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EU-China Business Association
欧盟中国贸易协会

11th EU-China Business Summit – 13 July 2016 – Beijing

11th EU-CHINA BUSINESS SUMMIT – 13 JULY 2016 – BEIJING

The 11th EU-China Business Summit “Emerging Opportunities from a Changing Industrial Landscape” – 13 July 2016 – Great Hall of the People, Beijing

The 11th EU-China Business Summit was held on 13 July, 2016 at the Great Hall of the People in Beijing under the central theme of “Emerging Opportunities from a Changing Industrial Landscape”.

Mr Philippe Van Der Donckt, Vice Chairman FCCC, and Mrs. Gwenn Sonck, Secretary General EUCBA and Executive Director FCCC, represented the EU-China Business Association (EUCBA) and the FCCC at the Summit.

The EU-China Business Summit was 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 was 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 Junker joined the Political Leaders Plenary Session by delivering keynote speeches. This year’s summit gathered around 600 Chinese and European attendees, including Chinese Ministers and European and Chinese business leaders.

Breakout sessions covered three key themes: New Industrial Revolution, Investment, and Connectivity, and featured senior representatives from both European and Chinese companies.

Premier Li Keqiang urges EU to fulfill WTO promises

Premier Li Keqiang urged the European Union to keep its commitment under the World Trade Organization (WTO) framework and stop imposing unfair anti-dumping investigations against Chinese exporters. Li called on the EU to follow Article 15 of the Accession Protocol of China's entry into the WTO, which says all WTO members should stop following subrogate country measures in anti-dumping cases against China by December 11, 2016. Under such measures, importers can use production costs in a third country to define the value of exports from a non-market economy when calculating the dumping margin. Many anti-dumping investigations on Chinese exports were conducted under this mechanism despite China having successfully built a market economy after decades of reform and opening-up, Xinhua reported.
Li co-chaired the 18th China-EU Leaders' Meeting with European Council President Donald Tusk and European Commission President Jean-Claude Juncker on July 12 in Beijing. Li said that China firmly supports Europe's integration process and wants to see a stable, flourishing and strong EU. China is willing to work with the EU to reach a high-level investment agreement and initiate feasibility research of a free trade zone (FTZ), both aiming to boost liberalization and facilitation of trade and investment, Li said. Li called on both sides to enhance cooperation in infrastructure construction, 5G, network security, maritime sectors and people-to-people exchanges.

The Premier also called for further cooperation with Central, East and South Europe to enhance balanced development of the continent. He said China is willing to cooperate in fields such as infrastructure, third-party markets, innovation and research, and cybersecurity.
Both sides signed an agreement on energy cooperation at the Great Hall of the People after a meeting lasting an hour and a half. Last year, China and the EU decided to link up China's Belt and Road Initiative with the EU's investment plan, as well as establish a China-EU mutual investment fund and a China-EU connectivity platform.

Remarks by EU President Donald Tusk at the EU-China summit in Beijing

Mr. Donald Tusk, President of the European Council, addressed the EU-China Summit, saying he was pleased to meet Chinese Premier Li Keqiang in Beijing. The Summit gave Chinese and European leaders the opportunity to demonstrate the strength of our Strategic Partnership in these testing times, he said. President Tusk said that the European Union welcomes China's Presidency of the G20 this year in Hangzhou. “As two of the largest economies in the world, the EU and China have an important stake, as well as responsibility, in ensuring the growth and stability of the global economy,” and “the European Union looks forward to closely work with China to resolve international conflicts and address foreign policy priorities," Tusk said.

He emphasized that global issues, like migration, international development assistance, the environment and fighting climate change, can only be resolved through a global response, for which a collaborative EU-China relationship is crucial. Tusk said that the protection of the rule-based international order may be the biggest challenge ahead of us.

Globalization brings many benefits to our nations, but more and more people feel that it is happening without rules, the President of the European Council said. If we let these feelings grow, the first victims will be the Chinese and European economies, not to mention people. "Today's summit should send a message to our people and to the rest of the world of our joint commitment to our Strategic Partnership," Donald Tusk said.

Link to Donald Tusk's speech

In a second speech after the conclusion of the 18th summit between the European Union and China, President Tusk said both parties had rich and sometimes very candid discussions on all dimensions of their relations, adding that talks with President Xi and Premier Li were "fruitful and conclusive", moving the strategic partnership between the European Union and China forward. Ahead of the September G20 summit in China, both parties agreed to tackle the migration crisis at the global level. They also agreed to have another round of dialogue between the EU and China about human rights this year in Brussels.

Donald Tusk also said he had the opportunity to visit the National Museum in Beijing, giving him "a chance to appreciate Chinese history and its impressive culture". He concluded by saying that progress was made "also thanks to the openness and frank approach by both President Xi and Premier Li."

Link to Donald Tusk's speech

Remarks by European Commission President Jean-Claude Juncker at the EU-China Summit in Beijing

Mr. Jean-Claude Juncker, President of the European Commission, addressed the EU-China Business Summit in French. He mentioned that he came to China for the first time 20 years ago in 1996 and immediately fell in love with the country. He said he was – then as now – impressed by China's history and civilization. Together, China and Europe, can raise the prosperity and well-being of the people of China and the peoples of Europe, and strengthen the stability of the world. Many wonder what road Europe will take after the decision of the British people to leave the European Union, Juncker told his audience, emphasizing that Europe – even the Europe of 27 member states – is and would remain the second largest economic zone in the world.

Commission President Juncker reviewed the past four decades of relations between the European Union and China and the progress achieved. The European market has made it possible to speed up the Chinese economic miracle through exports, Juncker said, and it allowed millions of people to rise out of poverty. We are at the dawn of a new era in our bilateral relations, and its success will depend on how we tackle the complex process of transformation together, Juncker said.

Link to Jean-Claude Juncker's speech (in French)

EUCCC President Joerg Wuttke addresses the Summit

Mr. Joerg Wuttke, President of the EU-China Chamber of Commerce in China addressed the Summit. "Sixteen years ago the founders of the European Chamber brought more than just an additional business organization to China. They also brought a new commitment to reform, conceived in the belief that China can do better, and dedicated to the proposition that fair trade and a level playing field for investment benefits China first and foremost. They also understood that a China that reforms is of great benefit to EU business", he said. He added that both China and Europe are engaged in challenging times.

