



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

NEWSLETTER | 23 MAY 2016

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FCCC/EUCBA ACTIVITIES

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).



**EXPORT
BEURS
2016**

FLANDERS INVESTMENT & TRADE

ZAKENDOEN IN MEER DAN ÉÉN ANTWERPEN?

Kom naar onze stand
op de Exportbeurs met al uw vragen.

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 initial 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

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

The Flanders-China Chamber of Commerce and the EU SME Centre in Beijing organized a seminar focused on ‘*How to Tackle a Changing China*’. The seminar covered two sessions. The first was delivered by the EU SME Centre’s Director Chris Cheung, who provided 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, then discussed the increasing trend of Chinese overseas direct investment to the EU and what this means for EU SMEs. “Winning in China” was introduced by Ji Bo, Chief Representative, Cheung Kong Graduate School of Business Europe, and Assistant Dean, Global Executive Education.

The seminar was organized on 18 May at Agfa-Gevaert in Mortsel. It was concluded by a Q&A session followed by networking. The briefing was organized with the support of Flanders Investment & Trade and the EU-China Business Association.

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.

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

MEMBERS' NEWS

China COSCO Shipping and DEME team up to develop offshore wind energy in China

The Belgian dredging, environmental and marine engineering group DEME and China COSCO Shipping – the largest shipping company in the world – have formed a joint venture to develop offshore wind energy in China. The cooperation is in line with the Chinese climate vision and its aim to develop renewable energy, both of which were recently incorporated in the 13th Five-Year Plan (2016-2020) for social and economic development. The Chinese government wishes to increase the installed capacity of offshore wind energy significantly by 2020.

DEME and China COSCO Shipping are both market leaders in their sectors and have found one another in the COSCOCS - DEME joint venture active in offshore wind energy in China. As the largest shipping company in the world, China COSCO Shipping wishes to enter this new market segment and has found a partner in DEME's subsidiary GeoSea, with its extensive experience in developing, building and maintaining offshore wind farms.

Alain Bernard, Director and CEO of DEME comments: "As a pioneering company, DEME is a global leader in offshore wind energy, offering overall solutions through Engineering, Procurement, Construction, Installation & Maintenance (EPCIM) contracts. Thanks to the accumulated know-how and experience with complex infrastructure projects at sea, DEME can support and carry out China COSCO Shipping's offshore wind vision. The cooperation is also in line with the Group's partnering philosophy, in which DEME expands its international activities through sustainable cooperation with local partners. Such combinations have repeatedly proven successful in DEME's dredging and environmental divisions. The joint venture with China COSCO Shipping is a win-win for both parties and will contribute to realising the ambitious Chinese climate objectives."

AUTOMOTIVE

Maserati launches SUV to boost sales

Italy's Maserati has launched its first sports utility vehicle (SUV) model in China to revitalize sales in a cooling luxury car market. The Levante will drive Maserati's China sales to double-digit growth this year, said Mirko Bordiga, Managing Director of Maserati China. The Italian premium brand is targeting current Maserati owners and other affluent Chinese, he said. "Many of our customers have two cars in their garages and normally the other one is a SUV. We are targeting a new group of people who need a spacious SUV as a family car," Bordiga told the South China Morning Post. Maserati launched the SUV model, priced at CNY999,800 at the Beijing auto show. "Last year, about 132,000 cars in the luxury SUV segment were sold in China, I think we can grab a few thousands from this market with the Levante," Bordiga said. Maserati's total sales last year fell 4.1% to 31,500 as demand weakened in its two largest markets, the U.S. and China, the brand's owner Fiat Chrysler Automobiles said. The company tested the waters by selling its first 100 Levante cars on Chinese e-commerce store TMall in March. Bordiga said the cars sold out in 18 seconds, and 30% of the customers bought the nearly CNY1 million car on their mobile phones. Maserati's new strategy is aimed at reaching customers in cities that the current dealership network does not cover. Sales of the Levante will begin at the end of July.

