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NEWSLETTER | 8 AUGUST 2016

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

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

Premier Li Keqiang urges EU to fulfill WTO promises

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

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FCCC/EUCBA activities	EU-China Business and Technology Cooperation Fair China Tour 2016 – 2-8 November 2016 – Chengdu, Qingdao
Advertisement and sponsorship	Advertisement and sponsorship opportunities 2016
Activities supported by FCCC	Guizhou (China) SME Cross-border Investment and Trade Cooperation Conference – October 18-19 – Guizhou
	EU trade mission to Beijing on circular economy – 23-25 November 2016 – Beijing
Past events	China workshop: Doing Business with China for SME's – 28 June 2016 – FIT Exportfair, Brussels

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

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

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 the 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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E-mail: kjchzx_gz@mail.notes.bank-of-china.com
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.

PROJECTS

Projects announced by the EU Project Innovation Center (Qingdao)

The EU Project Innovation Centre (Qingdao) has announced several projects:

- Business Offer: A Chinese company seeks customers or agents for polyvinyl chloride (PVC) additives.
- Business request: A Chinese company looking for agriculture fertilizer, pesticides and preservative for fresh grapes and vegetables preservation from European companies.
- Technology Request: High-end automotive supplies manufacturers to seek auto parts industrial partners
- Business Request: A Chinese pet food & toy company is looking for European supplier.
- Technology Request: A Chinese leading environmental measuring instrument and monitoring system company is looking for environmental monitoring instruments for "ultra low emission" and "trace".

For more information, send an e-mail to: info@flanders-china.be

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via Beijing to your destination in Hong Kong.

MEMBERS' NEWS

Chinese language and Tai Chi courses at Confucius Institute (VUB)

The Confucius Institute at the Vrije Universiteit Brussel (VUB) is organizing a series of Chinese language courses and Tai Chi courses in September at the VUB Etterbeek Campus (Brussels).

Chinese Language Courses
The Confucius Institute at the Vrije Universiteit Brussel organizes Chinese Mandarin language courses at VUB Etterbeek Campus, Brussels.

- You will learn with a native speaker.
- The language of instruction is English.

Group courses start the week of 26 September 2016.

Beginners 1.1	Wednesday	17:00 – 20:00	162 EUR
Beginners 1.1	Thursday	18:00 – 21:00	176 EUR
Beginners 1.2	Monday	18:00 – 21:00	176 EUR
Beginners 1.2	Tuesday	12:00 – 14:00	108 EUR
Intermediate 2.1	Monday	17:00 – 20:00	176 EUR

Intermediate 2.2	Thursday	17:00 – 20:00	176 EUR

Conversation table and practice session – Friday 12:30 – 13:30

Find more information on the website www.vub-ci.be. Check the information brochure for the general conditions and more information on private courses.

Tai Chi Courses

The Confucius Institute at the Vrije Universiteit Brussel organizes Tai Chi group classes for beginners at VUB Etterbeek Campus, Brussels. Tai Chi is an internal martial art that finds its origins in China. The discipline is characterized by slow, soft and harmonious movements while being in control of your breath.

Group Courses Tai Chi start week 26 September 2016.

Beginners	Monday	12:30 - 13:30	80 EUR
Beginners	Monday	17:00 - 18:00	80 EUR

Find more information: www.vub-ci.be.

AUTOMOTIVE

Car-hailing may hinder car sales

Car-hailing might hinder the growth of the new purchase market in China, as the services have been granted legal status while local governments in major cities are restricting the registration and the use of vehicles. With the introduction of the new regulation on car-hailing services, residents in major cities are being encouraged to use mobility services rather than make car purchases. The Boston Consulting Group predicts the Chinese auto market will shrink 2% each year over the next decade, based on a 5% decline in individual purchases for private ownership and a car-hailing fleet replacement rate of 3%. Car sales volume in China totaled 24.6 million last year, and a 2% reduction in volume in the world's largest auto market would be a reduction larger than the combined Swiss and Russian markets in 2015. Nielson Co Greater China says that chauffeured car-hailing and ride-sharing services save costs for passengers, weakening potential buyers' willingness to purchase their own cars. According to a Nielson report, 67.8% of respondents who do not own cars “feel there's no need for a private car”. A total of 32.4% of Chinese private car owners surveyed said they wouldn't buy another car and 9.7% were considering selling their cars, the China Daily reports.

- BAIC Yunnan Ruili Automotive Co has signed an agreement for a strategic partnership with Kunming Yunnei Power Co, Chongqing International Composite Materials Co and Efort Intelligent Equipment Co. Kunming Yunnei is a diesel engine producer, the Chongqing company is a leader in the research and development of vehicle-related new materials, while Efort is a robots manufacturer. "Our goal is to produce and sell 50,000 units annually by 2019," said Chen Lei, General Manager of BAIC Yunnan Ruili. The joint venture is building a vehicle manufacturing base in Ruili, Yunnan province.