"We meet today, while the global economy is fragile, the ugly face of protectionism is rearing its head and populism challenges growth as well as the livelihoods of many of our citizens. We have come to pledge new ideas, formulate new solutions and to express our confidence in the ability of our leaders to steer our regions through troubled waters," the President of the EU-China Chamber of Commerce in China said. "The members of the European Chamber are known for doing diligent work with our 400-page *Position Paper*, not mincing words while discussing overcapacity and remaining confident in China's ability to reform as they meet dignitaries in Beijing, as well as in the other eight cities where our chapters maintain offices," Wuttke said. "The EU and China, each struggling with the pain of transition, are too big to fail in their efforts. It simply isn't an option," the EUCCC President concluded, saying the 1,600 members of the European Chamber in China are able, willing and committed to do their bit, small as it might be.

Link to President Joerg Wuttke's speech

President Juncker and Premier Li witness the signature of 12 new urbanization partnerships at EU-China Summit

President of the European Commission Jean-Claude Juncker and China's Premier Li Keqiang witnessed the signature of 12 new partnerships between Chinese and EU private and public entities in the field of urbanization. The signature ceremony took place on 13 July, on the sidelines of the EU-China Summit.

This third batch of partnerships signals a step forward in the implementation of the EU-China Sustainable Urbanization Partnership, launched at the highest level in 2012. Most of these partnerships involve EU companies specialized in the improvement of the urban environment, on the one hand, and Chinese local authorities who wish to rely on this expertise in their efforts to develop a more sustainable approach to urbanization, on the other.

The organization of this event reflects the EU's strong commitment to support EU business in sectors related to urbanization (which are often SMEs) to access the Chinese market. This endeavor is carried out in close collaboration with EU member states: the Ambassadors of Sweden, Lars Fredén, and Italy, Ettore Francesco Sequi, as well as representatives of the Embassies of the Netherlands and Austria, attended the signing ceremony, according to the website of the Delegation of the European Union to China.

Press conference by Presidents Tusk and Juncker

President of the European Council Donald Tusk and President of the European Commission Jean-Claude Juncker gave a press conference for the domestic and foreign press on July 13 at the Embassy of the Delegation of the European Union to China in Beijing. They were introduced by Ambassador Hans-Dietmar Schweisgut. Follow the links to view the relevant segments of the press conference:

Introduction by EU Ambassador to China Mr. Schweisgut

Remarks by President Tusk

Remarks by President Juncker

Q&A

Premier Li attends 11th Asia-Europe Meeting (ASEM) in Mongolia

Chinese Premier Li Keqiang attended the 11th Asia-Europe Meeting (ASEM) on July 15 in Ulan Bator, Mongolia. Belgian Minister of Foreign Affairs Didier Reynders also attended. Premier Li Keqiang said he expected growing cooperation among Asian and European nations guided by pragmatism. In elaborating on his proposal of "renovating the Euro-Asia cooperation concept", Li urged ASEM members to foster an awareness of a community of shared responsibilities and destinies, to effectively counteract challenges besetting Asia and Europe. At the summit, Li suggested ASEM members engage in dialogue and cooperation, and prevent new sources of tumult from occurring in their own regions so as to safeguard world peace and regional stability. The global community should advocate unity and coordination, he said, and discard a Cold War mentality and zero-sum game. The Premier said China opposed any country distorting international law and applying a double standard in addressing disparities and disputes.

Link to Remarks by Premier Li Keqiang

High Representative Mogherini gives a speech at the Chinese Academy of Social Sciences

Vice President of the European Commission and High Representative of the European Union for Foreign Affairs and Security Policy, Federica Mogherini, on July 13, 2016 gave a speech at the Academy of Social Sciences in Beijing (CASS).

Mrs. Mogherini said that it was the first occasion to present the EU's Global Strategy after introducing it to the European Council, the European Union Heads of State and Government, at the end of June. The High Representative was in Beijing on the occasion of the EU-China Summit. "This is a very intense and complex moment both for our European Union and for our world. And in a moment like this, I really appreciate this exchange of views with an audience like this one, like yours," Mogherini said. Besides the Global Strategy, she also shared a few thoughts on the new EU Strategy on EU-China relations. She also said it was important "to try and look at Europe from the outside, through your eyes," because "our friends and partners around the world see the value of our Union much better than we Europeans do".

Link to the full text of Vice President and High Representative Federica Mogherini's speech

EU Trade Commissioner urging deeper global and bilateral trade and investment ties

During a four-day visit to China, EU Trade Commissioner Cecilia Malmström spoke to students at the University of International Business and Economics (UIBE) in Beijing. She stressed the enormous benefits that the EU-China relationship had brought to both sides and argued that in addressing their own major challenges – a sustained economic recovery across the EU and reform and opening up in China – both sides would benefit each other as well as their own citizens.

She highlighted a number of concerns on the lack of a level playing field for EU firms doing business in and with China, stressed the potential of negotiations for an EU China Investment Agreement and argued for joint EU and Chinese leadership in the World Trade Organization (WTO). The Commissioner's visit to Beijing follows meetings in Shanghai for the G20 meeting of trade ministers, where she and other representatives of the world's leading economies stressed the importance of trade and investment for global growth and employment and recommitted to their pledge to avoid protectionism.

The Commissioner also participated in the EU-China Summit alongside President Juncker, President Tusk and Vice President Mogherini. In parallel she gave a speech to business leaders at the EU-China Business Summit.

Read the speech at the UIBE in Beijing

Read the speech at the EU-China Business Summit

FCCC/EUCBA ACTIVITIES

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) and the Flanders-China Chamber of Commerce.
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. 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”.

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.

For more information, go to this link : http://www.eu-china.org.cn
EU-China Business Association - www.eucba.org - Flanders-China Chamber of Commerce - gwenn.sonck@flanders-china.be

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

EU trade mission to Beijing on circular economy – 23-25 November 2016 – Beijing

The European Union is organizing a trade mission to Beijing from November 23 till 25 for companies in the circular economy. The mission is being organized concurrently with the China International Circular Economy Exhibition (http://en.chinacace.org – www.chinacace.org). The aims and the sectoral focus of the European trade mission are as follows:

- To help EU green business and in particular SMEs to operate internationally by exploiting green business opportunities in the European Union and in China
- To promote green business partnerships in targeted sectors by participating in matchmaking events with local entrepreneurs
- Resource efficiency and sustainable use of natural resources
- Eco-innovation
- Chemicals
- Waste management
- Water management
- Energy saving

More information on the European-Chinese circular economy trade mission is available at: https://ec.europa.eu/eusurvey/runner/RegistrationCEMChina

The mission is organized by the Directorate-General Environment of the European Commission. Contact person is Senior Expert Véronique Hyeulle (Veronique.Hyeulle@ec.europa.eu – tel: 02-2990235)

Interested companies can register online.

