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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 – 2-8 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 2 to 8 November 2016 in Chengdu (2 to 6 November) and Qingdao (6 to 8 November). 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
Registration: http://www.eu-china.org.cn/rigester.html (sic)
EU-China Business Association - www.eucba.org - Flanders-China Chamber of Commerce - gwenn.sonck@flanders-china.be

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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
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During FCCC activities, you can put a banner of your company at the event and distribute documentation of your company and obtain free invitations.

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Number of recipients every week: 1200 executives dealing with China

GOLDEN SPONSOR (12 months): 1.950 €
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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

Guizhou (China) SME Cross-border Investment and Trade Cooperation Conference – October 18-19 – Guizhou

To create a new landscape for open Guizhou, promote local enterprises' foreign cooperation, let the world know more about Guizhou and share Guizhou's natural, ecological, mineral and cultural resources, and attract more overseas enterprises to invest and do business in Guizhou, the Guizhou Provincial Government and Bank of China (BOC) will co-host the "2016 Guizhou (China) SME Cross-border Investment and Trade Cooperation Conference" in Guiyang, Guizhou on October 18-19.

The conference will arrange B2B talks on site between about 150 foreign enterprises and nearly 1,000 enterprises in the province, and arrange video conferences for some of them. An international investment forum and business attraction programs will be held at the same time, and inspection of industrial parks and introduction to the investment environment will also be arranged for clients.

Located in the southwestern hinterland of China, Guizhou is an important traffic hub in southwest China, a key forest zone in southern China, and a crucial ecological barrier in the upper reaches of the Yangtze River and the Pearl River. Reputed as the "city of forest, capital of summer resort, province of mountain parks and colorful Guizhou", the province and its capital city Guiyang boast a pleasant climate, fresh air, abundant vegetation, quality tea and spirit, rich mineral reserves and strong ethnic flavor.

In recent years, Guizhou's economic growth has ranked among the top in China in many indicators, and has created a special "new Guizhou phenomenon" in western China that features leapfrog development. While tapping advantages in big data, big ecology, big health and big tourism, Guizhou has tried hard to link with the world through all kinds of international platforms and activities. Leveraged on big events like Eco Forum Global, the China Big Data Industry Summit and China-ASEAN Education Cooperation Week, and taking the "1+7" open platform as a window, Guizhou has carefully deployed open channels and laid out a clear economic path for it to merge into the global market. In the 12th Five Year Plan period, it brought in 76 of the top 500 enterprises, fully demonstrating how attractive it was in the world. The Conference will focus on electronic information, medical care, food and beverage, tourism, equipment manufacturing, new type of building materials, modern service, e-commerce, ethnic medicine, and modern agriculture.

Some of the expenses of the foreign clients and their entourage, including airport pickup, conference fees, as well as accommodation, food and beverage costs during the Conference, will be covered by the organizer.

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Deadline: September 30, 2016.

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)

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.

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AUTOMOTIVE

More than twice as many cars recalled as last year

China has recalled nearly 9 million cars with potential safety risks since the beginning of the year, a historic high and more than twice as many as in the same period last year. Of the 8.82 million cars recalled, more than 4.8 million had problems with air bags and safety belts, said

Yan Fengmin, Chief of law enforcement supervision at the General Administration of Quality Supervision, Inspection and Quarantine (GAQSIQ). Other major problems were discovered in the engines and car bodies. In addition, more than 4.7 million cars of various brands were recalled because of unsafe air bags produced by Takata, a Japanese component producer, accounting for the biggest share of cars recalled. In May, SAIC General Motors Co, a joint venture between state-owned SAIC Motor Co and General Motors, announced the recall of 2.16 million vehicles that could have safety problems with their engines. It was the largest recall for a single brand in China. More than 12.8 million vehicles were sold in China in the first half of the year, an increase of 8.1% compared with the same period last year, according to the China Association of Automobile Manufacturers (CAAM). About 57% of them were from joint ventures or imported, the China Daily reports.

- GAC Motor launched operations at its second assembly plant. The new facility, located in Guangzhou and installed with smart manufacturing equipment, will help expand the company's production capacity to 400,000 vehicles per year. Sales of GAC Motor, which was established in 2008, increased by 170% year-on-year to 159,000 units in the first half of this year. The company plans to launch at least seven new models within the next five years. GAC's newly developed SUV GS8 and plug-in hybrid vehicle GA3S PHEV came off the assembling line last week.
- BYD Co plans to further expand into the Brazilian market in cooperation with Correios, Brazil's biggest postal service group. In March, BYD loaned one of its T3 electric vans to Correios, which is assessing "green" logistics solutions through a series of tests with electric cars from different makers, especially those that feature increased energy efficiency in urban traffic. Correios is launching an open tender for purchasing vans for its logistics operations later this year. BYD entered Brazil in 2013 with its electric buses.