FINANCE

Banks urged not to discriminate private companies

The China Banking Regulatory Commission (CBRC) has asked the country's banks to check and report back on their attempts to support private investors, identify any discrimination against small borrowers, and determine whether they gave private companies fair access to loans. There is concern that growth in private investment is slowing. The central government said it would send inspection teams to targeted areas to check on the implementation of policies designed to encourage private investment. In the first four months, growth in private investment eased to 5.2%, down 0.5 percentage points on the first quarter. Fixed-asset investment (FAI) rose 10.5% over the same period while private investment accounted for 62.1% of total investment, down 3.2 percentage points from a year earlier. Commerzbank Economist Zhou Hao said the notice would not have a big effect on private investment. "The real issue is lack of investment enthusiasm rather than a lack of credit," he said. However, new yuan loans fell almost 60% to a six-month low of CNY555.6 billion in April, the South China Morning Post reports.

- A narrowed decline in foreign exchange bought by the central bank last month indicates capital outflows from China are easing, contributing to yuan stabilization, according to analysts. The People's Bank of China (PBOC) said yuan holdings for foreign exchange purchases held by Chinese financial institutions fell by CNY54.4 billion to stand at CNY23.78 trillion in April. Liu Jian, Senior Analyst at Bank of Communications (BoCom), attributed the narrowed decline in foreign exchange

purchases to recent weakening of the U.S. dollar and China's tightened controls on cross-border capital flows.

- ICBC Standard Bank, a subsidiary of Industrial and Commercial Bank of China (ICBC), has agreed to buy Barclays' precious metals vault storage business in London. Upon completion of the acquisition, ICBC will become the first Chinese bank to have a vault in London. The vault can store 2,000 tons of gold and other precious metals such as silver, platinum and palladium. Earlier in May, ICBC Standard Bank was approved to join a precious metals clearing system operated by the London Precious Metals Clearing, becoming the first Chinese bank to provide clearing services for London's precious metals market.
- Bridgewater Associates, the world's largest hedge fund with around USD150 billion in assets under management, has set up an investment management unit in Shanghai. Bridgewater's China unit was set up in Shanghai's Free Trade Zone (FTZ) on March 7, with registered capital of CNY50 million, according to the State Administration for Industry & Commerce (SAIC). It is licensed to perform investment management and investment advisory.
- 91 companies agreed to jointly contribute CNY2.24 billion of registered capital to set up an insurance exchange in Shanghai. The exchange will be tasked with aligning local businesses with global insurance practices, and upgrading the city's insurance infrastructure. It will provide trading facilities and services for insurance, re-insurance, and insurance assets.
- The USD40 billion Silk Road Fund is considering to set up a branch office in Hong Kong. Jin Qi, Chairwoman of the Chinese-initiated investment fund, also said the fund would closely cooperate with the Hong Kong Monetary Authority (HKMA) to make full use of the city's financial services industry.
- Samsung Electronics is teaming up with Alibaba-backed Alipay to allow Samsung Pay users to link their Alipay accounts to the app. Samsung launched its Samsung Pay service in China at the end of March, five weeks after rival Apple launched its similar mobile payments service Apple Pay in the country.
- The Hong Kong government will launch the sixth batch of inflation-linked iBonds, worth HKD10 billion, at the end of the month despite signs of subdued inflation for Hong Kong this year. The latest batch of the retail bonds will carry a tenor of three years, and holders will be paid interest once every six months at a rate linked to inflation in the city, or a fixed minimum rate of 1%, whichever is higher. Only holders of a Hong Kong identity card are eligible to invest in iBonds.
- The People's Bank of China (PBOC) has appointed Zhang Tao as Vice Governor, with analysts suggesting he could also take up the post of Deputy Managing Director at the International Monetary Fund (IMF) in the coming months. He is currently the Director of the Legal Department at the central bank. Zhu Min is due to complete his five-year term at the IMF in July.

FOREIGN INVESTMENT

China's ODI in the U.S. on the rise

China's non-financial outbound direct investment (ODI) to the United States soared by 235.7% in the January to April period from the same period a year ago, underscoring Chinese investors' increasing appetite for U.S. companies, data from the Ministry of Commerce (MOFCOM) showed. This year, high-profile deals have included insurance conglomerate Anbang Insurance Group's USD8.2 billion acquisition of U.S. luxury hotel owner Strategic Hotels & Resorts, Tianjin Tianhai Investment Co's USD6 billion purchase of U.S. electronics distributor Ingram Micro, as well as Haier Group's USD5.4 billion buyout of the appliance unit of General Electric Co. A recent report by the National Committee on U.S.-China Relations and the Rhodium Group predicted that 2016 would be another record year for Chinese investments in the U.S. The economic slowdown, industrial overcapacity, as well as the uncertainty of the renminbi's exchange rate have accelerated outbound investment by Chinese companies. China's total non-financial ODI surged by 71.8% from the previous year to USD60 billion in the first four months of this year. Besides the U.S., Australia was another major destination for Chinese outbound investment, which jumped 188.1% year-on-year. It was followed by the 83.9% ODI growth in Hong Kong and 21.5% increase in the member states of