EXPAT CORNER

Beijing sets up inter-departmental health information system for foreigners

Beijing police have set up an inter-departmental health information system for foreigners, a move to make it easier to apply for long-term residence in the capital. Under the new system, foreigners applying for the first time to live in Beijing for more than one year will need to submit just one health check certificate, instead of the multiple certificates required previously, the Beijing Public Security Bureau said. Three departments in the city – the Public Security Bureau, the Human Resources and Social Security Bureau and the Entry-Exit Inspection and Quarantine Bureau – will now share information on the health status of foreigners in Beijing. The new policy already took effect. Previously, foreigners first applying for longtime residence in Beijing had to submit a health check certificate to several government agencies. They were not required to submit such a certificate when they renewed their residence permit. Efforts to cut red tape for foreigners living in China have been stepped up in other government departments as well.

A national government department for issuing work permits for foreigners may open next year. Currently, a foreign expert certificate is issued by the State Administration for Foreign Experts Affairs (SAFEA) for those working at cultural, education, healthcare and research institutions, most of which are run by the government. An alien employment certificate is issued by the Ministry of Human Resources and Social Security for those working in commercial sectors, the China Daily reports.

FINANCE

Banks face new challenges from internet technologies

Commercial banks have said they are stepping up risk management of the credit and debit card business, as they face new challenges from criminals amid the rapid development of internet technologies, the China Banking Association said in its latest report. The extent of the threat was outlined by an official with the economic crime investigation department of the Ministry of Public Security. Police investigated and prosecuted more than 50,000 credit card fraud cases in 2015, accounting for about one-fourth of all economic crime cases. They also prosecuted 178 cases involving theft, purchase, and illegal provision of credit card information during the same year. The China Banking Association recently published its Blue Book on the development of the bank card industry. A growing number of criminals are moving away from offline to online crime, adopting up-to-date technologies. They planted Trojan horses into mobile phones via phishing websites and pseudo base stations, committed fraud by using caller ID spoofing to pretend to be a bank's customer service agent, and stole bank card information in bulk, the China Daily reports. The Blue Book listed pseudo cards, false identities and internet scams as the top three types of credit card frauds last year. By the end of 2015, China had issued 5.61 billion debit and credit cards, rising 13% from the beginning of the year.

Financial Work Conference postponed till late September

The National Financial Work Conference, a key policymaking meeting held every five years, will convene no earlier than late September, later than expected. China has only held four such meetings in the past. The first convened in 1997 when Beijing decided to bail out state banks. The second meeting, in 2002, pushed state banks to make initial public offerings (IPOs) and created the national banking regulator. In 2007, the third work conference decided to develop an onshore bond market and create China’s sovereign wealth fund. The most recent meeting, in 2012, didn’t produce new major policy moves partly because of the transition of power from the “fourth generation” leadership to current President Xi Jinping and Premier Li Keqiang. The fifth national financial work conference was originally scheduled for January, 2017, but the leadership decided to bring the meeting ahead to last month, Bloomberg reported earlier, following last year’s stock market rout and systemic risks in the growing shadow banking system. One of the meeting’s main themes is expected to be the overhaul of China’s financial regulatory system. Currently, the watchdogs – the China Securities Regulatory Commission (CSRC), the China Banking Regulatory Commission (CBRC) and the China Insurance Regulatory Commission (CIRC) – operate independently while the boundaries of actual financial activity have become increasingly blurred. At the same time, the People’s Bank of China (PBOC) has remained relatively aloof. Zhang Chenghui, Director of the Financial Research Institute at the Development Research Center, said in June that there were three reform scenarios. First, the top three financial regulators could become bureaus under the PBOC. Second, the banking regulator could merge with the PBOC, while the securities and insurance watchdogs maintain their independence. Finally, the three regulators could be combined into a single agency that runs parallel with the PBOC, the South China Morning Post reports.

- China’s Fosun Industrial Holdings aims to take a 17% stake in Portugal’s Banco Comercial Portugues (BCP). Fosun is considering ultimately buying up to 30% of BCP. Fosun owns Club Med and other businesses in Europe, including Portugal’s biggest insurer, Caixa Seguros. BCP posted losses of €197 million in the first half of this year, down from a profit of €241 million a year ago.

