



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

# NEWSLETTER | 27 JUNE 2016

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## NOTICE

### New Chairman and Vice-Chairmen FCCC

After 11 years of personal efforts, Bert De Graeve (Chairman Bekaert) stepped down as Chairman of the Flanders-China Chamber of Commerce. It was decided at the General Assembly of the FCCC on May 27, 2016, that Stefaan Vanhooren would take over as Chairman. Stefaan is the President of Agfa-Graphics and Member of the Executive Committee of the Agfa-Gevaert Group. Since the establishment of the FCCC, Stefaan has been Vice-Chairman of the FCCC and he has accumulated many years of experience doing business in China.

Stefaan wishes to thank the departing Chairman for his efforts over many years. Bert De Graeve's efficiency and vision made the FCCC a powerful voice for Flanders-China relations.

"I am ready to devote myself totally to further strengthening the networking and dialogue between the business and scientific communities of Flanders and China. I look forward to working with new partners in many areas," Stefaan Vanhooren.



*Bert De Graeve*



*Stefaan Vanhooren*



*Bart De Smet*



*Philippe Van Der Donckt*

Mr. Bart De Smet, CEO, AGEAS and Mr. Philippe Van Der Donckt, Business Development Director, UMICORE, will both take up the Vice-Chairmanship of the FCCC.

Mr. Philip Eyskens, General Counsel and Vice-President Mergers & Acquisitions at Bekaert has joined the Board of Directors.

## FCCC/EUCBA ACTIVITIES

De Exportbeurs 2016 – 27-29 June 2016 – Brussels



**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](mailto:exportbeurs@fitagency.be) or contact the FIT office in your province.

## China workshop: Doing Business with China for SME's – 28 June 2016 – FIT Exportfair, Brussels

On 28 June, the Flanders-China Chamber of Commerce and Flanders Investment & Trade will organize a China workshop focused on Doing Business with China for SME's. This will take place at the FIT Exportfair from 15h15 - 16h00. This will take place at the FIT Exportfair from 15h15 - 16h00.

### Speakers:

- 15h15 Welcome by Gwenn Sonck, Executive Director Flanders-China Chamber of Commerce
- 15h20 "Winning in China" by Mr Bo Ji, Chief Representative, Cheung Graduate School of Business – Europe; Assistant Dean, Global Executive Education
- 15h40 "What keeps managers awake about banking in Asia?" by Mr Mathias Deferme, Relationship Manager KBC Hong Kong (15 min)
- As a manager you want to:
- 1/ eliminate the administrative burden as much as possible; and
  - 2/ obtain stable, long term and cross border financing solutions; and
  - 3/ minimize the trade risk of your business; and
  - 4/ be able to provide and hedge RMB payments.
- But most of all you want a local banking partner that understands your home market business and understand your real banking needs.

List of seminars and workshops at the Export Fair:

<http://www.exportbeurs.be/exportbeurs/pages/13688-programma>

## The 11<sup>th</sup> EU-China Business Summit – 13 July 2016 – Great Hall of the People, Beijing

*Please note that the final agenda is based on the availability of political leadership: the date may be changed to 12th July.*

Date: 13th July, 2016

Venue: Great Hall of the People, Beijing

Member Price: 2,500 RMB Non-Member Price: 3,500 RMB

The EU-China Business Summit is jointly organized by the European Union Chamber of Commerce in China (European Chamber) and the China Council for the Promotion of International Trade (CCPIT), under the patronage of the European Commission and the Ministry of Commerce (MOFCOM), and with collaboration from the EU-China Business Association and BUSINESS EUROPE.

The Business Summit is held in parallel with the Political Summit. EU and Chinese political leaders, the Premier of the People's Republic of China, Li Keqiang, President of the European Council, Donald Tusk and President of the European Commission, Jean-Claude Juncker will be joining the Political Leaders Plenary Session by delivering keynote speeches. This year's summit is expected to gather around 600 Chinese and European attendees, including Chinese Ministers and European and Chinese business leaders.

This Conference breakout sessions will most probably cover three key themes: New Industrial Revolution, Investment, and Connectivity.