FINANCE

China's shadow banking system now 78% of GDP and growing, says Moody's

Moody's Investor Service estimates that China's shadow banking assets grew by 30% in 2015, with assets held equivalent to 78% of annual economic output at the start of the year. The credit rating agency's July Shadow Banking Monitor report, showed credit growth – as measured by total social financing (TSF) – rose 11 percentage points in the first half of 2016 to 217% at the end of June, outpacing nominal GDP. "The increasing size of the shadow banking system means that during a disorderly contraction, banks could have difficulty replacing shadow banking credit, leaving borrowers who rely on such financing at risk of a credit crunch," Moody's said. The report also said that TSF, in its measurement of credit growth in the financial system, fails to capture up to one-third of shadow banking activity. In particular, TSF misses fast growing shadow banking segments such as assets funded by wealth management products (WMPs), which accounted for 40% of the stock of shadow banking finance as of end-2015, and which nearly doubled as a share of banking assets to 11%. Those components of shadow banking that are not directly included in total social financing have expanded rapidly, to comprise 59% of total shadow banking at the end of 2015, up from 40% at the end of 2012. "We estimate the difference between broad shadow banking and the portion captured by TSF, which is growing, to be at least CNY16 trillion at end-2015 (23% of GDP), or 30% of total shadow banking," the report said. "We estimate that shadow banking assets grew by 30% in 2015, reaching almost CNY54 trillion at end-year, equivalent to 78% of GDP," said the Moody's report, as reported by the South China Morning Post.

- The China Banking Regulatory Commission (CBRC) announced it will screen risk control in the banking system comprehensively in the second half of this year to safeguard financial stability amid a rising bad-loan ratio and cooling economic growth. The focus will be on city commercial banks and small financial institutions in rural areas. The official bad-loan ratio had climbed to 1.81% by the end of June – the highest since 2009.
- The premium revenue of China's insurers in the first half of the year grew rapidly to reach CNY1.9 trillion but their profitability was challenged by the gloomy stock market and rising expenses, the China Insurance Regulatory Commission (CIRC) said.

Revenue from premiums increased 37.3% year-on-year, of which life insurance revenue rose 45% and that of property insurance grew 7.1%.

- Several major Chinese insurers issued profit warnings, projecting their first half earnings would slump by more than 40% from a year earlier due to poor investment returns. China Life Insurance said its net profit for the first six months of the year may plunge from between 65% to 70% from CNY31.49 billion in 2015. China Reinsurance Group, China's biggest provider of insurance to insurers, state-owned China Taiping Insurance, as well as China Pacific Insurance headquartered in Shanghai also issued profit warnings.

FOREIGN INVESTMENT

Setback for CGN as Hinkley Point nuclear power station to be reviewed by British government

British Prime Minister Theresa May cast doubt on a high-profile Chinese-funded nuclear project. Britain had been due to sign off on a plan by France's EDF to build two new reactors at Hinkley Point, with financial backing from China General Nuclear Power Corp Group (CGN). But just hours before the signing ceremony was due to take place, May's government announced it would review the project again, raising questions over Britain's approach to infrastructure deals, energy supply and foreign investment. As Home Secretary in the previous government, "Theresa May was quite clear she was unhappy about the rather gung-ho approach to Chinese investment that we had," Britain's former Business Secretary Vince Cable told BBC Radio. Potential security risks have been cited as a concern. CGN said it respected the decision of the new British government to review the project. The plant is estimated to cost around GBP18 billion, and would be contracted for 35 years to sell energy to the British public at GBP92.50 per megawatt hour, more than twice current base-load power prices. It was to provide an estimated 7% of the nation's electricity. The plant is not expected to start running until 2030. CGN was set to hold a 33% stake in the plant, a deal presided over by President Xi Jinping and former British Prime Minister David Cameron, as part of a new "golden era" of Sino-British friendship, the South China Morning Post reports.