- Investor confidence in bitcoin is expected to take another big hit after Bitfinex, a prominent Hong Kong-based digital currency exchange, reported the theft of about 119,756 bitcoins valued at nearly USD100 million. News of the Bitfinex hack promptly led to a crash in bitcoin prices. The security breach may have exploited the closure of Hong Kong's financial markets on August 2 as Typhoon Nida made landfall.
- The World Bank is planning to issue bonds denominated in Special Drawing Rights (SDRs) in China as early as the end of this month, while policy bank China Development Bank was also planning an SDR bond issue. The International Monetary Fund (IMF) is expected to include the yuan in its SDR basket in October. But some analysts question whether it is worthwhile to invest in such bonds.
- Police in Kunming said they would prosecute 20 people involved with the Fanya Metals Exchange, which authorities and investors say was a multibillion-dollar Ponzi scheme. Police said they were working hard to recover stolen assets.
- It has been reported that Yao Yudong, Director of the People's Bank of China Research Institute, plans to resign and move to Shenzhen-based Dacheng Fund in the next two months. Previously, Wu Ge, a Division Chief at a PBOC unit in charge of exchange rate policy, left to become the Chief Economist at a Chinese brokerage. Moreover, at least three officials at the central bank's Payment Department quit this year for other jobs.
- The National Development and Reform Commission (NDRC) has called for the central bank to cut interest rates and bank reserve requirements "at the appropriate time", but recalled the message only hours later. It generally does not express public views on central bank policy. The NDRC also said it would lower costs for firms, encourage private enterprises to raise capital by issuing bonds, and push cities to further cut oversupply in their housing markets.
- China's futures exchange has denied reports it is planning to relax the restrictions introduced on stock-index contracts following last summer's market crash. Except for trading on the China Financial Futures Exchange (CFFEX) for hedging purposes, investors are still only allowed to open a maximum 10 positions on a single contract, compared with the previous 600. Anything above that is considered abnormal trading.
- China's foreign exchange reserves dropped slightly in July as downward pressure eased thanks to a stronger yuan. Looking forward, China's forex reserves may improve, as the yuan is expected to stay largely stable and forex outflows to slow down. Forex reserves stood at USD3.201 trillion at the end of July, down from June's USD3.205 trillion, according to the People's Bank of China (PBOC).

FOREIGN INVESTMENT

SIA EU-China survey for companies and business associations

On behalf of the European Commission, Ecorys is currently conducting an impact assessment of the future Investment Agreement between the EU and China. The study team would like to invite companies and business associations to participate in an online survey. By means of this survey you get the chance to provide the study team and the negotiators with your experiences, expectations and concerns regarding current investment in China or the EU, and the future EU-China Investment Agreement.

To participate in the survey, click here.

- China called for Britain to proceed with a nuclear power plant project partly invested in by China General Nuclear Power Corp (CGNPC), after Britain's new government said it would review it again. British Prime Minister Theresa May was concerned about the security implications of the planned Chinese investment in the Hinkley Point nuclear plant and intervened to delay the project. CGNPC would hold a stake of about a third in the project.

FOREIGN TRADE

Cheaper yuan fails to boost China's exports

It has been a year since Beijing's surprise one-off depreciation of the yuan, but Chinese exports are still falling. China's total exports by value fell 6.25% to USD180.3 billion in June, down from USD192.01 billion in the same month last year, while exports in the first six months are down 2.1% year-on-year. The falling export numbers show that a weaker yuan won't necessarily help exporters sell more. That is especially true of the textile sector, which has seen its exports decline 3.7% year-on-year in the first half. The People's Bank of China (PBOC) shocked financial markets on August 11, 2015 when it devalued the yuan by lowering its daily reference rate by 1.87% against the U.S. dollar. One year later, the central bank's fixing rate is down by 8.6%, or 5,222 basis points, from 6.1162 to 6.6406. The yuan is not yet fully convertible so the PBOC sets a daily reference point for the yuan, with traders allowed to trade up to 2% either side of the mid-point in the case of the U.S. dollar. "There have been no clear signs that Chinese exports have benefited from a cheaper yuan, as shown by the recent export figures,"said Wen Bin, Chief Researcher at China Minsheng Bank, the South China Morning Post reports.

- China has an open attitude toward a free trade deal with Britain and is willing to study it, the Ministry of Commerce (MOFCOM) said. New trade agreements will have to be negotiated once Britain formally leaves the EU.
- The Ministry of Commerce (MOFCOM) said China was disappointed at the United States' punitive duties on Chinese solar products, saying the practice disrupted the global industry chain. The U.S. Commerce Department decided recently to levy anti-dumping duties ranging from 6.12% to 12.19% and countervailing duties of 19.2% on imports of photovoltaic products from China.
- China's Commerce Ministry said it "regrets" the European Commission's decision to put anti-dumping duties on Chinese cold-rolled steel plates. The duties of between 19.7% and 22.1% on Chinese firms Angang Group and Shougang Group would weaken the European Union's downstream manufacturing competitiveness, the Ministry said in a statement, adding that the "move amplifies legal uncertainty and gravely affects normal international trade".
- China firmly supports globalization and multilateral trade mechanisms as a major channel to boost global economic development and opposes all forms of protectionism, Minister of Commerce Gao Hucheng said at the fourth East Asia Summit Economic Ministers' Meeting in Vientiane, Laos.
- Hong Kong officials have for the first time met with all 10 ASEAN members to discuss a long-anticipated free trade agreement (FTA), which is expected to be passed within a year. Seven rounds of negotiations have already taken place in previous years, with the eighth round expected at the end of this month. ASEAN is Hong Kong's second largest trade partner after mainland China, and is also the city's fourth largest export destination.