To know more about speaking opportunities, contact [info@eucba.org](mailto:info@eucba.org) : Gwenn Sonck (EUCBA) or Graeme Wallace at the EUCCC : [gwallace@european-chamber.com.cn](mailto:gwallace@european-chamber.com.cn)

For more information and registration go to this link : <http://eu-china-business-summit.european-chamber.com.cn/>

## 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](mailto:gwenn.sonck@flanders-china.be)  
[www.flanders-china.be](http://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](http://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](mailto:gwenn.sonck@flanders-china.be)

## ACTIVITIES SUPPORTED BY FCCC

### Webinar: Technology Transfer Agreements in Mainland China – 8 July 2016

The China IPR SME Helpdesk is organizing a webinar on Technology Transfer Agreements in Mainland China on 8 July 2016; 10:00-11:00am (Brussels), 3:00- 4:00pm (Ho Chi Minh), 4:00-5:00pm (Beijing).

Technology transfer is a general term used to describe the commercialization of research and knowledge generated from the research base that includes universities and research institutions.

Many nations seek to engage in forced technology transfer, but no nation does it “better” or more than China. The IP considerations in any particular technology transfer deal with China will depend on the route selected to commercialize a new opportunity. This in turn will depend, amongst other things, on the technology, its level of market readiness, its ease of adoption, the extent of IP protection, the aspirations of the inventor or developer and the mission of the organization.

In this free webinar, China IPR SME Helpdesk expert Aaron Hurvitz will provide an introduction to Technology Transfer Agreements in China and will also give participants the opportunity to ask specific questions they may have. The presentation will last for 45 minutes followed by a 15 minutes Q&A session.

Language: English

[Register Now](#)

### 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 11<sup>th</sup> 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

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

The Flanders-China Chamber of Commerce (FCCC) organized a meeting with the future Consuls-General from Belgium to Shanghai and Guangzhou. This event took place on 20 June 2016 at BNP Paribas Fortis in Brussels.

This event was 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. Mr Stefaan Vanhooren, Chairman of the FCCC, made the opening speech at the event, which was concluded by an exchange of views and networking.

#### 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 Mortsels. 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.

## ADVERTISEMENT

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



Hainan Airlines, your direct link from Belgium to China.

Hainan Airlines is your 5 Star Airline awarded by Skytrax, operating direct flights from Brussels to Beijing. Save time, fly in comfort and have the possibility to connect to 50 domestic destinations including Hong Kong and Taipei. A seamless connection and a convenient transfer service will bring you via Beijing to your destination in Hong Kong.

## AUTOMOTIVE

### Jinqiao Group denies signing MOU with Tesla Motors

Jinqiao Group denied that it had signed a memorandum of understanding (MOU) with Tesla Motors to build Tesla production facilities in Shanghai. Bloomberg reported that each side would invest about CNY30 billion in the partnership, with Jinqiao putting up land for most of its shares. Tesla said it would not comment on rumors or speculation. Tesla plans to build a factory in China by the end of 2018. China became Tesla's second-largest market after the United States in the first quarter of 2016, with a more than 300% annual growth rate, but the electric-car maker faces import duties of 25%. Foreign electric-car makers are not allowed to establish wholly-owned e-car factories in China.

- The Shanghai Waigaoqiao Automobile Exchange Market Co was given a China Compulsory Certification (3C) for parallel imports of the BMW X5 xDrive35i – the first in Shanghai's free trade zone (FTZ). 3C is a mandatory safety mark for both domestic and imported products in the Chinese market. Parallel imported cars are usually 10% to 20% cheaper than those from authorized dealers.



- The Saab car brand is to disappear. National Electric Vehicle Sweden (NEVS), which was created to take over the assets of Saab automobiles in 2012 following the automaker's bankruptcy, said it will base its first electric vehicle, to launch next year, on the Saab 9-3 platform, but will use its own name as the trademark. Since Saab's 2012 liquidation, NEVS has used its Saab assets and Swedish know-how to develop a range of electric models with the help of Chinese capital. NEVS has a deal to supply 250,000 cars to Chinese rental company Panda New Energy.
- More than 40% of car owners have been charged extra or unnecessary fees by car dealers when they have had repair work done. Beijing Hyundai, Geely Emgrand and Guangqi Honda dealers were given the lowest score among 20 domestic and overseas automobile brands in terms of the quality of their after-sales service, a survey of 2,000 car owners by the Shanghai New Consumption Research Center, showed.