the Association of Southeast Asian Nations (ASEAN). However, Chinese investment in the European Union decreased 44.8% from the same period of last year, the China Daily reports.

- Infrastructure development and investment within the framework of China's Belt and Road initiative and the newly-established Asian Infrastructure Investment Bank (AIIB) was discussed at the 14th EU-China Civil Society Round Table in Beijing. Beijing and Brussels agreed to set up the EU-China Round Table in 2007 following a decision at the 9th EU-China Summit.
- The United States and China should wrap up their investment treaty talks by the end of the year, Thomas Donohue, President and Chief Executive of the U.S. Chamber of Commerce, said in opening remarks at the eighth annual China-U.S. CEO and Former Senior Officials' Dialogue in Washington, DC. The U.S. and China should also work together to "give the global economy an immediate boost" at the G20 meeting in Hangzhou later this year, Donohue added. A total of 24 rounds of talks on the bilateral investment treaty have been held since 2008.
- TCL Multimedia Technology Holdings is to set up a joint production base in Egypt with local home appliance leader Elaraby Group, in an effort to tap into African and Middle East markets. The first phase of the venture is expected to be operational by 2017 and will become the largest Chinese-invested LCD TV production base in North Africa. The plant's annual TV output will reach 2 million sets over the next five years.

FOREIGN TRADE

U.S. duties on China's steel exports condemned

The Ministry of Commerce (MOFCOM) said China was "strongly dissatisfied" with the U.S. for its final ruling on Chinese exports of cold-rolled flat steel. The U.S. adopted unfair methods in its anti-dumping and anti-subsidy probes into Chinese products, it said, adding that China is taking action under the World Trade Organization (WTO) dispute settlement framework. The U.S. Commerce Department set anti-dumping duties of 265.79% and anti-subsidy duties of 256.44% on imports of cold-rolled flat steel from China. The ruling will not affect Chinese steelmakers in the short term since their steel exports to the U.S. market had already fallen to less than 1% of total steel exports. "We cannot underestimate the case based on the volume involved. Even though it will not affect Chinese companies in the short term, it matters about whether Chinese companies have really dumped or received unfair subsidies or not," said Zhou Mi, Senior Research Fellow at the Chinese Academy of International Trade and Economic Cooperation. Any trade protection practice can trigger disputes between the two countries and lead to a global trade war, he said.

- China has given its full support for Hong Kong to participate in its One Belt, One Road strategic initiative, as National People's Congress Chairman Zhang Dejiang identified four key areas for the city to focus on in the future. The four areas are professional sectors, renminbi internationalization, people-to-people exchanges, and cooperation with the mainland on developing belt and road businesses. Zhang Dejiang also made a speech at a One Belt, One Road conference in Hong Kong.

HEALTH

Medical services app Ping An Good Doctor raises USD500 million

As the Chinese healthcare market continues to boom, Ping An Good Doctor, a medical service mobile app, backed by Ping An Insurance (Group), announced a Series A funding round of USD500 million. Set up in April last year, the app has hit a reported valuation of USD3 billion, with 77 million registered users and more than 50,000 doctors, Xinhua reported. The app provides free diagnosis, treatment and online appointment booking, and allows users to consult doctors through text, pictures, and video. It also contains healthcare-related articles, a microblog-style discussion forum for healthcare topics, and an online store that sells drugs, healthcare products, cosmetics, and even digital and physical gift cards for medical services such as health exams and gene testing. The app receives consultation requests from up to 250,000 users daily. Over the past two years, more than 100 health-related "mobile medical"

smartphone apps have been launched, which offer services from free or fee-based medical consultations and doctor appointments to personal health management and health tips. The companies behind the apps are racing to raise funds to compete for the dominant position in China's digital healthcare market.