HEALTH

Chinese researchers experimenting with 3D-printed skin

Chinese researchers and companies are developing the technology and processes to make 3D-printed skin a reality. They expect to achieve this within two to three years. Wu Jun, Director of the Burns institute at the South-west Hospital in Chongqing, said he has been testing the process with pig skin. 3D-printing in the medical industry mostly produces hard items, the flexibility of skin makes it more difficult. The aim is to make custom-made skin for burns patients that will be printed according to their wounds.

IPR PROTECTION

Trademark application process to be cut

The trademark application process is expected to be cut by at least three months. Previously it took about a year to register a trademark and applicants had a six-month wait following the filing of their application. At the end of this process, the National Trademark Office of the State Administration for Industry and Commerce (SAIC) would inform them whether or not their application had been successful. In the event of a successful application, there would be an additional three-month examination period followed by a three-month public review. In future, successful trademark registration applicants would be notified within three months, said Cheng Meng, an official at the office. He said the main reason for the current prolonged period is the contradiction of surging trademark applications on the one hand and backward examination models on the other. China has led the world in annual trademark applications for 14 consecutive years since 2002. There were 11.2 million valid trademarks in the country as of the end of June, accounting for one-third of the global total. New guidelines proposed 22 measures to streamline the trademark registration process, including electronic registration. In the past, only trademark agencies were allowed to apply for trademarks online, but in the future, the online service model will be open to all applicants. The services will include not only trademark application, but also renewal, transfer and cancellation. The SAIC will also commission its local branches to handle trademark filings so that applicants no longer need to travel to Beijing to file applications. The first two pilot offices opened last month in Ya'an, Sichuan province, and Taizhou, Zhejiang province, and more are planned. Trademark examination centers will also be established nationwide later this year to share the duties currently handled by the Beijing center. From next year, applicants will be able to file trademark applications online or at local trademark offices, the China Daily reports.

MACRO-ECONOMY

Chinese companies' cash reserves growing too fast

Chinese firms reported an 18% jump in cash holdings during the latest quarter, the biggest increase in six years. The USD1.2 trillion of company funds, which excludes banks and brokerages, grew at a faster pace than in the U.S., Europe and Japan, according to Bloomberg. Because companies lack the confidence to spend on new projects, government attempts to boost growth by pumping money into the financial system are falling short. The impulse to hoard instead of invest is relatively new for a country where corporate risk-taking has been rewarded for much of the past 25 years. Growth in China's private spending on fixed assets, which topped 10% last year, slowed to 2.8% in the six months through June, the weakest level on record. “The drivers aren't there” for Chinese firms to invest, said Sean Taylor, Chief Investment Officer for the Asia-Pacific region at Deutsche Asset Management in Hong Kong, which oversees about USD803 billion globally. Some of the cash buildup may reflect worries among corporate executives that refinancing debt will become more difficult as the economy slows. Chinese firms face a record CNY3 trillion of maturing onshore debt in the second half, the South China Morning Post reports. “It's difficult to raise new funds as the stock market is bad right now and the bond market isn't that good either,” said Alex Wong at Ample Capital in Hong Kong. “The government is trying very hard to push the economy through investment, but the private side isn't responding,” said Francis Cheung, Head of China and Hong Kong Strategy at CLSA in Hong Kong.

Concern about slow reduction of overcapacity in steel and coal

The People's Daily said that capacity reduction in the steel and coal sectors was far from satisfactory, with less than half of the goals met in the first seven months of the year. It noted that some regions showed reluctance to address the problem, due to worries about the impact on the local economy, or expectations that steel and coal prices would recover. Beijing plans to send inspection teams in the middle of this month to supervise the removal of overcapacity. China aims to reduce capacity of crude steel by 45 million tons this year, and to cut coal capacity by at least 250 million tons. But after seven months, only 47% of the target in steel and 38% of the coal target had been met. Meanwhile, the rebounding of steel prices in recent months stimulated the resumption of production. In June, the daily average output of crude steel hit an all-time high of 2.31 million tons. But these price rebounds were not sustainable because severe overcapacity remained, said Xu Shaoshi, Chairman of the National Development and Reform Commission (NDRC).

- More than 1,300 business startups in Shanghai have received CNY260 million in guaranteed government loans in the first half of the year, a 76% increase over the same period last year and 2.5 times the amount allocated five years ago. The average loan granted to startups is CNY200,000 this year, double what was lent five years ago. This year the government expanded the loan scheme to include non-native students and graduates of local universities under age 35, and raised the ceiling from CNY150,000 to CNY200,000.