## EXPAT CORNER

### Internship work permit issued in Shanghai

Charles Vanoverschelde became the first French student to get an internship work permit under an agreement signed by China and France last year. The junior student at a business school in France will work in the product quality department of the Camaieu Apparel (Shanghai) Co, a French company in Shanghai, from July. In November last year, China and France signed an agreement to enhance international exchanges among students. Under the program, 1,000 students from both countries will take part in the program every year. French students, who have completed two years in a university, or those who have graduated from French or Chinese universities within a year, are eligible to apply under the program.

## FINANCE

### International institutions exaggerate China's debt risks

China's debt situation has been exaggerated by some international institutions and its debt default risk is under control and will not pose systemic threats, according to Ruan Jianhong, Deputy Director of the Financial Survey and Statistics Department at the People's Bank of China (PBOC). The Bank for International Settlements (BIS) said China's overall debt was as high as 254.8% of GDP at the end of last year, but Ruan said the bank has included some factors that should not have been taken into account, thus increasing its estimate. Whatever method is used, China's total debt load is still lower than that of some major world economies, Ruan said. Wang Kebing, Deputy Director of the Budget Department at the Ministry of Finance, said the government still has room to raise debt levels. This would help the private sector to lower its leverage, which has become the major driving force for debt piling up in recent years. Wang said the government, whose leverage is estimated to be about 39.4% of GDP, will continue to adopt a pro-active fiscal policy and increase leverage in stages. Sun Xuegong, Deputy Director of the Institute of Economics at the National Development and Reform Commission (NDRC), said China will help enterprises with short-term financial difficulties to conduct debt restructuring, excluding however "zombie enterprises" that waste resources. In the past three years, banks have written off CNY2 trillion in bad loans, the equivalent of 1.75% of bank lending, Wang Shengbang, a senior official at the China Banking Regulatory Commission (CBRC) said, as reported by the China Daily.

- Premier Li Keqiang said China will continue its prudent monetary policy and pro-active fiscal policy, maintaining reasonable growth in aggregate credit, to better serve the real economy. Li made the remarks at a seminar after a visit to China Construction Bank (CCB) and the People's Bank of China (PBOC). Commercial banks must better serve the real economy, small and micro businesses in particular, the Premier said.
- Chinese banks handled USD12.5 billion of net foreign exchange sales in May, down 47% from April. Chinese lenders bought USD127 billion worth of foreign currency last month and sold USD139.5 billion, the State Administration of Foreign Exchange (SAFE) said in a statement. The reduction suggests that the pressure of capital outflow is easing. Capital flows in and out of China will remain steady in the long term, SAFE predicted.

- China's growing population of wealthy people is set to benefit the country's nascent private banking sector. The investable assets of high-net worth individuals (HNWI) in China are expected to grow 15% annually between 2015 and 2020 to CNY102 trillion, to make up 51% of total investable assets of Chinese, said a report jointly released by the Industrial Bank and the Boston Consulting Group. Meanwhile the number of high-net worth households is set to rise 13% annually to 3.88 million by the end of 2020, making China the world's largest market for wealth management.
- The Monetary Authority of Singapore (MAS) said that it will include yuan investments as part of its official foreign reserves from this month. As of May, MAS held USD244.5 billion in foreign exchange reserves, the 11<sup>th</sup>-largest reserve holdings globally. If it were to raise the yuan's share to 5%, it would reallocate USD12.2 billion to yuan assets.
- China will allow direct trading between the yuan and the South Korean won on its inter-bank foreign exchange market from June 27. China is South Korea's largest trading partner. Bilateral trade was USD240 billion in 2014 and is expected to reach USD300 billion this year.
- The Board of the Asian Infrastructure Investment Bank (AIIB) has approved USD509 million for its first four projects. Three of the four projects are co-financed with the World Bank, the Asian Development Bank (ADB), the UK Department for International Development and the European Bank for Reconstruction and Development (EBRD). The projects include power grid upgrades in Bangladesh, slum renovation in Indonesia and highway construction in Pakistan and Tajikistan.