PAST EVENTS

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 organized a China workshop focused on Doing Business with China for SME's. This took place at the FIT Exportfair.

Following a word of welcome by Mrs. Gwenn Sonck, Executive Director Flanders-China Chamber of Commerce; Mr Bo Ji, Chief Representative, Cheung Graduate School of Business – Europe, Assistant Dean, Global Executive Education, talked about "Winning in China". "What keeps managers awake about banking in Asia?" was presented by Mr Mathias Deferme, Relationship Manager KBC Hong Kong. He explained that 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.

The list of seminars and workshops which were held at the Export Fair is available at:
http://www.exportbeurs.be/exportbeurs/pages/13688-programma

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.

AUTOMOTIVE

China’s automobile exports decrease in first half

China's automobile exports tumbled in the first half of this year to 340,000 units, 10.8% fewer than in the first half of last year. Exports of vehicles, chassis and auto parts brought in a total of USD27 billion, a fall of 6.3% on last year's figure. They dropped 5.6% year-on-year in June. Commercial vehicle exports slumped by 33.4% in the first half of the year to around 114,000 units, while passenger car exports dipped by 6.5% to about 200,000 units, according to the China Association of Automobile Manufacturers (CAAM). “If Chinese car makers can grasp a 20% to 30% share in the international market, then we can say the industry has matured,” said Deputy Secretary General of CAAM, Shi Jianhua. CAAM found that Latin America, Eastern Europe and Southeast Asia were the major automobile export destinations. Research by Deloitte Consulting showed that Iran was the leading destination for Chinese vehicles last year, accounting for 14% of the country's auto exports, followed by 10% to Vietnam, and 5% to Egypt, Chile, and Venezuela respectively. Many Chinese carmakers opted to build factories abroad to reduce export costs due to the host countries' import tariffs, non-tariff barriers, and drastic currency fluctuations, according to Deloitte. In contrast to the export situation, China's domestic market achieved higher than expected growth for both June and the first half of the year. However, CAAM maintained its 6% annual growth rate prediction for market volume this year. Nationwide, vehicle deliveries jumped 8.14% year-on-year to 12.8 million units from January to June, and this was accompanied by a 9.23% rise in the volume of passenger car sales to 11 million units, the China Daily reports.

- China will allow foreign firms to set up wholly-owned electric vehicle battery manufacturing plants and foreign wholly-owned petrol stations in four free trade zones in Shanghai, Guangdong, Tianjin and Fujian. China is the world's largest and fastest-growing electric vehicle market.Until now, a foreign ownership stake in electric vehicle battery manufacturing plants was restricted to less than half. LG and Samsung set up plants in Nanjing and Xian respectively last October.
- Shanghai Samsung Semiconductor has bought a CNY3 billion, 1.92% stake in Chinese electric-car maker BYD, becoming its ninth biggest investor. The two companies plan to cooperate in electric-vehicle components and promote automotive-related businesses. Last year China surpassed the United States for the first time to become the world's biggest electric-vehicles market. The Chinese government wants the sales of electric vehicles to exceed 3 million units by 2025.

EXPAT CORNER

China to set up immigration office

China is planning to set up its first immigration office under the Ministry of Public Security before the end of the year. It would be created by merging and expanding the Ministry's border control and entry-exit administration bureaus. Further details are still sketchy, but the move points to the importance of foreign talent recruitment in China. The central government released a document on foreigners' permanent residency in February that said it "will further improve the organizational setting and the delegation of responsibility of immigration affairs, and place the functions of drafting permanent residency policies, review, approval and daily service under a single agency". Wang Huiyao, President of the Center for China and Globalization, said that "Foreign talent is important to help promote innovation and the setting up of new businesses. In the United States, one-third of patent holders, nearly half the founders or co-founders of its top 50 listed corporations and nearly half its doctoral degree holders in science and engineering are immigrants." About 600,000 foreigners work in China, a tiny proportion compared to the country's 1.3 billion people. By contrast, in major international cities, immigrants account for 20% to 80% of the population, according to the International Organization for Migration (IOM). Wang said an immigration bureau should integrate responsibilities that are now scattered throughout many government departments, the China Daily reports.

FINANCE

China introduces new transfer pricing documentation rules to implement BEPS country-by-country reporting

On 13 July 2016, the State Administration of Taxation (SAT) finally released the long-awaited Bulletin 42 to revise the transfer pricing documentation requirements under Circular 2. By introducing the key recommendations under Action Plan 13 of the Base Erosion and Profit Shifting (BEPS) Project, Bulletin 42 will have a far-reaching impact on taxpayers.

In its latest alert, the China Tax Group of Baker & McKenzie will first look at who is affected by Bulletin 42. it will then discuss key provisions introduced under this bulletin and their implications on multinational companies (MNCs). Finally, it will provide some recommendations to MNCs on how to ensure compliance with the new transfer pricing documentation requirements and how to develop appropriate strategies to safeguard their tax interests in China.

Download the alert

Citigroup Chief Economist calls on China to liberalize capital account

To get rid of one-way expectations that the yuan will depreciate, China must liberalize its capital market to allow foreign participation and attract renewed capital inflows, said Liu Ligang, Managing Director and Chief Economist for China at Citigroup. "If China opens its capital market to foreign investors effectively, the country will soon draw substantial capital inflows, which will change depreciation expectations on the renminbi," he said in Beijing. The

People's Bank of China (PBOC) is considering including the government bond market in some global government bond indexes. If it were to be included in Citi's World Government Bond Index with an initial share of up to 5%, the associated capital inflow could be as large as USD100 billion to USD150 billion, according to a recent Citi report. Zhu Haibin, Chief China Economist at JPMorgan Chase & Co, said in a research note: "In China's case, capital outflow has been a major policy concern in recent years. Brexit could strengthen the asymmetric strategy in capital account openness in China, i.e. continue to make further progress to encourage capital inflows, but be cautious in moves on capital outflows." Perhaps because of Brexit, the yuan has become weaker against the U.S. dollar recently, but that does not mean the Chinese currency is overvalued, as the country recorded a huge trade surplus of USD240 billion during the first half of 2016 and USD600 billion last year, Liu said. Depreciation pressure was mainly driven by an increasingly large capital account deficit, he added. China has started to see large capital account deficits recently. However, a large portion of the deficit was due to errors and omissions, the China Daily reports.