- A pilot economic zone in Tianjin could expand to include Caofeidian district's industrial zone in neighboring Hebei province, part of a wider program to drive economic integration around the capital Beijing. The China (Tianjin) Pilot Free Trade Zone was established in 2015 to test measures including speedier custom clearance, less control on cross-border capital flow and broadened access for foreign investment in China's service sector.
- Companies from China and Africa signed 64 agreements worth about USD19 billion at a seminar in Beijing on China-Africa business cooperation. The deals included direct investment and commercial loans worth USD16.7 billion, accounting for 85% of the total volume. In December, President Xi Jinping announced at the Johannesburg Summit in South Africa 10 major China-Africa cooperation plans for the next three years, backed by USD60 billion, including interest free loans and lending with preferential terms. China and Africa have signed at least 243 cooperation agreements of various kinds worth USD50.7 billion since the summit.

FOREIGN TRADE

Mines' Association requests anti-dumping probe

Chinese mining firms are calling for an anti-dumping probe into iron ore imported from Australia and Brazil. An application for an investigation will be filed to the Ministry of Commerce (MOFCOM) by the Metallurgical Mines' Association of China on behalf of over 20 major companies in the iron ore mining industry. China buys over 80% of iron ore products from major global miners, with the volume of imports on the rise in recent years and their prices well below the production costs of the domestic industry. Without timely anti-dumping measures, China's strategic resource security will be seriously affected, said the Association, referring to withdrawn investment, heavy losses and closed factories as evidence of the negative impact on Chinese miners. Less than 65% of Chinese miners are still in business, the Association said, noting that nearly 85% of iron ore consumed in China is now imported. China imported 953 million tons of iron ore in 2015, up 2.2% year-on-year.

China slams higher European steel tariffs as unjustified

Beijing has criticized new European tariffs on Chinese steel as "unjustifiable" protectionism, just weeks after Commerce Ministers from G20 nations pledged to promote free trade. The European Union said it had set definitive anti-dumping duties on certain Chinese steel bars at rates higher than initially proposed, following a 2015 investigation prompted by complaints from the European steelmaking association, Eurofer. The announcement drew an immediate response from the Chinese Ministry of Commerce (MOFCOM), which said the EU "unfairly" set new tariffs based on higher profit margin targets for European producers. Tensions remain high as European member states and steel producers accuse China of issuing unfair subsidies and flooding global markets at below-market prices. Beijing, meanwhile, has denied the accusations and said it is working to cut capacity even though the central government's efforts to cut production at state-owned steelmakers have met resistance. China's MOFCOM called on the EU to "uphold its commitments and avoid sending the wrong signal to the world." China, the EU's second largest trading partner, has been seeking market economy status (MES) from Brussels, which would make it harder for the EU to impose new anti-dumping tariffs.

HEALTH

Improved treatment of hepatitis sufferers needed

About 10 million people living with chronic hepatitis in China will die "mostly avoidable deaths" by 2030 unless Beijing takes "urgent action" to improve access to treatment, the World Health Organization (WHO) said. Viral hepatitis is the world's biggest cause of death and disability, surpassing Aids and TB. According to the WHO, China has about 90 million chronic hepatitis B (HBV) sufferers. Of those, 28 million require treatment while seven million need urgent treatment. Another 10 million live with chronic hepatitis C (HCV), with 2.5 million in urgent need of treatment. Fewer than 2% of HBV and HCV patients in need of treatment actually receive the care they require, mostly because the cost is well above China's disposable income level.

- About a quarter of facial masks screened by quality inspectors in southern China have been found to contain a banned steroid hormone. A survey by the Guangdong provincial food and drug administration found that 33 of 137 types of facial mask bought from online shops and on WeChat social media contained glucocorticoid, used to treat skin inflammation and allergies. It is banned in China since 2007.
- The key to the overall success of hypertension control in China is improved clinical capacity for grassroots level physicians and a multidisciplinary approach to intervention, according to a senior specialist. The country currently has 330 million hypertension sufferers and the condition is spreading, according to the National Health and Family Planning Commission. About 46% of the sufferers are aware of their condition, and 41% receive treatment. However, only 14% have their blood pressure under good control.

IPR PROTECTION

More graphene-related patent lawsuits expected

Experts have warned that the number of graphene-related patent lawsuits will likely increase in the near future. According to the Report on Patenting Activity of Graphene Technology, which was unveiled last year by the Ningbo Institute of Industrial Technology of the Chinese Academy of Sciences (CNITECH), China is the top source of graphene technologies globally, with patents accounting for 46% of the world's total, followed by South Korea, the United States and Japan.