## FOREIGN INVESTMENT

### Challenges for Chinese companies using Britain as EU gateway

Chinese enterprises may face challenges in using Britain as a gateway to expand their businesses in other European countries after the United Kingdom voted to leave the European Union, according to an insider. Andrew Yuan, Managing Director of Hytera Communications UK, said Chinese companies in Britain are likely to see their businesses hurt by the decision, as many of them use their UK headquarters to cover business in other EU countries. "Take my company as an example. About 45% of our revenue last year came from European countries outside the UK. I am worried that about one-third of our businesses may be dampened if the UK actually leaves the EU." Hytera, a company based in Shenzhen, Guangdong province, specializes in designing and manufacturing mobile radio communications equipment. It set up a representative office in the UK in 2005, which has evolved into a headquarters covering markets in western and northern Europe. Zeng Gang, Senior Researcher at the Chinese Academy of Social Sciences' Institute of Finance and Banking, said the Brexit would hit the British pound, causing a negative impact on pound-related assets in Britain. "Chinese companies owning assets in Britain should readjust their strategies and look to diversify their investment in other European countries if they plan to expand their influence in Europe," he said. The United Kingdom, following the example of Switzerland and Norway, is expected to enter into free trade agreement (FTA) talks with China after withdrawing from the European Union, the China Daily reports.

- French electric equipment and automation company Schneider Electric will invest in more small and medium-sized high-tech companies in China through a specialized investment fund to help the company gain more quality technologies from selected Chinese SMEs. China is now the company's second-biggest market. It operates 26 plants, eight logistics centers, three research and development (R&D) centers and 40 branches in China.
- Encanwell Environmental Science and Technology Co, an air pollution monitoring and alerting system developer in Hebei province, has set up a joint venture with Ventilairsec, a French ventilation system manufacturer, in a deal brokered by Bank of China (BOC). The JV will produce smart indoor air quality control systems with a total investment of USD210 million. Their target clients include kindergartens, primary and middle schools, hospitals and hotels in China. Since 2014, BOC has held 23 cross-border matchmaking fairs for more than 7,000 SMEs from 52 countries and regions.
- Chinese companies invested nearly USD15 billion in countries taking part in Beijing's

new Silk Road initiative last year, up one-fifth from 2014, President Xi Jinping said in Uzbekistan. Under the “One Belt, One Road” program, China aims to invest in infrastructure projects including railways and power grids in central, west and southern Asia, as well as Africa and Europe. China has also dedicated USD40 billion to a Silk Road Fund. China’s trade with countries participating in the new Silk Road exceeded USD1 trillion in 2015, accounting for a quarter of its total foreign trade.

## FOREIGN TRADE

### Latest EU Trade Defense Report confirms increase in third-country measures against EU exports

The European Commission’s 13<sup>th</sup> annual report on trade defense actions taken by non-EU countries against EU exports shows there was an increase in the number of measures in force against EU in 2015 and that cases are becoming more complex. Against this difficult background, the Commission has achieved positive results and the best outcome for EU exporters. Some persistent problems remain.

The European Commission has adopted its 13<sup>th</sup> Annual Report on third country trade defense action taken against the European Union. The report sets out the general trends, achievements and problems faced in 2015. It also gives details of the more notable cases, including supporting statistics. The report is transmitted to the Council and the European Parliament.

Most of the trade defense measures against the EU in 2015 were in anti-dumping, although there were some safeguard measures too. The number of measures in force at the end of the year was 151, compared to 140 at the end of 2014. In 2015, 37 new measures were imposed against the EU, a comparable number to those put in place the previous year.

India, China, the U.S. and Brazil are the most prolific users of trade defense instruments against the EU, but several other countries have also been active. Steel was the sector most affected, with 19 new investigations in 2015, followed by the chemical sector with 7 new investigations. The year was also marked by an increased complexity of cases due to various factors such as the ongoing debate on global steel overcapacity and, in some countries, the economic context where TDI measures may be used for political reasons and be applied for protectionist purposes.

The European Union applies high standards in its own investigations and expects its trading partners to do the same. The European Commission actively monitors third country actions and intervenes in many cases in order to avoid the EU’s legitimate market access being restricted by unwarranted measures. Thanks to this and to cooperation with the EU industry and Member States, in 2015 the EU once again managed to avoid a number of unjustified measures and minimize their negative effects in different cases originating from various countries.