- Police have detained 31 suspects for running an underground foreign exchange banking service in Shanghai that involved transactions worth over CNY2 billion in the past three years. The gang provided the money exchange to about 100 people. The case was the largest illegal money exchange in Shanghai in recent years. Under China's foreign exchange control rules, the quota for foreign currency purchasing for individuals is USD50,000 per year.
- Investments in venture capital-backed companies in China rose 26% to USD5.6 billion in the second quarter from the previous one, but there were fewer deals, according to Venture Pulse, a quarterly global report on VC trends by KPMG International and CB insights. The number of deals fell 20% from the first quarter to 74 in the second quarter of this year. The value dropped 13% year-on-year, and the number of deals tumbled by 33%. The decline was in line with the global trend as investors took a wait-and-see stance amid economic concerns and uncertainties.
- Chinese insurers lack sufficient risk management professionals and tools as they establish a framework to cope with the introduction of a new risk-oriented solvency system, PricewaterhouseCoopers (PwC) concluded, based on a survey of 76 respondents accounting for 80% of China's insurance market. The new solvency supervision system, known as C-ROSS, has been running in parallel to the former scale-oriented solvency system on a trial basis since 2015.
- Finance Minister Lou Jiwei called for the New Development Bank (NDB) to explore new financing options, attract private capital and cut red tape in its first five-year plan to shore up the global clout of the infrastructure-focused lender established by BRICS nations. The bank held is first two-day annual meeting in Shanghai. The lender raised CNY3 billion from a green bond issue in Shanghai, with subscriptions exceeding CNY9 billion.
- Chinese bondholders are threatening to impose financial sanctions on Liaoning province because a steel plant the provincial government owns has failed to honor its debt. "Fights between debtors and creditors are likely to grow in China where defaults are on the rise," said Ding Shuang, Chief China Economist at Standard Chartered in Hong Kong. Dongbei Special Steel has defaulted on six batches of debt worth about CNY4 billion since the first default in March this year after the company's former Chairman hanged himself. Dongbei Steel wants to convert 70% of its bad debt to equity, a move being fiercely opposed by bondholders.
- Pressure on China's cross-border capital outflows eased during the first half of 2016. Chinese banks saw a deficit of USD49 billion in foreign exchange sales and purchases in the second quarter, down from USD124.8 billion in the first, according to the State Administration of Foreign Exchange (SAFE). "Market sentiment has become more rational. Both Chinese companies and individuals are less willing to acquire foreign exchange," SAFE Spokeswoman Wang Chunying said. China had forex reserves of USD3.21 trillion at the end of June, up USD13.4 billion from the end of May.
- A planned link between commodities markets in London and Hong Kong has been put on hold because of the "uncertainty" caused by Britain's vote to leave the European Union, Charles Li, Chief Executive of Hong Kong Exchanges and Clearing (HKEx)

said. The “London-Hong Kong Connect” policy was announced during a visit by President Xi Jinping to Britain last year in a bid to open up the London Metals exchange to Hong Kong investors.

- China Investment Corp’s total assets has grown to over USD810 billion at the end of 2015, from USD200 billion of registered capital in 2007 when it was founded. The annual growth rate reached 15.3% over the eight years. This is the first time the wholly state-owned company and one of the world’s largest sovereign wealth funds, disclosed the cumulative growth rate of its capital. The government injected USD49 billion in extra funding to CIC in 2011. CIC announced that its overseas investments generated a net return of negative 2.96% in dollar terms in 2015, falling from a positive 5.47% return for 2014.

FOREIGN INVESTMENT

Chinese companies continue investing overseas

Chinese companies continued to boost their overseas investment in the first half of the year. China’s non-financial outbound direct investment (ODI) rose 58.7% from a year earlier to CNY580.28 billion. In June, ODI rose 44.9% year-on-year to CNY100.17 billion. Around USD17.59 billion went to manufacturing in the first half, up substantially by 245.6% from a year ago. Chinese companies secured around USD51.45 billion worth of projects in 61 countries involved in the Belt and Road initiative in the first six months, up 37% from a year ago.

FOREIGN TRADE

Dispute with U.S. and EU on new materials’ exports

ChIna has insisted its duty and quota requirements on the export of 11 raw materials conform to WTO rules, following a complaint by the United States. The U.S. requested consultation with China on the country’s export duties on chromium, as well as China’s export quotas on antimony, indium, magnesia, talc and tin. The U.S. Trade Representative claimed that China’s measures provided an unfair competitive advantage to China at the expense of American workers and manufacturers. The European Union also filed a complaint with the WTO. Washington said it had expanded its complaint to include all the same materials covered in the European action. But China’s trade authorities defended the curbs, saying they were meant to protect the environment and comply with WTO rules. The U.S. complained that Beijing’s export duties raised prices for overseas buyers while local companies paid much less and had more secure supplies and that they put pressure on non-Chinese manufacturers to shift production, technologies and jobs to the country.

European Council adopts EU Strategy on China

The European Council adopted its EU Strategy on China at its meeting held on 18 July 2016.

The Council’s conclusions can be downloaded in PDF format here.

- The Chinese government has decided to ease investment rules in four free trade zones (FTZs) – the Shanghai, Guangdong, Tianjin and Fujian FTZs – temporarily allowing foreign investors to set up wholly-owned enterprises in various fields, including iron and steel production and gas station operations.
- China’s service imports and exports totaled CNY2.08 trillion during the first five months of the year, up 22.7% year-on-year. The service trade accounted for 18.5% of the country’s total imports and exports during the January-May period. The proportion was 3.2 percentage points higher than in the same period in 2015.
- Ministry of Commerce Spokesman Shen Danyang has expressed concern about protectionism as the number of trade probes rose in the first half of the year. Seventeen countries and regions launched 65 investigations, mostly anti-dumping and anti-subsidy, against Chinese products, from January to June, up two-thirds year-on-year. Around USD8.54 billion worth of goods were involved, up 156% from a year ago.