- China's manufacturing sector weakened in July as heavy floods hit output, but private manufacturers did better than market expectations to record their first growth in 17 months. The manufacturing Purchasing Managers' Index (PMI) fell to 49.9 last month, below June's 50. Factory output fell to 52.1 in July from 52.5 in June, and total new orders showed modest expansion at 50.4, but a dip from June's 50.5. The Caixin China General Manufacturing PMI, which reflects private and export-oriented manufacturing conditions, rose to 50.6, a better-than-expected performance, and was up significantly by 2 points from its June reading.
- China is considering a sweeping overhaul of its steel industry that would consolidate major steel producers into two large companies, with one located in the North and the other in the South. Shanghai Baosteel Group Corp and Wuhan Iron & Steel Group Corp would be merged into Southern China Steel Group, while Shougang Group and Hebei Iron & Steel Group would combine into Northern China Steel Group. China's crude steel-producing capacity reached a record of 1.2 billion tons at the end of 2015.
- Huaneng Power International, the listed unit of power producer China Huaneng Group, posted a worse than expected 31% year-on-year drop in net profit to CNY6.18 billion for the first six months of the year. Analysts forecast its net profit to slide further to CNY11 billion next year and to CNY7.7 billion in 2018, amid rising industry excess capacity and policy reform that has seen intensifying competition in power selling prices and volumes. Huaneng Power's average first-half plant utilization fell 12.5% year-on-year to 1,839 hours.
- Business activity in China's service sector continued to expand in July. The Caixin China General Services Purchasing Managers' Index came in at 51.7 in July, indicating expansion. However, the growth rate fell from an 11-month high of 52.7 in June.
- China's overall advertising market was almost flat in the first half of the year, increasing by just 0.1%, as spending on most advertising media fell and offset the gains made in internet advertising. Traditional advertising in the first six months fell 6.2%, the biggest drop in over five years. TV advertising in the first six months dropped 3.8%, CTR said in its latest report. Newspaper and magazine advertising declined by 41.4% and 29.4% respectively. Spending on trailer ads shown in movie theaters surged 77%, while ad spending on the internet rose 26.9%.

MERGERS & ACQUISITIONS

Didi Chuxing acquires Uber China operations

China's largest ride-hailing service provider Didi Chuxing has acquired Uber's China operations through a share swap deal that effectively eliminates its biggest rival in the country. Didi's move comes only a year-and-a-half after it acquired another local rival Kuaidi. Uber will continue to operate independently, Didi said. The merger is valued at around USD35 billion with Uber holding a 20% stake in Didi, making the American firm its biggest shareholder. Uber founder Travis Kalanick will join Didi's board while Didi Chuxing founder Cheng Wei will be on the Uber board. Reuters reported that Didi was valued at USD28 billion and Uber China USD7 billion. Uber and Didi have been locked in a price war over the last two years with Didi covering a far bigger group of consumers and wider geographical area than Uber. Uber operates in 60 Chinese cities, serving over 40 million rides per week, while Didi serves 16 million rides per day. Uber was losing USD1 billion a year in China. Consumers have expressed concern that rides would become costlier after the merger. Both Didi and Uber offered subsidies making rides ordered through mobile apps cheaper than regular cabs. "Smaller competitors such as Shenzhou and Yidao are expected to offer new services to attract users," said Zhang Xu, Research Director at Analysys International's Internet Mobility Research Center. Didi had raised massive amounts of capital before the merger. In June, Didi said it raised USD4.5 billion in its latest round of fundraising from market leaders such as China Life, Ant Financial as well as new shareholders. Apple recently agreed to invest USD1 billion in Didi. Tencent, Alibaba, China Merchants Bank and SoftBank have also invested in Didi, while Baidu is one of the top Chinese investors in Uber China. The move came after the central government legalized ride-hailing services, dispelling regulatory uncertainties over the further expansion of Didi and Uber in China. But the Ministry of Commerce (MOFCOM) said it had not received a necessary application to allow the deal to go ahead. The merger could raise monopoly concerns as Didi claims an 87% market share in China. Uber China is the second largest player.

- Fosun Group, one of China's most acquisitive conglomerates, is preparing to sell as much as CNY40 billion in assets between now and the end of 2017 as it turns its focus toward raising its credit rating to above junk, Liang Xinjun, CEO of Fosun International said. The company had CNY118 billion of assets available for sale at the end of 2015, of which CNY102 billion were parked in listed shares and bonds. Fosun International is rated three levels below investment grade at Moody's Investors Service and two notches under the threshold at S&P Global Ratings.
- Wanda Cinema Line Co said in a statement it had suspended a previously announced major asset restructuring, saying the plan was premature and that market conditions had changed. In May, Wanda Cinema Line said it would buy Legendary Entertainment and Chinese film-making assets from the parent group for CNY37.2 billion. According to the latest statement, the deal would not be in the best interest of minority investors.
- Talks are taking place about a merger between Xinxing Cathay International Group Co and the parent of China First Heavy Industries Group Corp as part of the government's overhaul of state-owned enterprises (SOEs). Xinxing's main businesses include metal smelting and processing, as well as textiles and garments. First Heavy Group provides products and services for industries such as iron and steel, electricity, energy, automobiles and mining. The two heavy-industry groups had combined assets of about CNY170 billion last year.
- Shanghai Pharmaceuticals Holding Co agreed to take a 60% stake in Australian vitamins maker Vitaco Holdings for around CNY938 million. Its wholly-owned subsidiary, SIIC Medical Science and Technology (Group), and private equity firm Zeus, which will contribute 40% to the deal, have agreed to set up a joint venture for the privatization of the Australia-listed healthcare company. Vitaco was listed on the Australian stock market less than a year ago. The deal still needs approval from Australia's Foreign Investment Review Board.