MACRO-ECONOMY

China to boost "Made in China 2025" initiative

China will continue to upgrade its manufacturing industry and boost its intelligent manufacturing, as well as cut down excessive capacity. The Ministry of Industry and Information Technology (MIIT) said that it will extend the scope of pilot cities that carry out the

"Made in China 2025" initiative. The number of pilot projects is expected to reach 60 this year, compared with 46 last year. The "Made in China 2025" initiative is a 10-year national plan to transform China from a manufacturing giant into a world high-tech manufacturing power. Robots and high-end numerically controlled-machine tools are among 10 key fields for the initiative. Miao Wei, Minister of the MIIT, said that the central government will allocate CNY5.2 billion to promote 133 key projects in 25 provinces about intelligent manufacturing this year, which is nearly 1.5 times the money invested into the projects last year. Siasun Robot & Automation Co, the country's biggest robot maker by market value, welcomed the policies to promote the development and research of industrial robots. Qu Daokui, President of Siasun, said the company will make more effort to train talent to make and operate robots, as the "Made in China 2025" gains momentum, the China Daily reports.

Experts say inflation no threat, but staving off its opposite is vital

More efforts are needed to boost supply-side reform to fend off deflation in the second half of the year. Wang Jun, Senior Economist at the China Center for International Economic Exchanges, said heightened deflation pressure is more worrisome than inflation. "The fear of inflation earlier this year has largely gone, as data in the second quarter showed," Wang said. "Consumer prices will not pick up significantly in the second half of the year." The think tank predicted that the consumer price index is expected to increase by 1.8% to 2% in the third quarter year-on-year, and by 2% to 2.2% year-on-year in the fourth quarter, remaining below the 3% official target. Given the softening inflation, expectations for more stimulus measures and more interest rate cuts have risen among some economists. But Wang said the central bank is expected to maintain a prudent monetary policy in the second half of the year. "A mass stimulus is not possible," he said, predicting a reduction in required bank reserves in the second half of the year, with little likelihood for an interest rate cut. Guo Kesha, Economist at the Chinese Academy of Social Sciences (CASS), expressed similar concerns, saying that Brexit and rising uncertainties in the global market would set off another round of global commodity price declines, and would further fuel domestic deflationary pressure, the China Daily reports.

- China will keep economic growth steady in the second half of the year, while creating favorable conditions for supply-side reforms, according to a statement by the Politburo of the Communist Party. "The downward pressure on the economy is still relatively large, and we must attach great importance to some potential risks," the statement says. Reforming state-owned enterprises and the financial sector will be vital for cutting overcapacity and debt levels, it added.
- Some 26 provinces, regions and municipalities have released their first-half GDP data, with the western regions of Chongqing, Tibet and Guizhou all reporting growth rates above 10%. China's fixed-asset investment grew 9% in the first half of 2016. Nationwide, private investment rose 2.8% in the first half, down from 5.7% in the first quarter, but in Guangdong province it grew by 19.6% in the first half.
- Local governments and state-owned firms in China have completed 29% of the 2016 coal overcapacity reduction target in the first six months. Seventeen provincial-level governments and some of the country's largest state-owned companies have jointly cut 72.27 million tons in coal production capacity. Hunan and Jiangsu provinces completed 82.9% and 78.2% of their cuts in the first six months. The central government named cutting overcapacity among its major supply-side structural reform tasks. Coal production declined 9.7% during the first six months of the year to 1.63 billion tons.
- China's industrial added value grew 6% in the first half of this year from the same period in 2015. Profits of industrial companies rose by 6.4% year-on-year in the first five months of 2016. The percentage of loss-making enterprises has fallen to 16.6% to rank the lowest over the past five years. The recovery was led by manufacturing, as added value of the advanced technology sector grew 4.2 percentage points faster than the overall industrial added value.
- Deepening market reform slowed the decline in combined profits of China's non-financial state-owned enterprises in June. Their profits fell 8.5% year-on-year to CNY1.13 trillion in the January-June period, data from the Ministry of Finance showed. Profits of SOEs under central government control slumped 9% while those of locally

administered SOEs shed 7% from a year earlier.