- Trade between China and the Association of the Southeast Asian Nations (ASEAN) has boomed during the past 25 years, but it has declined this year. China-ASEAN trade rose to USD472.16 billion in 2015 from USD7.96 billion in 1991, growing 18.5% annually, Vice Commerce Minister Gao Yan said. During the January-May period, however, bilateral trade fell 7.1% year-on-year to USD173.57 billion. The two sides are trying their best to “get bilateral-trade growth back on track as soon as possible,” Gao said. China is ASEAN’s biggest trading partner, while ASEAN is China’s third-biggest.
- China’s output of steel products hit an all-time high of 100 million-plus tons in June despite Beijing’s repeated pledges to address overcapacity, raising the risk of trade disputes with the U.S. and the EU. Steel product exports rose by 23% to the second-highest total by volume on record. So far this year, Brazil, Vietnam, the United States, the EU, Malaysia, India and Australia have launched either anti-dumping or anti-subsidy investigations into Chinese steel product exports. China’s steel exports accounted for just a tenth of the total output, with Southeast Asia – rather than the EU or United States – the biggest export destination.
- The World Trade Organization (WTO) has started a regular review of China’s trade policy. Wang Shouwen, Head of the Chinese Delegation and Vice Commerce Minister, briefed trade representatives on China’s economic development, progress in trade and investment, major reform measures and opening-up steps, and other issues. Wang also highlighted the opening-up steps China has undertaken since the previous review in July 2014.
- China’s biggest shipping and logistics company China Ocean Shipping Company (Cosco Shipping) has pledged a total ban on transporting shark fin. Cosco Shipping is the world’s fourth-largest container operator with a 7.7% market share. Hong Kong airlines Cathay Pacific and Dragonair have already imposed a total ban on the carriage of shark fin. Cosco’s policy change means 68% of shipping firms have committed to stop carrying shark fins. Hong Kong accounts for 50% of the global shark fin trade annually.
- The Chinese government said it has started imposing anti-dumping tariffs on oriented electric steel imports from the European Union, Japan and South Korea. Duties on the materials, used in power transformers and electric motors, will range from around 37% to as high as 46.3%. China has imposed such duties before. In 2012 the World Trade Organization (WTO) ruled that Chinese duties on high-tech U.S. steel violated trade rules.

HEALTH

China urged to avoid spiraling health costs

China needs to make a strategic shift in its health care reform to avoid ballooning costs as its population greys and its economy slows, according to a report by the World Bank, the World Health Organization (WHO) and several ministries. Without significant changes, annual expenditure could rise from CNY3.5 trillion in 2014 to CNY15.8 trillion by 2035, an increase of 8.4% a year, the report said. Health spending would account for more than 9% of gross domestic product (GDP) in 2035, up from 5.6% in 2014, with more than 60% of the increase coming from in-patient services. China had a “critically important opportunity” to avoid the high costs of health systems seen in many member countries of the Organization for Economic Cooperation and Development (OECD), the report said. The country could achieve that goal with the help of “deeper reform in the health care system to deliver high-quality care at a reasonable cost,” World Bank Group President Jim Yong Kim said. The report also warned that Beijing was at risk of making the same mistakes many higher-income countries had. As China’s economy loses steam, increasing spending on health care might be difficult to sustain, the South China Morning Post reports.

- China National Pharmaceutical Group Corp (Sinopharm), China's largest state-owned pharmaceutical group, plans to further increase the power of its Board of Directors as part of the company's mixed ownership reform process. China has more than 20,000 pharmaceutical companies, but state-owned firms account for less than 10% of the total. Sinopharm is one of the six state-owned enterprises chosen two years ago to pilot reforms in ownership, management and supervision.

- The average life expectancy in China in 2015 was 76.34 years, an increase of 1.51 from 2010, while the infant mortality rate dropped from 0.89% in 2014 to 0.81% last year, according to the National Health and Family Planning Commission. Private hospitals made up 52.6% of all hospitals in 2015, up 4.1 percentage points from the previous year.

IPR PROTECTION

Samsung and Huawei in patent battle

Samsung Electronics has sued Huawei Technologies for patent infringements through multiple courts in China, escalating a legal conflict between the world's No 1 and No 3 smartphone makers. Samsung accuses Huawei of infringing six of its patents. "Despite our best efforts to resolve this matter amicably, it has regrettably become necessary to take legal action in order to defend our intellectual property," Samsung said in a statement. Samsung also sued a department store in Beijing and claimed CNY161 million in damages. Samsung asked the two defendants to stop production and sales of products infringing its patents, including Huawei's Mate 8 and Honor smartphones. "In the absence of a negotiated settlement, litigation is often an efficient way to resolve" intellectual property rights disputes, Huawei said. Huawei sued Samsung in the United States and China in May, accusing its rival of infringement of patents for 4G cellular communications technology, operating systems and user interface software.

MACRO-ECONOMY

Shanghai's economy doing better than expected

Shanghai saw a "better-than-expected" 6.7% economic growth year-on-year in the first half, driven by the fast developing services sector. The added value in the city's services sector rose 11.6% to CNY917.57 billion, accounting for 70.8% of the city's gross domestic product (GDP) in the first six months, compared to a 15.3% decline of added value in the agricultural sector and a 3.3% fall in manufacturing. Industrial production fell 4.4% to CNY1.43 trillion. Retail sales rose 7.7% to CNY4.86 trillion, while online sales totaled CNY60 billion, up 17.8% from a year ago. The disposable income of urban residents rose 8.9% to CNY29,030 in the first half. Investment in fixed assets rose 7.9% year-on-year in the January-June period, below the 8.4% rise last year. Exports fell 2% to CNY562.5 billion and imports rose 0.9% to CNY747.1 billion. Shanghai has not set an official GDP target for the year, instead prioritizing boosting innovation, keeping unemployment below 4.5%, and investing 3% of GDP in green projects. Shanghai is planning a comprehensive upgrade so as to be competitive globally and on par with New York and London, according to its blueprint for development till 2040.

Shanghai will be the center of the Yangtze River Delta's world-class cluster of cities. The new cluster comprises 26 cities, including Shanghai, and parts of Jiangsu, Zhejiang and Anhui provinces. The three provinces and Shanghai form a region that enjoys the fastest economic growth in the country. With only 16.7% of the national population and 3.7% of the country's land, the region contributed 21.19% of China's GDP, according to the 2016 Shanghai Blue Book by the Shanghai Academy of Social Sciences.The GDP per capita in the area surpassed USD10,000 in 2014, the Shanghai Daily reports.

Record 110 Chinese companies on Fortune Global 500

A record 110 Chinese companies are in the latest Fortune Global 500 list, 13 of which made their debut, including China Railway Rolling Stock Corp, JD.com, Midea and Wanda. "We will see the continued rise of Chinese companies to capture that tremendous growth of the local economy," said Adam Xu, Partner of Strategy&, PricewaterhouseCoopers' strategy consulting business. Three of the top five companies on the list are from China. State Grid rose to second place from seventh last year, surpassing China National Petroleum Corp (CNPC) and Sinopec Group. State Grid, generating USD329.6 billion in sales last year, attributed its performance to successful investment strategies and research and development (R&D) input. Among the 13 debut Fortune Global 500 companies from China, JD.com ranks at 366, with revenue reaching USD28.85 billion last year. JD.com positions itself as a self-managing e-commerce giant. China Railway Rolling Stock Corp, which ranks 266, has grown into a leading global supplier of bullet trains and subway cars. State-owned companies (SOEs) topped the Chinese companies on the list, because the ranking is based on the companies' revenue instead of their profitability, said Han Xiaoping, an independent energy analyst. China Vanke debuted on the list at 356, with annual revenue of USD29.33 billion, followed by Dalian Wanda Group at 385 and Evergrande Real Estate Group at 496, the China Daily reports.