- Prosecuting authorities have approved the arrests of 125 people suspected in a vaccine scandal involving CNY570 million, the Supreme People's Procuratorate said. Another 37 people involved in the case were being investigated on suspicion of duty-related crimes such as bribery, abuse of power and dereliction of duty.

MACRO-ECONOMY

Government decides to deepen SOE reform

State-owned enterprises (SOEs) directly administered by the central government are being urged to strip off sideline operations that distract from the focus on core businesses. The decision to deepen SOE reform as well as improve the quality and profitability of these companies was made at an executive meeting of the State Council presided over by Premier Li Keqiang. The meeting addressed 106 central SOEs, which are those governed by the State-Owned Assets Supervision and Administration Commission (SASAC). The Ministry of Finance said central SOEs had CNY6.14 trillion in revenue in the first quarter for a net profit of CNY339 billion, a decrease of 13.2% year-on-year. Central SOEs must strengthen cost management as well as trim receivables, inventories and financial losses, in addition to cutting debts, said a statement released after the meeting. These enterprises were urged to increase competitiveness by fortifying their core businesses and removing sideline businesses in the next two years. The central government plans to cut 10% of excess capacity for central SOEs in the coal, iron and steel sectors this year and in 2017. Zhang Chunxiao, Researcher at the Chinese Academy of Governance, said all the measures were part of the policy of supply-side reform. "Central SOEs can only boost profits when they focus on core businesses with less costs in management and production processes," he said. According to the Ministry of Finance, central state-owned firms made a combined net profit of CNY1.18 trillion in 2015 from total assets of CNY64.2 trillion, with a return on asset ratio below 2%.

- President Xi Jinping has called for "unswerving efforts" to advance supply-side structural reform, commanding local authorities and various departments to come up with policies to support the campaign. He made the remarks at a meeting of the Central Leading Group for Financial and Economic Affairs, after receiving reports on reform efforts from Jiangsu, Chongqing, Hebei and Shenzhen.
- China has set a target to achieve 7% annual growth for its manufacturing industry during the 2016-18 period, the National Development and Reform Commission (NDRC) said. A goal of 15% annual growth has been set for technology investment over the period.
- From January to April, 4.6 million new businesses were registered, a 13.1% year-on-year increase. Registered capital reached CNY12.3 trillion, a year-on-year growth of 66%. Last year, 12,000 new enterprises were registered every day, a 20% increase on 2014.
- More than 50 experts from Asia gathered in Seoul at the East Asian Symposium of the World Forum on China Studies to analyze China's development prospects. Li Yang, former Vice President of the Chinese Academy of Social Sciences (CASS), said at the opening ceremony that, after experiencing a slowdown, China's economy is gradually becoming steady and moving forward with an optimized structure and medium- to high-speed growth.
- Insolvency cases in mainland China were expected to increase 20% this year, following a 24% jump last year, according to Fabrice Desnos at credit insurer Euler Hermes. He expects the trend to hold for some time, with insolvencies growing a further 10% next year. "We should also pay attention to the high level of corporate debt, which had increased to 166% of GDP in the third quarter of last year, compared with 124% in 2014," he told the South China Morning Post.

MERGERS & ACQUISITIONS

Fosun Pharmaceutical considering to take over Gland Pharma

Shanghai Fosun Pharmaceutical (Group) said it had made a non-binding proposal to acquire a 96% stake in Indian pharmaceutical company Gland Pharma. Fosun is yet to reveal the exact offer it has made for Gland. In November 2013, private equity fund KKR invested USD191 million for a minority stake in Gland, valuing the company at USD600-650 million. It has been exploring an exit since last year at an expected valuation of around USD1.5 billion. Hyderabad-headquartered Gland is a leading contract manufacturer of injectables.

- Chinese electrical appliance manufacturer Midea plans to invest up to €4 billion to more than double its stake in Kuka, a German-based robotics and automatic systems provider, to more than 30%, from 13.5% at present. Midea will thereby become Kuka's largest shareholder. If successful, it will be one of the biggest overseas investment deals by a Chinese firm this year. Kuka specializes in robotics and automation systems for the automotive and industrial sectors.
- German privately-owned industrial company Freudenberg is looking at merger and acquisition opportunities in China in a bid to expand its product portfolio and diversify its business. Its businesses range from sealing products, lubricant to automobile parts, and chemical products.