- The profits of China's manufacturers grew faster in June as their production and sales accelerated, the National Bureau of Statistics (NBS) said. Their combined net profit for the month rose 5.1% year-on-year to CNY616.3 billion, from a 3.7% growth in May. For the first six months, their profit grew 6.2% year-on-year to CNY3 trillion.
- Beijing's GDP was CNY1.14 trillion in the first six months, up 6.7% year-on-year – on par with the national average. However, total investment in the real estate sector was CNY167 billion, which is 7.6% lower than the same period last year. Land supply is reduced, which led to declining investment in the sector. Beijing's financial sector was also weak during the first half, with year-on-year growth of 13% in the first quarter declining to 9.2% for the first six months.
- The official manufacturing Purchasing Managers' Index (PMI) is expected to be 50.0 in July, the same as in June, according to the medium forecast of 23 analysts polled by Reuters. The neutral 50.0 mark separates expansion in activity from contraction on a monthly basis. After expanding for three consecutive months from March to May, growth in the factory sector stalled in June, suggesting a bounce in activity is fizzling.
- Around 7.51% of China's industrial businesses are "zombie companies", economically unviable businesses, usually in industries with severe overcapacity, kept alive only with aid from the government and banks. Renmin University of China found that in 2000, about 30% of industrial firms were "zombies". The report was compiled on the basis of a survey of roughly 800,000 companies.
- China's central government has sent inspectors to six provinces and one city that reported markedly slowed private investment. The regions to be inspected are Beijing, Liaoning, Anhui, Shandong, Henan, Hubei and Qinghai. China saw fixed-asset investment (FAI) by the private sector gain 2.8% in the first half of the year, down from 3.9% in the first five months and 5.7% in the first quarter.

MERGERS & ACQUISITIONS

Chinese consortium acquires Caesars' online games

A Chinese consortium that includes game developer Shanghai Giant Network Technology Co and Alibaba founder Jack Ma has agreed to acquire Caesars Interactive Entertainment's online games unit for USD4.4 billion in cash. Caesars' online games business, known as Playtika, makes games such as Bingo Blitz and Slotomania available on the Apple App store. Playatika will continue to operate independently with its own management team and its headquarters remaining in Herzliya, Israel, following the deal. Caesars' World Series of Poker and real-money online gaming businesses are not part of the deal. Giant is one of China's biggest gaming companies, with nearly 50 million monthly active users and several top-grossing mobile titles. It was taken private in 2014 for USD3 billion. The Chinese consortium involved in the deal also includes Ma's private equity firm Yunfeng Capital, China Oceanwide Holdings Group Co, China Minsheng Trust Co, CDH China HF Holdings Co, and Hony Capital Fund. Chinese companies are eager to expand beyond their home country, which boasts the world's largest online gaming market. In June, Tencent Holdings, China's biggest gaming group, agreed to buy a majority stake in "Clash of Clans" mobile game maker Supercell from SoftBank Group Corp in an USD8.6 billion deal, the Shanghai Daily reports.

- AMC Entertainment Holdings – owned by Chinese billionaire Wang Jianlin – has raised its offer for Carmike Cinemas, pushing the total amount of purchases completed or announced by the tycoon's companies to more than USD16 billion this year, more than triple Wang's M&A total in 2015. Most of the investments are going toward buying entertainment assets to transform Wang's flagship Dalian Wanda Group Co into a juggernaut with USD200 billion in market capitalization and USD100 billion of annual sales by the end of the decade. Chinese companies have completed or announced an unprecedented USD150 billion of overseas purchases in 2016.
- Shanghai Fosun Pharmaceutical Group Co has agreed to buy an 86% stake in Gland Pharma – backed by KKR&Co – for up to USD1.3 billion, in India's largest inbound acquisition this year. Hyderabad-based Gland Pharma owns four factories supplying a variety of injectables, widely used medicines administered through vials, syringes,

bags and pumps, which are harder to make than regular medicines. Gland Pharma's founders and U.S. private equity firm KKR jointly held roughly 96% of the drugmaker.

- Chinese authorities have approved AB InBev's take-over of SABMiller, on condition that SABMiller's 49% stake in China's Snow Breweries was disposed of, a transaction which has already been agreed. The sale to a unit of China Resources has to go through within 24 hours of the overall merger.