- China will overhaul its investment and financing system to stimulate market vitality amid the economic downturn. The government will cut red tape, improve supervision and encourage enterprises to invest, said a guideline jointly released by the Communist Party of China Central Committee and the State Council. China will enhance private investment management, reinforce public investment, diversify corporate financing channels and accelerate the transformation of government functions, the guideline said.
- The IMF revised up its forecast of China's 2016 GDP growth by 0.1% to 6.6%, citing the country's "recent policy support", including interest rate cuts, fiscal expansion, and investment increases. The IMF also said China's growth could be 6.2% year-on-year in 2017.
- China is "on track" to achieve 6.5% growth for the year, despite headwinds from a weaker U.S. economy and uncertainties arising from Brexit, the Asian Development Bank (ADB) has said. Growth would slow to 6.3% next year. Government-led infrastructure investment and a credit-driven recovery in real estate were offsetting "weaker-than-expected" private investment, the bank said.
- President Xi Jinping called for better supervision of reform efforts. Xi made the remarks at the 26th meeting of the Leading Group for Overall Reform, which he heads. He said the supervision is aimed at ensuring that reform will not deviate from the direction that the Chinese Communist Party Central Committee has decided on and reform efforts will not fail.
- The size of China's workforce will likely drop more than 23% to about 700 million by 2050, Li Zhong, Spokesman for the Ministry of Human Resources and Social Security said. China is expected to raise the retirement age from 60 to 65 in "progressive" steps to tackle the challenges created by an ageing society. China has been a beneficiary of population dividends during the past three decades as its inexpensive labor force helped the country win a big share of the global consumer market.

MERGERS & ACQUISITIONS

MLS frontrunner to take over Osram's light bulb and LED-lamp business

Chinese lighting company MLS Co is the frontrunner to buy Osram Light's light bulb and LED-lamp business. Osram may choose a winner for the asset as soon as this month. MLS is attempting to buy Osram's asset as part of a consortium, and is in negotiations about the structure of the deal and the company's intellectual property. The Chinese firm may pay less than €500 million. Osram is still in discussions with various interested parties. Osram is selling the general lamps business, which generates about 36% or €2 billion of the Munich-based company's annual sales, to focus on research and development (R&D), products for the automotive industry and lighting solutions for buildings and cities. The world's second largest lighting company has been under pressure as the demand for traditional lighting gives way to light-emitting diode (LED) technology. Osram's largest shareholder, Siemens, has accused Osram's management of destroying shareholder value by pursuing unprofitable projects, the China Daily reports.

- The Chinese consortium Golden Brick Silk Road has bought the Opera internet browser for USD600 million, its Norwegian developer said. The transaction was announced simultaneously with the failure of the USD1.2 billion public offer to take over the entire company, including its advertising, games and television units. Golden Brick Silk Road is a Chinese consortium which includes Beijing Kunlun Tech and Qihoo 360. Opera's management had backed the proposed take-over as it would give the browsers access to the extensive internet user bases of Kunlun and Qihoo in China. Opera says its browser is used by over 350 million consumers worldwide.

REAL ESTATE

Home prices rise in fewer cities in June

The number of Chinese cities witnessing a rise in home prices fell for the second month in June. Prices of new homes rose last month in 55 cities of the 70 monitored by the National Bureau of Statistics (NBS), five fewer than in May. Prices fell in 10 cities and were flat in the remaining five. Hefei, capital of Anhui province, led with an increase of 4.9% compared with May, followed by Xiamen in Fujian province where prices increased 4.7% and Nanjing where they rose 4%. “The pace of price growth in new and pre-owned housing markets both decelerated last month, by 0.1 percentage points and 0.2 percentage points, respectively, from May,” said Liu Jianwei, NBS Senior Statistician. “In particular, the average pace in first-tier cities still managed to quicken a little while those in second and third-tier cities continued to slow.” New home prices in the 70 major cities climbed 1.8% on average in June from a month earlier while prices of pre-owned houses gained an average of 1.2% from May. Shenzhen led the four gateway cities with a 2.6% month-on-month gain in new home prices, followed by Shanghai’s 2.4% rise, Beijing’s 2.3% and Guangzhou’s 1.8%. Year-on-year, new home prices rose in 57 cities in June, fell in 12 cities, and were flat in one. In the pre-owned market, prices rose in 52 cities in June from a year earlier, fell in 16 cities, and were flat in two, the Shanghai Daily reports.

- Wanda has agreed to sell a historic Madrid skyscraper after feuding with city authorities over plans to renovate the landmark. Wanda acquired the 25-story Edificio Espana, completed in the 1950s, in June 2014 for €265 million. The company wanted to transform it into a hotel and shopping center, but planned to knock down the facade, while Madrid’s city government insisted that the original facade of what it considers a building of historical importance be preserved.
- Grade A office rents in Hong Kong’s Central district hit HKD107.4 per square foot, their highest level since the Global Financial Crisis in 2008, but property consultants expect the price growth to stabilize due to uncertainties in the global economy. The vacancy level in the Central Grade A office market increased from 1.3% in May to 1.4% in June but was still the lowest among the main business districts.

RETAIL

Luxury CPI rises the fastest in five years

China’s luxury consumer price index staged the fastest rise in five years, the Hurun Research Institute said. The index, based on a basket of 124 luxury goods and services, rose 5.1% in June from the same month of last year. Comparatively the country’s CPI rose a mere 1.9%, the National Bureau of Statistics (NBS) said. “Luxury property, health and education drove up the Luxury Consumer Price index this year, coupled with a decrease in the value of the yuan against most major currencies,” said Rupert Hoogewerf, Chairman and Chief Researcher of Hurun Report. Property was the biggest riser, gaining over 13%. High-end health care costs rose for a third consecutive year, up 11.7%, while top education continued its decade-long uptrend with a 6.2% price hike. Luxury travel market prices increased 5%; and the market for jets and yachts recovered 1% after a huge decline of 10.5% last year. Prices in the watch and jewelry market rebounded 3.9% after declining 3.6% last year while prices of luxury accessories and cosmetic products increased 2.9% after dropping 2.9% last year, the Shanghai Daily reports.

