This newsletter is realized with the support of Flanders Investment & Trade.

Flanders
State of the Art

The FCCC Newsletters are edited by Michel Lens, who is based in Beijing and can be contacted by e-mail michel.jc.lens@gmail.com . Disclaimer: the views expressed in this newsletter are not necessarily those of the FCCC or its Board of Directors.