- China’s Ministry of Commerce (MOFCOM) criticized a decision by the United States to impose punitive duties on Chinese steel products, saying the U.S. steel industry was overprotected. The U.S. trade authority ruled that the U.S. industry had been “materially injured” by imports of cold-rolled flat steel products from China and Japan. As a result, the U.S. Commerce Department will levy anti-dumping and countervailing duties on imports of these products from China at a rate of 265.79% and 256.44%, respectively.

## HEALTH

### Public hospitals to face tougher scrutiny

Public hospitals are facing tougher scrutiny over prescriptions and tests as the government tries to find ways to cut costs and keep spending from growing more than 10% a year. Health costs have been rising at a double-digit pace for the past two decades, and the central government has admitted reforming the sector is encountering difficulties. Health care spending per capita rose an average of 17.49% a year between 1991 and 2013.

- Synthetic school running tracks in China are being made from industrial waste, including old rubber tires and discarded cables, Chinese media reported. Toxic substances – including benzene and formaldehyde – were discovered in a school running track in Beijing in May, which caused 70 primary school students to suffer nosebleeds and dizziness.

## IPR PROTECTION

### Walt Disney sues Chinese companies over Autobots movie

Walt Disney Co has taken three Chinese firms to court over concerns Chinese animated film The Autobots copied elements from Disney's own hit movie Cars. The dispute was over "copyright infringement" and "unfair competition", according to a notice on the Shanghai Pudong New Area People's Court website. Disney is making a major push into China with the recent opening of a USD5.5 billion theme park in Shanghai, its first in mainland China, while its animated movies, including Zootopia and Big Hero 6, have been big box office hits in the country.

- Qualcomm is suing Alibaba-invested smartphone maker Meizu in China for non-payment of a patent license fee under a new format following an anti-monopoly probe. Qualcomm has filed the complaint in the Beijing Intellectual Property Court. The related patents include 3G and 4G wireless communications technologies, said Qualcomm.

## MACRO-ECONOMY

### Domestic robot makers expand market share

China's domestic robot makers have expanded their market share to 31% in 2015, while in 2013 it was only about 25%, according to a report by the International Federation of Robotics. Sales of industrial robots grew 17% year-on-year in 2015 in China, with 68,000 industrial robots sold. Due to the economic slowdown and China's reforms in the manufacturing sector, the growth rate slackened last year. Robot sales in 2014 were up 56% on the previous year. Nonetheless, China surpassed the total market volume for Europe, whose total sales for industrial robots in 2015 was 50,000 units.

- Hong Kong's richest man, billionaire Li Ka-shing, said China's economic outlook is bright in the long term. China continues to have a trade surplus, the services industry is generating income and foreign money is flowing in, he said in his first interview with international media since 2012. He also indicated that investors focusing on the country's rising debt levels are missing out on the larger picture. His Cheung Kong Property Holdings earns about half of its revenue from mainland China.
- China has ordered local authorities nationwide to check on energy use by coal and steel companies to speed up the closure of plants and mines that fail to reach certain efficiency standards. They will be given a maximum of nine months in which to improve or be closed, according to the National Development and Reform Commission (NDRC). China has vowed to slash steel capacity by 100 million to 150 million tons over five years from around 1.1 billion tons, and reduce coal production by 500 million tons in the next three to five years from its annual output of 3.7 billion tons.
- The profit decline posted by China's state-owned enterprises (SOEs) widened in the first five months of this year. Profits fell 9.6% year-on-year to CNY837.39 billion in the January-May period, data from the Ministry of Finance said. SOEs in the oil, chemicals and building materials sectors posted substantial profit declines, while coal, steel and non-ferrous metal SOEs continued to suffer losses. However, transport and pharmaceutical SOEs posted big profit increases. SOE revenues fell 0.6% to CNY17.2 trillion.