- Chinese smartphone brands, including Huawei, Oppo and Vivo, posted double-digit growth in the second quarter, compared with a 3.2% year-on-year rise in sales globally. The combined sales of Chinese brands hit 139 million units, up 13.8% year-on-year. The high growth rate of Chinese brands is set to remain in the third quarter, according to market watchers. Huawei’s sales grew 7.4% to 29 million units, cementing its No 3 ranking globally. Sales of Oppo and Vivo jumped about 15% in the second quarter.

SCIENCE & TECHNOLOGY

China to help train European astronauts

China will consider helping to train European astronauts and is making technical preparations to do so, Huang Weifen, Deputy Research Director of the Astronaut Center of China, said. In January 2013, European astronauts took part in a weeklong exchange and training program in China, and the two sides later agreed to enhance training collaboration. One of China's astronauts, Ye Guangfu, recently finished a week of underground training in Italy that was organized by the European Space Agency (ESA). He is the first Chinese astronaut to participate in multinational training.

- Vocational education in China is becoming more attractive to foreign students. A total of 3,847 students from overseas studied at 69 vocational colleges on the Chinese mainland during the 2015 academic year, up almost 40% from the year before, according to a report by the Shanghai Academy of Educational Sciences and education research company MyCOS Institute. The number is still small compared to the total of almost 400,000 students from overseas who studied in China last year.
- China aims to become an innovation powerhouse by 2020, according to a newly adopted national plan on scientific and technological innovation during the 13th Five Year Plan period (2016-20). “This is the first sub-plan under the 13th Five Year Plan that has been held for discussion, which fully demonstrates that we've given top priority to innovation,” Premier Li Keqiang said. Under the 2015 Global Innovation Index, released in September last year by the World Intellectual Property Organization (WIPO), China ranked 29th among 141 surveyed economies.

STOCK MARKETS

CSRC condemns Vanke for disregarding interests of small shareholders

The China Securities Regulatory Commission (CSRC) has condemned the management team and major shareholders of property developer Vanke over a hostile takeover that has battered the company’s share price. They have not taken “effective measures” to resolve their differences, but have “intensified conflicts” instead, CSRC Spokesman Deng Ge said. They “disregarded the stability of the capital market, disregarded the sustainable development of the firm, and disregarded the interests of all medium and small shareholders,” he added. In December, Vanke’s founder, 65-year-old Wang Shi, had trading of the dual-listed firm suspended in both Shenzhen and Hong Kong, blocking private conglomerate Baoneng from buying its shares after it became Vanke’s largest shareholder with a stake above 24%. Baoneng has tried to eject Wang and Vanke’s senior management, and Vanke has also tried to bring in state-owned subway operator Shenzhen Metro group to overtake Baoneng as its biggest shareholder. The battle has dented the firm’s value, with its share price down 28.8% in Shenzhen and nearly 30% in Hong Kong since December, the Shanghai Daily reports.The Shenzhen Stock Exchange sent letters to both Vanke and Baoneng, saying they had violated information disclosure rules during their recent actions against each other, urging them to make sure they make immediate disclosure of any material information in the future. The CSRC reiterated that all illegal actions would be penalized.

- CNOOC Energy Technology & Services, a unit of China National Offshore Oil Corp (CNOOC), is seeking an initial public offering (IPO) on the A-share market, aiming to raise about CNY3.1 billion, of which CNY1.5 billion will be used to repay debts from banks as well as its parent company CNOOC.
- Forty-two state-owned holding companies listed on the Shenzhen Stock Exchange suspended trading due to major issues in the first half of 2016. According to the exchange, 12 state-owned holding companies revealed restructuring plans with funds totaling CNY89.5 billion, and 28 announced refinancing plans totaling CNY72 billion.
- Hong Kong's dual-listed stocks last week traded at the narrowest discount to their Chinese mainland counterparts since October. The Hang Seng China AH Premium Index fell 0.7%, signaling Hong Kong-traded equities were 22% cheaper than those in Shanghai or Shenzhen. The Hang Seng China Enterprises Index is valued at 7.4

times its projected 12-month earnings, 43% below that for the Shanghai Composite, according to data compiled by Bloomberg.

TRAVEL

Beijing-Shanghai high-speed rail is China's most profitable

The Beijing-Shanghai high-speed railway has become the nation's most profitable and convenient rail project, boasting an annual profit of CNY6.58 billion, according to data released by one of its shareholders. The Beijing-Shanghai High-speed Railway Co, a subsidiary of the national railway operator China Railway Corp, reported a record revenue of CNY23.42 billion, and a net income of CNY6.58 billion in 2015, its shareholder Tianjin Railway Construction Investment Holdings (Group) disclosed in a bond prospectus earlier this month. The Beijing-Shanghai bullet train line has become a role model that offers bright prospects for the rail sector, especially for the strategic investors, said Feng Hao, a rail transportation researcher at the National Development and Reform Commission (NDRC). "It proves that high-speed rail lines can generate a profit, even in the short term," he said. Last year, passengers made nearly 130 million trips on the Beijing-Shanghai high-speed railway, and it is estimated that each trip contributed an average of CNY50 to the line. The Beijing-Shanghai line was the first in China to start turning a profit within three years. It was initially proposed in 1990, but construction only began in 2008. The work was finished in 2011, and it opened to the public in June that year. The cost was about CNY208.8 billion, the China Daily reports.

Shanghai and Xiamen have the best transport network

Shanghai municipality and Xiamen, Fujian province, have been ranked as the most developed and convenient cities for public transportation.Twenty big cities were evaluated based on factors such as the number of bus stops and subway stations, trip cost, the total number of bus and subway lines and the density of the public transportation network. Shenzhen, Guangdong province, was next in the rankings, while Beijing was ranked fifth. Chongqing came in last, according to the Public Transport Report of Big Chinese Cities in the First Half of 2016, compiled by amap.com. Shanghai boasts the most developed subway system with the highest density and longest total length, with more than 600 km of track, followed by 554 km in Beijing and 278 km in Guangzhou, the top three among the 26 cities in the country with subways. The passenger capacity of Shanghai's subway system exceeded that of buses for the first time in 2014. "Metro lines will measure 800 km in 2020 and there will be more than 500 stations on 18 routes," said Sun Jianping, Director of the Shanghai Municipal Transportation Commission. More than 53% of Shanghai's residents are within 500 meters of a bus stop, which compares with 37% in Beijing and just under 3% for Chongqing, the China Daily reports.