REAL ESTATE

Home prices continue to rise

Home prices in China continued to rise for the 15th straight month in July despite fewer cities posting higher prices, the China Index Academy said. The average cost of a new home climbed 1.63% to CNY12,009 per square meter from June. Prices rose in 66 cities of the 100 monitored in July, down from 73 cities in June, with 29 cities posting a monthly gain of above 1%, down from 30 cities in June. Prices fell in 30 and were flat in four cities. Prices in Jiaxing in Zhejiang province rose the most with a monthly gain of 4.94% in July, followed by Langfang in Hebei province and Hefei in Anhui province. Among the four first-tier cities, Shanghai's gain of 2.93% from June was the biggest, followed by Beijing's 2.08% and Shenzhen's 1.93%. Guangzhou's prices, however, dipped 0.16%. The price of a new home in the 10 largest cities increased 2.2% from a month earlier to CNY22,945 per square meter, accelerating from a 1.52% gain in June. "In general, home prices in China continued to grow at a faster pace on a month-over-month and year-on-year basis," the Academy said. It predicted home prices to "maintain a moderate growth" as local governments adopt differentiated policies to stabilize the housing market as part of efforts by the central government to rein in asset-bubble risks. The average cost of a new home climbed 12.39% annually in July, the Shanghai Daily reports.

- Sales of new homes in Shanghai climbed over 5% in July for the third straight month despite the extremely hot weather while the average price also rose to a monthly record. The area of new homes sold continued to rise for the third month in a row by 5.2% from June to 1.31 million square meters, Shanghai Homelink Real Estate Agency Co said. The new homes were sold for an average CNY37,319 per sq m, a monthly record in Shanghai and up 1.6% from June.

- Overall property sales in Hong Kong fell 11.3% last month from June – but industry experts still expect buyer interest to improve. The number of sale-and-purchase agreements for all properties, including apartments, shops, industrial units and car parks, reached 5,354 last month, down 27% from a year ago. “Property sales will rebound this month as the market warms up. New projects have registered good sales responses in general,” said Buggle Lau, Chief Analyst at Midland Realty. He predicts the number of transactions to climb to a 13-month high, surpassing 6,000 this month.
- Three land parcels in Shanghai’s outlying western Qingpu district were sold at high prices. Country Garden paid CNY1.4 billion, or a premium of 101% to the reserve price, for a 23,450-square-meter residential plot, equivalent to CNY30,107 per sq m. Another 30,730 sq m parcel was sold to Beijing Capital Land for CNY1.9 billion, a premium of 108% or a GFA price equivalent of CNY31,126 per sq m. Jiangsu province-based Zhongnan Group bought the third 36,279 sq m parcel, designated for residential and commercial uses for CNY1.96 billion, a premium of 54%, or a GFA price of CNY21,610 per sq m.
- Transactions of pre-owned homes rose to a four-month high in Shanghai in July as buyers rushed into the market fearful that prices of homes, whose average cost also climbed last month, would continue to surge. Around 34,400 units of pre-occupied houses were sold across the city last month, up 29.2% from June, Shanghai Homelink Real Estate Agency said in a report. The average price of these houses edged up 0.43% month-over-month to a record CNY28,200 per square meter.
- Shanghai Construction Group, builder of the Shanghai Tower, is now capable of constructing buildings taller than 1,000 meters. “Before the building of Shanghai's Jinmao Tower, all the key equipment for high-rise construction was purchased abroad,” Gong Jian, Chief Engineer for Shanghai Construction Group, said. "But after undertaking construction of the nation's tallest skyscraper, the Shanghai Tower, we've made rapid progress in both experience and technology.”

RETAIL

Worst drop in Hong Kong retail sales in 17 years

Hong Kong’s retail sales plunged 10.5% in the first half of this year – the worst drop in 17 years – dragged down by the persistent tourism and economic downturn. The rest of the year could see a slight pick-up in retail numbers, as the lower base last year would make growth easier, according to Mariana Kou, Senior Analyst at investment house CLSA. She forecast a 5% to 7% decline for the whole of 2016. In June, retail sales declined 8.9% year-on-year, the 16th consecutive monthly contraction, while there was a dip of 8.4% in May. During the Asian financial crisis in 1999, retail sales dropped 10.9% in the first six months of the year. Kou said the city’s once-booming retail sector showed signs of stabilizing, but lay-offs and store closures could continue in the second half of the year. The June decline was led by jewelry, watches and other luxury items – usually popular with mainland Chinese visitors – which plunged 20.4% in sales. This was followed by department store goods and clothing, which declined 10.5% and 0.6% respectively in June. Retail sales in electrical goods and photographic equipment suffered a 25.7% drop. Supermarket sales did better, with a rise of 1.9%, followed by sales of medicines and cosmetics, which increased by 5%, and the category of food, alcoholic drinks and tobacco, which rose 2.9%, the South China Morning Post reports.