REAL ESTATE

Chinese largest foreign buyers of U.S. real estate

Chinese nationals became the largest foreign buyers of homes in the United States last year. The investment total in the past five years reached more than USD110 billion, according to the Asia Society and Rosen Consulting Group. The spending helped the U.S. real estate market recover from the crash that began in 2006 and precipitated the 2008 economic crisis. Despite a slowdown due to a clampdown on capital outflows, the figure for the second half of this decade is likely to double to USD218 billion. The authors of the study said their numbers, based on public and real estate industry data, understate the total. They necessarily miss purchases made by front companies and trusts that don't identify the sources of the funds. While big deals, like the Anbang insurance group's USD2 billion purchase of the Waldorf Astoria hotel in New York last year, and its failed USD14 billion offer for the Starwood group in March, made headlines, the study said buying of U.S. homes far outpaces investment in commercial land and buildings. Between 2010 and 2015, Chinese buyers put more than USD17 billion into U.S. commercial real estate, with half of that spent last year alone. But during the same period, at least USD93 billion went into U.S. homes, and in the 12 months to March 2015, the latest period for which relatively comprehensive data could be gathered, home purchases totaled USD28.5 billion. Chinese buyers are concentrated in the most expensive markets: New York, Los Angeles, San Francisco and Seattle, but Chicago, Miami and Las Vegas have also drawn buyers. That focus means they pay well above the average US home price: last year, Chinese buyers paid on average about USD832,000 per home in the U.S., compared with the average for all foreign purchases of USD499,600, the Shanghai Daily reports.

New home prices rise in more cities

New home prices rose in more Chinese cities in April, with gains in smaller cities outpacing first-tier metropolitan areas such as Beijing and Shanghai. Prices for new homes last month rose in 65 of the 70 cities tracked by the National Bureau of Statistics (NBS), up from 62 cities in March. Prices fell in five cities. The pace of gains cooled in Beijing, Shanghai, Shenzhen and Guangzhou for both new and previously-owned homes in April. In Shenzhen, new home prices rose 2.3% in April, compared to a 3.7% gain in March, while second-hand house prices in the city contracted 0.4%. Beijing's new home prices rose 3% in April, against 3.3% in the previous month. In Shanghai, prices for new homes were up 3.6% for the month, compared to 4.3% in March. Prices increased the most in Hefei last month at 5.7%. During the past 12 months, new home prices in the city are up 17.5%. Xiamen was the No 2 performer with prices increasing 5.2% in April from March. JPMorgan said in a report that the upbeat momentum in housing is positive news for the broader economy. It added that it is worth watching whether

the value-added tax (VAT) reform in the construction and real estate sectors, effective May 1, will negatively affect the activity in the real estate market, the South China Morning Post reports.

- Property developer Sunac China said it will approach land acquisition with caution as prices in some Chinese cities are unreasonably high. “When we look at the recent land prices in Nanjing and Suzhou, we see the risk is already too high at the current levels. I don’t see a bubble in the housing market as home prices are not too high when you take into account the land prices, but the bubble has formed in the land market,” Sunac Chairman Sun Hongbin said in Beijing.
- National investment in the real estate sector reached CNY2.53 trillion from January to April, an increase of 7.2% year-on-year, 1 percentage point higher than in the first quarter.
- Residential land prices in Hong Kong have fallen below the levels for some sites on the mainland, indicating that the city’s property correction is deepening and the price gap with major cities like Shanghai is narrowing. Hong Kong land prices are down to early 2015 levels.

RETAIL

China’s e-tailers looking for offshore bases

Chinese e-commerce firms are increasingly looking for logistics bases in Hong Kong and further afield. Warehouse rents have risen by 10% to 20% in Hong Kong since the mainland tightened import rules for e-tailers last month. The new rules, designed to standardize the booming e-commerce trade in imported goods, included limits on the products the platforms could sell, stricter customs procedures, and a more sophisticated tax regime. But they do not apply to products mailed directly to customers from overseas. For the time being, these still qualify as personal parcels and although they do attract a postal tax of 15% to 60%, in many cases they simply slip through the tax net. There are also fewer limits on what can be sent as personal parcels. Orders on e-commerce platforms selling imported goods have shrunk by 80% nationwide since the new policies were introduced, according to Alog, a Guangzhou-based logistics firm. Under the new tax scheme, higher taxes apply to some types of goods – including maternal and baby products – imported through bonded warehouses, but other products, such as cosmetics, will have lower taxes. Cao Lei, Director of the Hangzhou-based China E-Commerce Research Center, warned that direct shipping would offer only temporary relief. “No matter which model a company is employing, the government will not allow tax revenue to be lost and will eventually unify regulations,” he said, as reported by the South China Morning Post.