REAL ESTATE

Prices of new homes expected to quintuple in three decades

The price of a new home in China will nearly quintuple in three decades despite sharp drops in transaction volumes, according to a recent report by China International Capital Corp (CICC). By 2050, the average price of new houses in China will break CNY30,000 per square meter, and prices in cities such as Beijing, Shanghai, Guangzhou and Shenzhen will rise up to CNY70,298, although the average price in 2015 was only CNY6,472 and CNY21,505. The trade volume nationwide will drop by nearly half from 1.12 billion sq m in 2015 to 671 million sq m in 2050. In first-tier cities, the volume will reach a peak of 58.7 million sq m in 2025, and then shrink to 40.6 million in 2050. According to CICC Analyst Zhang Yu, the price and transaction volume, in the short term, might be affected by elements such as money supply, government policies, urbanization and the development of infrastructure. However, in the long term, macro-economics and population are the two decisive factors in the property market. The price of new houses is often determined by the prices of land, which is strongly influenced by government decisions, he said. In nationwide property purchases, 20% are second-hand houses and 80% are new ones. So far, transactions of second-hand houses have only surpassed new ones in 10 cities, including four first-tier cities and six leading second-tier cities, Zhang added.

- Finance Minister Lou Jiwei pledged that a property tax would be introduced, but Liu Jianwen, Professor at Peking University Law School, predicted the tax to take effect by the end of 2017 at the earliest. Experts said the policy could help reduce demand and stabilize prices to some extent. "Information collection, taxation, capacity building and vested interests are the major challenges," Lou pointed out.
- In Shanghai a residential parcel 40 kilometers away from downtown People's Square was sold at the highest price for a single plot in the city this year. Shanghai-listed Gemdale Corp beat over 20 rivals when it paid CNY8.8 billion, or a premium of 286% to the reserve price, for the 140,252-square-meter housing parcel in Zhuqiao in the Pudong New area. The bid was equivalent to around CNY33,023 per square meter of gross floor area (GFA), but the actual GFA price for the saleable area exceeded CNY41,000 per square meter as only 80% of homes built on the site could be released to the open market under government requirements.
- During the second quarter, the average premium for residential land in China's 10 largest cities was 82.2%, up from 42.5% in the first quarter, according to the China Index Academy. Some analysts say surging land prices are due to a squeeze in supply, as Beijing, Shenzhen and Shanghai have been slow to release residential sites for auction.

RETAIL

Online retail expected to grow rapidly in next few years

China's online retail sector is expected to grow rapidly in the next few years, with online shoppers to exceed 40% of the total population in 2018 and online retail sales to double by then from the current level. China's online retail market is a bright spot in the sluggish retail sector, said analysts from Jefferies Group in a recent research note. In the meantime, the gross merchandise volume (GMV) of online retail is forecast to reach CNY7.5 trillion in 2018, double the CNY3.9 trillion in 2015, a compound annual growth rate (CAGR) of 24.6% over the three year period. China's online retail sales have been expanding at a faster pace in recent years compared with other developed economies. In 2015, online retail sales jumped 39% year-on-year to CNY3.9 trillion, accounting for 13% of total retail sales compared with 10.6% in 2014 and 8.1% in 2013, according to the National Bureau of Statistics (NBS). By comparison, global online retail sales in the U.S. reached USD342 billion in 2015, up 14.6% from 2014, accounting for 7.3% of the total retail sales in the U.S. Offline retail growth in China is expected to remain sluggish, due to poor same-store sales growth in the near and medium term. Offline consumption was weak in the first half of the year, as the sales of the top 50 retailers declined 3.1% year-on-year, according to the National Commercial Information Center of China. China's e-commerce is the sweet spot of retail said Jessie Guo at Jefferies Group, the South China Morning Post reports.

- Huawei Technologies' half-year smartphone shipments increased 25% to 60.56 million units. The robust performance highlighted that the world's third-largest smartphone vendor has maintained strong momentum despite the slowing global demand and the mounting competition from rivals such as Samsung Electronics. As of May, Huawei has set up 35,000 self-owned retail stores across the world, marking a year-on-year growth of 116%. Huawei aims to ship 140 million handsets in 2016. That would be a 30% increase in smartphone shipments from 108 million units last year.
- Chinese consumer confidence dipped in July. The MNI China Consumer Sentiment Indicator fell by 1.6 points to 114 points in July from 115.9 a month ago, Market News International said. Respondents were also pessimistic about the labor market. The employment outlook indicator fell to 98.3 in July after expanding in June, the first time in almost two years.
- Overseas consumers who buy made-in-China products online will soon see the parcel delivery time reduced by two-thirds to three to five days, as China Export & Credit Insurance Corp (Sinosure) partnered with eBay and three service firms in Tianjin to help speed up the development of cross-border e-commerce. Currently, it takes eight to 15 days for orders to arrive. "Building warehouses in foreign countries will enable Chinese firms to sell overseas buyers items that are impossible to be transported currently, such as auto parts, furniture and gardening products," said Lin Yizhang, CEO of eBay Greater China.
- Chinese consumers spent 4.6% more on fast moving consumer goods in the second quarter, up from a 2% increase in the first quarter, on a rebound in modern trade channels, including hypermarkets, supermarkets and convenience stores. Sunart Group retained its no 1 position with a market share of 7.7%, followed by China Resources' 6.1%. Yonghui Group had a 2.9%, market research firm Kantar Worldpanel said in its quarterly survey.
- Alibaba wants to start negotiations with one or two countries following the G20 summit in Hangzhou in September to create a global e-commerce platform, which company founder Jack Ma says can help eliminate trade barriers. Ma said he hoped global enterprises, including rival Amazon, would work together to create the new platform to connect smaller enterprises around the world. Ma said he was prepared to spend decades to turn his vision into reality.