Growth predicted for high-end alcohol market

Analysts expect China’s high-end alcohol market will see significant growth over the next 10 years despite the country’s economic downturn and crackdown on extravagance and corruption, while low-end liquor and beer companies will struggle. Research by China International Capital Corp (CICC) forecasts that luxury liquor – defined as being priced at over CNY200 – will see 25% growth in revenue this year. Medium-range liquor will see 10% growth this year, but the low end – bottles priced below CNY80 – will suffer declines in growth, CICC researchers said. The beer industry, however, is experiencing weak volume growth, with several breweries posting slight declines in the first half of the year, a recent JP Morgan report said. China Resources Beer, Tsingtao Brewery and Beijing Yanjing Brewery are feeling the pressure from higher expenses, lower sales and consolidation of the beer market. The beer market has seen a volume growth slowdown and intensifying competition. While China had

1,563 producers of luxury liquors in 2015, only around 10 high-end brands had over CNY500 million in annual operating revenue. Luxury brands such as Moutai have been slowly recovering after Chinese President Xi Jinping's anti-graft measures caused demand for luxury drinks to drop, the South China Morning Post reports. Moutai remains China's most expensive drink, with its wholesale price slowly climbing back, increasing from CNY820 in March to between CNY900 and CNY930 per bottle in late July.

- Alibaba Group Holding has ceased online sales of medicines on its Tmall platform as the government tightens its control over the country's nascent e-pharmacy industry. Tmall, the business-to-consumer (B2C) site of Alibaba, told its online vendors that the site will stop the online sales of medicines as of August 1, citing changes in government regulation, which put an end to China's trial of selling drugs products directly to consumers via online third-party platforms.
- Yum Brands' fast-food operations in China include 7,200 outlets, but its total share of the fast food market has dropped sharply from 40% in 2012 to 23.9% last year, while McDonald's share has slid from a high of 16.5% n 2013 to 13.8% last year, according to Euromonitor International. McDonald's has about 2,200 outlets in China. Chinese consumers increasingly prefer local fast food restaurants.
- Chinese consumers displayed rising confidence in the second quarter amid a steady growth in China's economy, according to the Nielsen Consumer Confidence Index. The index gained one point to 106 in the April-to-June quarter while the global Consumer Confidence Index remained flat at 98 points in the three-month period. Chinese consumers were more optimistic about job prospects and personal finance during the first half of 2016 than half a year ago.

SCIENCE & TECHNOLOGY

One small step taken toward cooperation between Chinese and U.S. space agencies

One small drive from the U.S. Embassy in Beijing last month may yet prove to be a giant leap for cooperation between the American space agency NASA and China's space program. In mid-July, a U.S. Embassy vehicle drove into the guarded compound of the Chinese Academy of Science's Institute of Atmospheric Physics in central Beijing, carrying Dr Michael Freilich, Director of NASA's Earth Science Division, Christopher Blackerby, NASA's Pacific Rim Representative, and other U.S. government staff. They spent hours with their Chinese counterparts in a closed-door meeting on TanSat, a Chinese satellite to be launched later this year. Several years ago, China offered management of TanSat, China's first carbon-sniffing satellite, to NASA so that it could be incorporated into one of its constellations of earth observation satellites, but the cooperation did not happen due to the U.S. Congress banning NASA from using federal funds in bilateral programs with China. Professor Liu Yi, the lead scientist of the TanSat project, confirmed the meeting with the American visitors but declined to reveal details of their discussions, the South China Morning Post reports.

- A 2014 report by Oak Ridge Institute shows 85% of the 4,121 Chinese students who received doctorates in science and engineering from American universities in 2006 were still in the U.S. five years later. Still, that marked an improvement: the stay rate had been 98% a decade earlier.

STOCK MARKETS

Hong Kong listing reform controversy continues

Two former financial heavyweights have added their voice to the turf war between Hong Kong's two financial market regulators over public company listing reforms. Hong Kong Securities Futures Commission founding Chairman Robert Owen and former Finance Secretary Frederick Ma both support proposed listing reforms that would boost the influence of the SFC in listing matters, while the plans are strongly opposed by others, including a Hong Kong Exchanges and Clearing Director. Owen, who was Chairman of the SFC from its establishment in 1989 until 1992, the period when the basic structure of the city's public listing regime was established, said he believes the reform plans are steps in the right direction.