- China’s personal disposable income grew at a slower pace of 6.5% in the first quarter, compared with 7.4% in 2015. The percentage fall in income growth was much bigger than the percentage decrease in GDP during the same time period, as China’s GDP growth slowed to 6.7% in the first quarter from 6.9% in 2015. “Household income growth has weakened significantly, posing a threat to the prospect for consumption,” said Gao Yuwei, Researcher at the International Finance Institute of the Bank of China (BOC). Consumer sentiment has plunged in recent months, as the consumer sentiment index hit a 28-month low of 100 in March, versus 104.4 in February.

SCIENCE & TECHNOLOGY

China publishing the most scientific papers

China has become a key contributor to the global body of published research. Elsevier, the world’s largest publisher of scientific papers, said the nation was turning into a research superpower. “Over the last 10 years, we’ve witnessed that the growth of Chinese-authored articles is the highest in the world, making China the second highest global producer of scholarly articles after the U.S.,” said Jason Chan, Regional Director of Global Communications at Elsevier in Singapore. Between 2005 and 2014, the volume rose three-fold, while the share of Chinese-authored articles cited in global patents jumped from less than

5% to more than 10%. “No scientific publisher can ignore or deny the increasing significance and importance of China’s contribution to scholarly publishing as the country takes its place amongst the leading research-intensive nations,” Chan said. A large slice of China’s science spending currently goes to headline-grabbing projects, such as the 500 meter Aperture Spherical Telescope in Guangxi and the underground laboratory dedicated to particle physics in Sichuan province. In a bid to better tap the commercial potential of scientific innovations, Beijing is now offering a cut of the profits for researchers who make discoveries.

- Chinese President Xi Jinping emphasized further efforts to develop the social sciences. China is undergoing the most profound and widespread social reform in its history, requiring great theory and great minds, he said. Xi said the country’s study of philosophy and social sciences should focus on China and the contemporary era, while using foreign studies and history as a reference.
- China and the United States are “neck and neck” in the race to develop military applications for an ultra high-speed “Hyperloop” transport system. The technology under development would involve loading passengers into pods and projecting them through vacuum tubes at high speeds. One center researching the technology in China is the State Key Laboratory of Traction Power at Southwest Jiaotong University in Chengdu in Sichuan province.
- China has the best national environment for higher education institutions in Asia, according to Quacquarelli Symonds. The 2016 Higher Education System Strength rankings placed China at eighth worldwide, followed by South Korea, which ranked ninth. Japan was 10th. It was China's best performance of the past three years. The United States continued to lead the world in higher education.
- The Chinese Communist Party and the government have published a guideline for innovation to develop a growth model based on quality, rather than quantity. According to the guideline, scientific development should account for 60% of economic growth by 2020, and output from knowledge-based services is expected to account for 20% of the national economy. China aims to be among “the front-runner countries in innovation” by 2030 before going on to become a global leader two decades later.

STOCK MARKETS

BOC Aviation launches IPO

BOC Aviation has secured 11 cornerstone investors for its USD1.1 billion Hong Kong initial public offering (IPO), which is to become the largest listing by an aircraft lessor in at least five years since Air Lease Corp raised USD801 million in a 2011 IPO. Sovereign wealth fund CiC and China’s state-backed Silk Road Fund will each invest USD100 million, while CDB International has committed USD60 million. Singapore-based BOC Aviation, a subsidiary of Bank of China (BOC), is betting on booming demand for air transport in China. The lessor – the world’s fifth-largest by fleet size and fourth-largest by fleet value – is selling shares to raise funds for more new aircraft. United States plane maker Boeing forecasts Chinese demand of 6,330 new planes over the next 20 years with a total value of nearly USD1 trillion, making China one of the biggest markets for the aircraft manufacturing industry. China Life insurance Co and Chinese private equity firm Hony Capital have each committed USD50 million, while Boeing has agreed to invest USD30 million. BOC Aviation is set for its trading debut on June 1. The company owns and manages a fleet of 270 aircraft, and has another 241 on order.