## MERGERS & ACQUISITIONS

### Tencent in take-over of Finland's Supercell game maker

China's Tencent has agreed to buy Finnish game-maker Supercell, creator of "Clash of Clans," from Japanese mobile firm SoftBank for USD8.6 billion. Tencent said Supercell management would retain operational independence and the firm would still be based in Finland. SoftBank had bought a 51% stake in Supercell for some USD1.53 billion in 2013 before increasing its stake to about 73% in 2015. A joint statement by the three companies said it was SoftBank's "privilege to be part of Supercell's incredible growth story." Supercell Chief Executive Officer Ilkka Paananen said the company has created four top games in the past six years which are now being played by over 100 million people every day. "This new partnership offers us exciting growth opportunities in China, where we will be able to reach hundreds of millions of new gamers," he said. Tencent in May reported a 33% surge in net profit for the first quarter of 2016, beating analyst estimates, the Shanghai Daily reports.

- Australia has granted a three-year extension for a Chinese company to reduce its 80% stake in Australian cotton farm Cubbie Station after it indicated it could not meet the October 2015 deadline. Australia approved the sale of Cubbie Station to a consortium of Shandong Ruyi Scientific & Technological Group Co and local company Lempriere on the provision that the textile manufacturer would reduce its holdings to 51% within three years.
- Russia, the world's top oil producer, is reported by Bloomberg to seek Indian or Chinese buyers for a stake of 19.5% in Rosneft as part of efforts to cover budget deficits and privatize its state-owned sector. China National Petroleum Corp and Indian Oil & Natural Gas Corp have shown interest in the sale, which would fetch at least USD11 billion.
- The value of China-related M&A deals totaled USD146.4 billion in the April-June quarter, a 36.2% tumble from the first three months and down 34.1% year-on-year, according to data released by Thomson Reuters. That offset a blistering first quarter when growth surged over 30%, and brought the total deal value in the first half of the year to USD375.8 billion, up 2.8% from the same period last year. Chinese companies spent USD111.6 billion on outbound acquisitions in total value in the first six months of this year, surpassing the USD111.5 billion for the whole 2015.
- Weichai Power, through its European unit KION Group, has agreed to buy loss-making Luxembourg-based DH Services, a supplier of automation technology, for around USD2.1 billion in a deal that will enable the Shandong province-based automotive and equipment maker to tap growing logistics demand from the e-commerce sector.

## RETAIL

### China's consumer sentiment to weaken slightly this year

China's consumer sentiment will weaken slightly this year, but wealthy households and young people will be a strong source of spending. Three-quarters of consumers said they would maintain or increase their spending compared to last year's levels, down from 81% in 2015, according to the Boston Consulting Group in its survey of 3,500 people. "Even as sentiment moderates a bit, it is important to note that we are looking at a slowdown in consumption growth," said partner Jeff Walters. "Consumption in 2016 will be tantamount to consumers' moving from the fast lane to the middle lane on the economic highway. They are not pulling into the breakdown lane." More than 40% of urban households have monthly incomes exceeding CNY8,000, which puts them in China's middle class. Household income growth declined to 8.7% in the first quarter, down from 9.4% a year earlier, amid the slowdown in the industrial sector, which employs the bulk of middle class workers. The number of families with a disposable monthly income of more than CNY12,000 is expected to double to about 100 million and account for 30% of the urban population by 2020. Their spending is expected to grow 17% this year. Most affluent consumers are employed in the high-end services sector, the South China Morning Post reports.

- A new alliance between Walmart Stores and JD.com is expected to give Walmart

wider customer access and expand its opportunities in e-commerce. Walmart will receive about 5% stake in JD and the companies will partner in several strategic areas. Sam's Club China will open a flagship store on JD platform, vastly expanding the availability of Sam's Club's imported products across China. It will offer same- and next-day delivery through JD's nationwide warehousing and delivery network.