SCIENCE & TECHNOLOGY

Chinese research institutes show improvement

Research institutions in China are leading the world in the increase of high-quality output. The Nature Index 2016 Rising Stars supplement shows that 40 of the top 100 institutions that improved the most worldwide are from China. More than half of the 40 showed a growth of over 50%. The ranking is based on the change in the institutions' absolute contribution from 2012 to 2015 to the Nature Index, which tracks the research of more than 8,000 global institutions that is published in 68 high-quality natural science journals. China's institutions, led by the Chinese Academy of Sciences (CAS), took the top nine places on the list of the world's 100 most improved institutions for high-quality science. Shi Yi, Researcher at the Institute of Microbiology of the CAS, attributed China's achievements in scientific research to the government's financial support and to policies to entice talent to return to China. China has topped the list of the most improved countries in the index – both overall and in the four subject areas tracked by the index – for the past four years. The four areas are physics, chemistry, life sciences and earth and environmental research. The United States, while remaining the largest contributor to high-quality scientific papers overall, had 11 institutions enter the top 100 – the second-largest number. David Swinbanks, Founder of the Nature

Index, said China has experienced an enormous rise in high-quality research output. “This impressive upward trajectory seems likely to continue,” he added, as reported by the China Daily.

STOCK MARKETS

CSRC tightens regulations on hostile take-overs

The China Securities Regulatory Commission (CSRC) has barred existing major shareholders from using borrowed money or newly raised funds to participate in share placements by listed firms, in a move to curb hostile take-over bids. The CSRC has issued what it called “window guidance” to investment banks, under which share-owners who own at least 5% of a listed firm cannot use money raised from the issuance of wealth management products or capital from third-party fundraising platforms, to buy additional shares in the company. The new guidance is less than a rule change, but the regulator does have the power to implement any change without revising the rule. The new measure reflects the CSRC’s growing worries of more controversial hostile take-over attempts on the secondary market without a clear-cut rule governing the source of the buyout funds, following the fierce battle for control of China Vanke, the world’s largest homebuilder, the South China Morning Post reports.

- Veteran accountants in Hong Kong have voiced their opposition to a proposed listing reform which they fear could damage Hong Kong’s appeal for initial public offerings (IPOs). The proposed move would raise the influence of regulators in the listing process and reduce the number of new listings in Hong Kong, they say, adding that they do not want to see the local market become “over-regulated”.
- The China Securities Regulatory Commission (CSRC) has fined brokerage Industrial Securities Co CNY24.6 million and forfeited CNY32.8 million in revenue for negligence of its duties in relation to its client Dandong Xintai Electric Co, the first company to be delisted because of IPO fraud.
- Britain’s Financial Conduct Authority and the China Securities Regulatory Commission (CSRC) are cooperating on a regulatory framework for distributing fund products in each other's jurisdiction and a proposed London-Shanghai link for trading shares.

TRAVEL

Number of Chinese tourists traveling to France drops 15%

Violent attacks in Western Europe have dampened interest in the region among Chinese tourists, a fast-growing segment of the travel industry. The number of Chinese tourists traveling to Europe was up 32% to 4.78 million in 2015, with growth strongest among those heading to Germany and France. But that was before the terrorist attacks in Paris on November 13, when at least 130 people were killed and many more wounded. Since then, Chinese interest in France, in particular, has been on the wane. France issued just 320,000 visas in China in the first six months of this year, a drop of 15% from the same time in 2015, according to the French Embassy in Beijing. More tourists will be deterred following the killings in Nice on July 14, the Munich shooting, and the knife attack in Normandy. “Since the terrorist attack in Paris last year, many tourists have looked to Eastern European destinations such as Hungary and the Czech Republic or Northern European countries such as Finland and Sweden,” Ctrip said. Prices of tour packages to France have dropped by CNY1,000 to CNY2,000. Last year a record 120 million Chinese headed overseas, with the number going to Germany up 70%, Italy 41%, and France 48%, according to Neil Wang, Greater China President of consulting firm Frost & Sullivan. But due to Brexit and the fall in value of the pound, the number of Chinese tourists heading to Britain was expected to be up by half in 2016, propelling it ahead of France and Italy in popularity among Chinese travelers, Wang said.