- The Shanghai and Shenzhen stock exchanges will publish new rules on trading halts this week, the China Securities Journal reported, a move that would increase the chances of the country’s stocks being included in the global MSCI trading indexes. The rules are aimed at curbing arbitrary trading halts by companies listed in China and limiting the trading-halt period. Some public companies abuse the current system to announce merger and acquisition plans to push up stock prices and then say the deals fail, the report said.
- China’s securities regulator is considering new rules to make it more difficult for mutual fund companies to establish subsidiaries, in a bid to curb their expansion into shadow banking activities. Since China allowed such firms to set up subsidiaries in 2012, the

sector has grown rapidly, with 79 units now managing CNY9.8 trillion worth of assets. Under the proposed rules, fund houses will be required to have at least CNY600 million in net assets and not less than CNY20 billion worth of assets, excluding money-market funds, under management.

TRAVEL

Car-hailing market expected to grow further

China's car-hailing market is poised for an extended period of growth, stimulated by capital inflows as the major players aggressively compete. "The market was expected to reach CNY52 billion by 2018. But we found the estimate is too conservative," Zhang Xu, Analyst at Analysys International, said. Apple invested USD1 billion in Didi Chuxing, operator of China's top ride-hailing mobile application. The four major players Didi Chuxing, Uber, Ucar and Yidao Yongche, will have generous cash flows to expand to more cities in the coming year, Zhang said.

- Chinese investment in tourism will double to about CNY2 trillion by 2020, the China National Tourism Administration (CNTA) said in a report. Investment will hit CNY1.25 trillion this year, following a 42% rise last year to CNY1 trillion. Fast tourism growth promises rewards for firms like Ctrip.com International, Shanghai Jinjiang International Travel, Alibaba Group and Dalian Wanda Group. Online travel services, rural tourism, cruising and sports tourism were big investment areas. The private sector accounted for 57% of the total investment last year.
- Nearly a million people have visited the Shanghai International Tourism and Resorts Zone, home of Shanghai Disneyland, since trial operation was launched on April 26. Entry tickets to Shanghai Disneyland for the first two months after its grand opening on June 16 have been sold out.
- Air China took delivery of the first of 15 787-9 Dreamliners – the first airline in the country to do so – with the rest to be delivered over the next two years.
- HNA Group plans to buy a stake of up to 20% of Portuguese national airline TAP. HNA will buy an initial 7% stake in Atlantic gateway, the private consortium that owns half of TAP. The indirect stake could come through HNA's ownership of 23.7% of Brazilian airline Azul's shares. The Portuguese government also raised its stake in the company to 50% from 39%.

ONE-LINE NEWS

- The Michelin guide is scheduled to launch its Shanghai edition this autumn, unveiling its first-ever selection of the best restaurants in the city. It will also be Michelin's first selection in China.
- China's top 11 listed cement makers saw their combined net profit plummet 66% last year to CNY4.95 billion. They fell to a combined net loss of CNY347 million in last year's fourth quarter, and sank further into a loss of CNY625 million in this year's first quarter, as cement prices slid to a five year low since peaking mid-2011, despite a rebound in 2013, according to SWS Research.
- China is to strengthen cooperation with France in the hope that this will help boost the global economy, Premier Li Keqiang told French Foreign Minister Jean-Marc Ayrault in Beijing.
- Hanergy Thin Film Power Group, the Chinese solar company whose shares have been suspended amid a probe by market regulators, said its founder and main shareholder Li Hejun resigned as Chairman and Executive Director in a boardroom shake-up designed to improve the way the company is governed. Yuan Yabin, 48, will replace him.

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.

In addition, cooperation partners are being sought for three new projects:

- Technology request: A local VR (Visual Reality) company wants to find a business partner for cooperation.
- Business Offer: A local company wants to find a cage and box distributor in Europe.
- Business Offer: A local company wants to find a steel pipes distributor in Europe.

To receive a list of the projects and more details, send an e-mail to info@flanders-china.be

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