- The Shennongjia Forestry District in Hubei province has been included in the Unesco World Heritage list during a meeting of the World Heritage Committee in Istanbul. A group of rock paintings dating back over 2,000 years in Guangxi was also included on the list. There are now 50 Chinese sites on the list.
- Italy's Alitalia has relaunched its direct flights between Beijing and Rome after a three-year absence, with the airline saying it was bullish on the potential for growth in air travel to China. In 2013, Alitalia stopped its flights between China and Italy after it suffered losses for some years, while Air China has been operating direct flights between the two capitals. Last year, Alitalia posted a net loss of €199 million, but the airline plans to return to profitability by 2017. Alitalia is operating Airbus A330s on the Beijing-Rome route, offering flights on Tuesdays, Thursdays, Saturdays and Sundays. Last year, 3.5 million Chinese tourists visited Europe, and 1.4 million traveled to Italy.
- Pierre & Vacances-Center Parcs Group (PVCP) and Hainan Airlines' parent HNA Tourism Group plan to build three major new holiday parks in China. HNA has also bought a 10% stake in PVCP. HNA PV Tourism Co intends to build the parks in Jixian, a county between Beijing and Tianjin, Suzhou's Xiangcheng district and Pinghu in Zhejiang province. PVCP will celebrate its 50th anniversary in 2017. It has around 300 sites in Europe, and Center Parcs is the company's most famous leisure resort brand.
- China intends to build 30,000 km of train tracks by the end of 2020, extending the total

length of its railways to 150,000 km. Some 11,000 km will be for high-speed trains. By the end of 2020, more than 80% of Chinese cities with populations of at least 1 million will be covered by high-speed railways. The National Development and Reform Commission (NDRC) issued a national railway development plan that envisions a 175,000-km rail network by the end of 2025. Under the plan, China will have 38,000 km of high-speed railways by then. About 4,200 bullet trains run in China each day, providing more than 4 million passenger trips.

- The government has reiterated in a new regulation that airlines are not obliged to provide free accommodations and food to passengers if flights are delayed or canceled because of uncontrollable situations, such as bad weather. More than 31% of all flights in China failed to depart on time last year. Less than 20% of those flight delays were caused by airline companies.
- A ranking of the world's 188 major airports on the basis of on-time arrivals placed 12 mainland airports among the 20 worst-performing. Their on-time rate was about 50%, according to Flightstats.com, a U.S.-based data provider on air travel. Data from the Civil Aviation Administration (CAAC) showed that between May last year to April, only 73% of domestic airlines' flights were on time. The average delay for flights last year was 21 minutes – two minutes longer than in 2014.
- Didi Chuxing, the ride-hailing company, is claiming to have given more than a million jobs to former heavy industry workers across China. There are now 3.89 million full-time and part-time drivers from 17 heavy-industry provinces including Heilongjiang, Shanxi and Sichuan who work for the firm's private car and chauffeur services.
- U.S. theme park company Six Flags is considering building a branded theme park in Chongqing with local partner Riverside Investment Group Co, a Chinese real estate developer. The project, if successful, would be Six Flag's second theme park in China. Chongqing has been seeking to expand its appeal as a tourism destination. Texas-based Six Flags is slated to complete its first China project in 2019, located in Haiyan, Zhejiang province. Work on the theme park, accessible from Shanghai, commenced in January. Six Flags is famous for its record-breaking roller coasters.

VIP VISITS

Premier Li hosts meetings of Minister of Finance and Central Bank Governors of G20

The G20 Finance Ministers and Central Bank Governors held a meeting in Chengdu, also attended by International Monetary Fund Managing Director Christine Lagarde, U.S. Treasury Secretary Jack Lew, and Secretary General of the Organization for Economic Cooperation and Development (OECD) Angel Gurria. An agreement was reached to monitor structural reforms in areas from free trade to the labor market. Members also agreed to finalize a report on updated growth strategies and accountability before the G20 Hangzhou meeting in September. Chinese Minister of Finance Lou Jiwei is calling for a taxation overhaul, saying innovative industries should also come under the purview of taxation to reflect a socially balanced economic growth. "Measures should be taken to tax emerging industries like e-commerce and digital finance to maintain a fair and equal tax system," Minister Lou said. Sales via e-commerce rose 28% in the first half of this year, compared with an 8% rise in traditional retail sales. Lou Jiwei expressed his concern about the increasing risk from too-big-to-fail financial corporations. The government needs to act early, by using regulations, to prevent a crisis, which is why China will continue to come up with new policies to facilitate reform on both the demand and supply sides. Ensuring a sustainable level of debt has been listed a key target for G20 economies. The value of the yuan would remain stable against a basket of currencies, People's Bank of China Governor Zhou Xiaochuan said on the sidelines of the G20 meeting. Currency stability was the key message on China's yuan policy, he said. "We are sticking with a managed floating exchange rate system, and that's a policy stance we have been reiterating for years," Zhou said, when asked if the yuan would keep depreciating.

China's Premier Li Keqiang hosted roundtable talks with the heads of major international finance and trade organizations in Beijing on July 22 on topics including economic growth, reform and financial matters. The unprecedented meeting – the day before the Group of 20 meeting of Finance Ministers and Central Bank Governors in Chengdu – provided a platform for Li to assure the world that China's economic growth is fine. The "6+1" roundtable meeting, which has never been arranged before, also underlines Beijing's ambitions to expand its influence in multilateral institutions. Some of those who attended were World Bank President Jim Yong Kim, International Monetary Fund Managing Director Christine Lagarde, World Trade Organization Director General Roberto Azevedo, and Angel Gurria, Secretary General of the Organization for Economic Cooperation and Development (OESO). The Chinese government delivered its message that growth is on track, reform is under way, and it is wrong to expect the yuan to weaken sharply. The world cannot depend on China alone to save it from a Brexit-induced downturn, Premier Li Keqiang said. IMF Managing Director Christine Lagarde said the IMF has increased its forecast for China's GDP growth for this year by 0.1 of a percentage point, to 6.6%. China is still a developing country. We cannot shoulder the major responsibilities of the world economy, Chinese Premier Li Keying said. World economic recovery should not be driven by mainly China, but in concert with many countries.

ONE-LINE NEWS

- Industry analysts expect earnings by China’s three telecommunication service providers to gradually recover this year, but the gap between the smallest operator – China Unicom – and its two rivals – China Mobile and China Telecom – will continue to widen. China Mobile has a 54% market share by revenue.
- China's most wanted economic fugitive, Yang Xiuzhu, 70, is trying to give up her application for political asylum in the United States, and wishes to return to China as soon as possible to get access to better medical treatment. Yang is being held at the Houston Immigration Detention Center in Texas. She is a former Director of the Construction Bureau of Zhejiang province and Vice Mayor of Wenzhou and was accused of taking bribes worth more than CNY250 million.

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