China legalizes ride-hailing services

China has announced new rules that legalize ride-sharing services nationwide, a move that was welcomed by both Uber and Didi Chuxing, the country’s top car-hailing companies. China is the first country in the world to have a regulation on the booming online car-hailing market. Vice Transport Minister Liu Xiaoming said the new rules will support the development of online car-booking platforms, adding that private cars were encouraged to provide ride-sharing services to “promote the sharing economy, ease traffic jams in cities and reduce air pollution.” The rules however set conditions on private cars before they can become part of the online-hailing business. A vehicle can be in service until it reaches an aggregate mileage of 600,000 kilometers, not after eight years of use, as previously stipulated. Drivers must have more than three years’ driving experience, have no criminal and dangerous driving record, drug abuse or driving under influence. The online car-hailing platforms are allowed to set their own prices. New guidelines were also issued encouraging taxi companies to coordinate the monthly rental fee and the workload of drivers.

Several airlines to move to new Beijing airport by 2019

Relocation of two top Chinese airlines to a new airport in Beijing could help cut airfares for international passengers while improving services for national carrier Air China, which will remain at Beijing Capital International Airport. China Eastern and China Southern Airlines, along with some other SkyTeam Alliance members, will move to Beijing's new international airport when it begins operation in 2019, according to a statement from the Civil Aviation Administration of China (CAAC). Other carriers to be relocated include Air France, KLM Royal Dutch Airlines, Delta Air Lines and Korean Air. Air China and other Star Alliance partners, including United Airlines, Air Canada, Singapore Airlines and Japan’s ANA, will stay. Slot shortages at Beijing Capital International Airport have made it increasingly difficult for airlines to add flights and launch new routes. The ultra-large new airport, which will be in Daxing district in Beijing's southeastern suburbs, is expected to serve those who travel to and from Beijing, Tianjin and Hebei province. Since the new airport will be nearly 50 kilometers from the downtown area, airline companies based there will likely offer cheaper ticket prices to attract passengers and tour groups. China Eastern and China Southern will be allowed to build their own infrastructure facilities at the new airport, and the two airlines will become the airport's main carriers, accounting for 40% of annual passenger volume. They will both be given a transition grace period of four years to move to the new airport. CAAC did not mention whether Hainan Airlines, the country's fourth-largest airline, will remain at Capital airport or move, the China Daily reports.

- Beijing’s Ritz-Carlton hotel has been fined CNY2 million for raising its food prices on the pretext of compensating for a new value-added tax (VAT) system that took effect in May. The tax reform was aimed at lowering the tax burden of businesses, but many firms complained that it actually added to their taxes, and increased their prices as a result. China’s tax revenues rose 8.6% in the first half of the year.

ONE-LINE NEWS

- Yang Zhenchao, former Vice Governor of Anhui province, and Li Chengyun, former Vice Governor of Sichuan province, have been expelled from the Chinese Communist Party and will be prosecuted for corruption and abuses of power. Their illegal profits would be seized, the Central Commission for Discipline Inspection (CCDI) announced.
- A Chinese military court sentenced Guo Boxiong, former Vice Chairman of the Central Military Commission (CMC) under former President Hu Jintao, to life in prison for accepting bribes. He was stripped of his rank of General and his personal assets were seized. Guo’s bribes were “extremely huge” and his crimes were “extremely serious,” the Shanghai Daily reports.
- Steady growth in overseas oil and gas developments helped China National Petroleum Corp (CNPC) realize a 11% gain in profit to CNY27.6 billion in the first half of 2016 despite the fall in energy prices. CNPC produced 38 million tons of oil equivalent in overseas oil and gas projects. CNPC said it would cut its annual total investment over the next five years by 40% to CNY260 billion.
- China’s main offshore oil and gas producer CNOOC will lose more than USD1 billion in the first half of this year because of low oil prices, it told shareholders in a profit warning. It would be CNOOC’s first half-year loss since it started trading on the Hong Kong market in 2000.

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