- Parkson Retail Group, the retail division of the Malaysian Lion Group, will transform department stores into broader commercial complexes and will expand to lower-tier cities, said William Cheng, Executive Chairman of Lion Group. Cheng was speaking at a meeting on the eve of the Lion Mall's opening in Qingdao, the group's first comprehensive shopping destination in China, hosting department stores, shopping malls, restaurants, cinemas and an indoor entertainment park. Parkson has closed more than 10 stores in more than five cities in China in the past five years.
- Dutch dairy firm Royal FrieslandCampina is bullish on the long-term growth of the dairy market in China and plans to expand its business in third- to six-tier cities and rural areas. Together with Suning Commerce Group, it plans to launch online and offline stores to bring high-quality Dutch dairy products to rural areas in China next year.
- McDonald's Corp has received more than half a dozen bids for its planned sale of Chinese mainland and Hong Kong stores, including offers from Beijing Tourism Group, Sanpower Group and China National Chemical Corp. McDonald's is offering a 20-year master franchise agreement to buyers, but has put in place restrictions that have discouraged some private equity firms from participating in the process. The deadline is June 27.
- For the first five months this year, China's jewelry industry has experienced its first distinct decline in a decade, with many leading jewelry retailers suffering falling revenues and profits. The largest Hong Kong-listed jeweler, Chow Tai Fook Jewelry Group, cut 4,600 staff last year. It saw a 46% plunge in its annual profit year-on-year. This year, Chow Tai Fook plans to close seven to eight jewelry stores in Hong Kong. The retailer saw the jewelry sales in the Chinese mainland, where it runs 2,057 stores as of March, decline 21.3% compared with a year earlier.
- China, the European Union and the U.S. have pledged to increase cooperation to ensure the safety of products sold online amid the huge rise globally in internet shopping. Officials from the three sides said in a statement after a product safety summit in Beijing that regulators would closely monitor online sales, especially cross-border e-commerce. The EU has so far filed 11,540 notifications over dangerous products with China through the Rapid Alert System China mechanism that allows both sides to share information about dangerous consumer products. Only 3,748 follow-up actions were taken, however.
- Data from Forrester Research showed that China's online retail market will reach USD1.1 trillion by 2020. That would be nine times larger than Japan's USD122 billion market and 17 times greater than South Korea's USD65 billion market in the same period.

## SCIENCE & TECHNOLOGY

### Chinese supercomputer No 1 with Chinese processors

A Chinese supercomputer has topped a list of the world's fastest computers for the seventh straight year – and for the first time the winner uses Chinese-designed processors instead of U.S. technology. The Sunway TaihuLight at the National Supercomputing Center in Wuxi, Jiangsu province, was developed by China's National Research Center of Parallel Computer Engineering & Technology using Chinese-designed processors. The TaihuLight is capable of 93 petaflops, or quadrillion calculations per second, according to TOP500. Its top speed is about five times that of No 3-ranked Oak Ridge's Titan, which uses Cray, NVIDIA and Opteron technology. The TaihuLight uses Chinese-developed Shenwei processors, "ending any remaining speculation that China would have to rely on Western technology to compete effectively in the upper echelons of supercomputing," TOP500 said in a statement. The second-fastest computer, the Tianhe-2 at the National Supercomputer Center in Guangzhou, is capable of 33 petaflops, using chips made by Intel Corp.

China also displaced the U.S. as the country with the most supercomputers in the top 500. It had 167 systems, compared with 165 from the U.S. Japan was No 3 with 29 systems. Supercomputers are used for specialized purposes that include weather forecasting, nuclear weapons design, and analyzing oilfields. "Considering that just 10 years ago, China claimed a mere 28 systems on the list, with none ranked in the top 30, the nation has advanced further and faster than any other country in the history of supercomputing," the TOP500 organizers said in a statement. Jack Dongarra, Professor of Computer Science at the University of Tennessee and editor of the list, told Xinhua News Agency: "It's a trend with China. They had no systems in 2001, and today they surpass the United States. No other nation has seen such rapid growth."

- China on June 25 launched an experimental probe on its new Long March 7 rocket from the new Wenchang Satellite Launch Center in Hainan. On June 26 the probe returned to earth and was recovered in Inner Mongolia. The mission was in preparation for placing China's second space station into orbit in September. Since launching its first manned mission in 2003, China has sent up an experimental space station, the Tiangong 1, staged a spacewalk and landed its Yutu rover on the moon. China's space program plans 20 space missions this year.

## STOCK MARKETS

### China to allow foreign firms to issue shares

The People's Bank of China (PBOC) is considering allowing foreign companies to issue shares on the mainland as part of its drive to reform the convertibility of the yuan and open up China's capital market. Beijing will press ahead with reforms to allow individuals to invest in overseas capital markets directly, according to the central bank's 2015 annual report. Beijing hopes introducing foreign companies to China's capital market will give more options to choice-starved investors and shore up the corporate governance of domestic listed firms. Without specifying a time frame, the central bank said "in future" it would allow qualified foreign companies to issue shares on the mainland, including Chinese depositary receipts (CDRs). These are certificates issued by Chinese banks that represent a pool of foreign equity traded on Chinese exchanges. CDRs are similar to American depositary receipts (ADRs), which have been widely used by Chinese companies to issue shares in the U.S. market. China would launch the qualified domestic individual investor scheme, known as QDII2, at a "proper time" to facilitate financial investment by individuals in overseas markets, the central bank said in highlighting its key tasks in making the yuan fully convertible under the capital account, the South China Morning Post reports.