"Circumstances back then were very different from how they are now," he said. In 2008 Owen was also adviser to HKEX during a review on how to improve the process of listing new companies in Hong Kong. The controversial consultation jointly announced by the SFC and HKEX suggests the establishment of a listing regulatory committee and a listing policy committee, with equal representation from both regulators, effectively involving the SFC in the listing process at an earlier stage. At present, HKEX and a listing committee approve new listings and set policies, while the SFC grants approval in the final stage. The current proposals would be an improvement by transferring the role of overseeing the listing division to a more appropriate body, according to Robert Owen, founding SFC Chairman.

- Guangzhou-based Evergrande has acquired around 4.68% of Vanke shares through a subsidiary for CNY9.1 billion, causing Vanke's shares on the Shenzhen and Hong Kong Stock Exchanges to rise. Baoneng Group is attempting a hostile take-over of Vanke.
- The China Securities Regulatory Commission (CSRC) is speeding up the drafting of revised regulations on the major asset restructuring of listed companies, which will curb speculative backdoor listings. The draft sets out five main indexes to judge whether an acquisition is in fact a major asset restructuring. Previously, the regulator only looked at whether the assets of the unlisted acquiring company were greater than those of the listed one.

TRAVEL

Elevated bus not ready yet for commercial exploitation

An elevated bus under which cars can pass took its first road test. But the futuristic public bus TEB-1 is just for tourism rather than for transportation, local authorities said in Qinhuangdao, Hebei province. The test was performed on a 300-meter part of a dead-end highway. The full version of the bus will reportedly be 60 meters long, 7.8 meters wide and 4.8 meters high, capable of carrying 1,200 to 1,400 passengers and run at an average speed of 40 km/h. To make TEB feasible, pedestrian bridges and overpasses would have to be removed or rebuilt, while overhead wires, lamp posts, road signs and traffic cameras all would have to be moved higher.

- China International Marine Containers (Group) will participate in the bidding for up to 700 aircraft passenger boarding bridges at Dubai's new Al Maktoum International Airport. Its subsidiary, Shenzhen CIMC-Tianda Airport Support Co, obtained a first order for 32 aircraft passenger boarding bridges from Dubai International Airport in the United Arab Emirates. The deal took 18 months to complete and is worth CNY120 million. Dubai is planning to build the world's largest airport, which will require about 700 bridges, and will be capable of hosting 160 million passengers per year after 2025.
- Hainan Airlines has completed the USD450-million purchase of a 23.7% stake in Brazil's third largest airline Azul, becoming its single largest shareholder. Hainan Airlines will cooperate with Azul, including code sharing, route development, marketing, and cargo transport.
- China is contemplating building a railway line from Xigaze in Tibet to Gyirong, a land port on the Chinese border at an altitude of 2,800 meters, and into Nepal to the capital of Kathmandu, but it would not be a high-speed railway. In 2006, China built a railway running for more than 1,100 km to connect Tibet with the rest of the country. In 2014, it built a 250-km rail link between Lhasa, the Tibet regional capital, and Xigaze, the region's second-largest city.
- A combined CNY150 billion has been poured into China's more than 2,500 theme park projects, but some 70% of them have been losing money, according a report by Beijing-based Qianzhan Industry Research Institute. "It takes a long time for a project of this sort to bear fruit, and many Chinese theme park developers need to work out new agendas to lure tourists," said Zhao Huanyan, Chief Knowledge Officer at Hotelsolutions Consulting.

ONE-LINE NEWS

- IMAX Corp and IMAX China Holding announced the largest ever deal for IMAX theaters. It would build an additional 150 IMAX theaters with Wanda Cinema Line Co in the next six years. The deal is expected to expand Wanda Cinema's footprint of IMAX theaters by more than 70%, from 160 to 360, with the majority opening over the next three years, and the full rollout to be concluded by 2022. In the first half of 2016, IMAX China reported revenue of USD55.1 million in China, while gross profit was USD33.9 million.
- Guangdong province suffered the most cyberattacks, with Beijing and Shandong coming in second and third respectively, according to a report by Chinese antivirus software developer Rising. In the first half, Guangdong suffered more than 4.55 million attacks from phishing websites. Spoof sites lured users to click on a link that led to a seemingly legitimate website and stole their private information.
- After Chinese box office revenue growth overtook the U.S. for the first time in February, returns are now in a downward spiral. For July – traditionally the peak season for movie releases – cinema revenue tumbled 18.2% to CNY4.5 billion against the same period a year ago. The result marks the first time the early summer box office had posted negative growth since 2011, and is in sharp contrast with previous growth rates of more than 30% each July for the past five years.
- China's online population, already the world's largest, has risen to 710 million, if internet users are defined as those who have gone online at least once in the past six months. 92.5% of Chinese users go online through their mobile phones. The number of rural users remains low, accounting for less than a third of the total.
- Yang Weize, former Party Secretary of Nanjing, capital of Jiangsu province, stood trial at the Ningbo Intermediate People's Court in Zhejiang province for receiving bribes of CNY16.4 million. The court's verdict will be announced later.

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

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