- The Hong Kong Stock Exchange (HKSE) held a systemwide test run for stock links with Shenzhen, boosting hopes that the Hong Kong-Shenzhen stock connect scheme would be launched soon. Anthony Ho, Deputy CEO at Amundi Asset Management in Hong Kong, said he believed the upcoming connect scheme would pump liquidity into the cross-border equity markets and serve as a stepping stone for the further opening up of the capital markets on the Chinese mainland.
- Shanghai shares fell after the UK voted to leave the European Union, joining global market turmoil. The Shanghai Composite Index lost 1.3% to close at 2,854 points, with financial shares declining. The gauge dived 2.91% after the results of the referendum were known, but rebounded quickly when national funds stepped into the market. Gold mining company shares jumped.

## VIP VISITS

### President Xi visits Poland and Kazakhstan

During Chinese President Xi Jinping's visit to Poland, both countries agreed to upgrade their ties to a comprehensive strategic partnership, an upgrade from the strategic partnership established in 2011. Xi said he was hoping that cooperative projects, including a China-Europe freight train service, could play a leading role in the joint construction of the Belt and Road initiative. Some 40 deals and memorandums of understanding (MOUs) were signed, mostly related to construction, raw materials, energy, new technologies, finance and science. Xi urged

Poland to “fully take advantage of its position as a founding member of the Asian Infrastructure Investment Bank” to do business. Following Serbia, Poland was the second leg of Xi’s three-nation Eurasia tour. President Xi Jinping, accompanied by Polish President Andrzej Duda, attended a ceremony to mark the arrival in Poland of the first China-Europe Block Train. China currently has 39 rail services to Europe. They start from 16 cities, including Chongqing, Suzhou, Chengdu and Zhengzhou, and terminate in 12 European cities, including Warsaw, Madrid and Hamburg. On June 8, China Railway Corp brought the 39 rail lines together under the umbrella name China-Europe Block Train, giving the trains the same type of locomotive and uniform decoration. On the same day, eight trains set off from China to Europe.

President Xi Jinping proposed joint efforts with Russia and Mongolia to achieve fruitful results in building an economic corridor linking the three countries. The nations should also enhance cooperation in areas including infrastructure interconnection, investment, production capacity, culture and environmental protection, he said. Xi made the remarks at a trilateral meeting of leaders from China, Russia and Mongolia on the sidelines of the Shanghai Cooperation Organization (SCO) summit.

## ONE-LINE NEWS

- Lu Ziyue, former Mayor of Ningbo in Zhejiang province, has been expelled from the Chinese Communist Party and dismissed from public office following a corruption investigation. Lu was also found to have intervened in the work of judicial departments.
- China and the European Union (EU) have set up a dialogue mechanism for legal matters, according to the State Council's Legislative Affairs Office. The mechanism is a result of an agreement at the 17<sup>th</sup> China-EU leaders' meeting in June last year. More than 60 officials and experts from both sides participated in the first round of dialogue.
- Anhui province has banned alcoholic beverages at official banquets, except those held to attract investment or involving foreign affairs. The new rule is considered the toughest across the country and was made in response to criticism from the Central Commission for Discipline Inspection (CCDI). Xinhua News Agency said recently that drinking at banquets may easily breed corruption.
- Chinese prosecutors have successfully sued a county environmental agency in Shandong province for inadequately punishing sewage firm Qingshun Chemical Technology Co that produced dye without appropriate safeguards. It was the first ever lawsuit against an environmental protection department in China.
- Chinese authorities have rolled out a new policy on purchasing office equipment and furniture in another bid to cut government spending. The policy covers a wide range of office supplies, from computers, scanners and copiers to conference tables, sofas and book shelves.

## 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](mailto:info@flanders-china.be)



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