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FLANDERS-CHINA CHAMBER OF COMMERCE
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NEWSLETTER | 16 AUGUST 2016

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

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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

Understanding China's Next Move – One day China immersion – 6 October 2016 – Brussels

The Flanders-China Chamber of Commerce (FCCC) and the Cheung Kong Graduate School of Business (CKGSB) are organizing a one day training session on "Understanding China's Next Move" on 6 October 2016 in Brussels.

With a population of 1.3 billion, China has become the second largest economy and is increasingly playing an important and influential role in the global economy. China's economic performance over the past 30 years has been remarkable. It is a unique development success story, providing valuable lessons for other countries seeking to emulate this success.

In the next 15 to 20 years, China is well-positioned to join the ranks of the world's high-income countries. China's policy makers are already focused on how to change the country's growth strategy to respond to the new challenges that will come.

While China has certainly garnered the spotlight in recent years, the economic model that worked so well during the years of China's development now needs to change. China has begun to confront all sorts of challenges – demographic, social, environmental, economic and political. But where is China heading?

"How the world's most populous country handles the many developmental challenges it faces, will go a long way towards determining what kind of world we inhabit," said Supachai Panitchpakdi, former Director General of the World Trade Organization. The continued rise of the Chinese economy means that switched-on business executives are increasingly keen to learn more about this country and how to engage with its irrepressible dynamism. But why listen to second-hand stories about China, when, with CKGSB, you can uncover the real China first-hand?

Inspiring speaker + China expert + Focusing on research & teaching of Innovation and Entrepreneurship + 20-year executive experience with Global fortune 500 companies

Bo has been teaching EMBA/MBA at some of the world's most prestigious business schools such as INSEAD, Esade, MIT, New York University, Hong Kong University of Science and Technology, Technology University of Munich, Tsinghua University, CKGSB, Zhejiang University, Sun Yet-Sen University, Shanghai Jiaotong Univer-sity and Taiwan's National Chengchi University etc. In addition, Bo also offers advices to Chairmen and CEOs. He is also a frequent speaker at renowned international conferences, forums, TV media and annual corporate meetings.

Bo Ji
Assistant Dean of Global Executive Education
Chief Representative for Europe Cheung
Kong Graduate School of Business (CKGSB)

Programme benefits:
By immersing participants into China's contemporary context with a global perspective, CKGSB helps explore the key elements of China's social and business environment. You will learn from CKGSB's world-class faculty in the classroom and benefit from the rich experience of industry speakers. You will investigate various case studies and become involved in team projects, group discussions, company visits and cultural activities. You will also learn from and network with high-profile executives from China and around the world.

The 2016 Understanding China's Next Move program will help your understanding of:

- How to leverage China's opportunities in your company's global strategy
- How changes in Chinese consumer behaviour in creating new business opportunities
- How the globalization of Chinese companies is affecting your operation in and with China
- How to manage cross-cultural team under Chinese context
- LAST BUT NOT LEAST, how to succeed in the world's most dynamic market

Who should attend?
This program is aimed at senior executives who are responsible for strategic leadership and

improving their company's performance, especially for those MNCs and private corporations planning to enter or expand their businesses throughout the Chinese market.

Programme mix:

8:30 – 9:00	Registration
9:00 – 9:05	Welcome by Ms. Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
9:05 – 10:15	China's 13th Five-year Plan and its business opportunities: Latest insights of the Chinese government plan & how European business can benefit from many opportunities arising from it.
10:30 – 11:45	Win in China: Go to China Strategy and Business Models (with case studies and group discussions): Analysis of multiple business models across a variety of industries will demonstrate exactly what it takes to establish your brand, grow your consumer base and win in China.
12:00 – 13:30	Networking Lunch and Guest Speaker.
13:30 – 14:45	Chinese Consumer Behaviour and its Business Opportunities: This session will analyze the latest trend of Chinese consumer behaviours at the mobile internet era and how it differs from western consumers. We will also study how to capitalise on the business opportunities that are presented by the unique consumer behaviours in China.
15:00 – 16:15	E-commerce & Digital Strategy in China: With the increasing focus on the internet as the platform for business leaders, learning how to successfully operate online products and services is essential for any forward thinking business.
16:30 – 17:45	Cross Cultural Management & Negotiation under Chinese Context: It is essential to understand how to work with and manage cross cultural teams that do business with China to ensure effectiveness and results.
17:45 – 18:00	Award certificate from both CKGSB and Flanders-China Chamber of Commerce

Date: 6 October 2016.

Location: Flanders-China Chamber of Commerce – Brussels

All materials and lectures will be delivered in English

Tuition : FCCC Members : 500 € (excl. 21% VAT) / Non-Members : 875 € (excl. 21% VAT)

Deadline for subscription : 20 September 2016. Register via : www.flanders-china.be

ABOUT CKGSB
As a world-class business school from China, Cheung Kong Graduate School of Business (CKGSB) aims to develop current and future leaders with a global vision, a humanitarian spirit and an innovative mind-set. Established in Beijing in November 2002 with generous support from the Li KaShing Foundation, CKGSB is China's first faculty-governed, non-profit, independent business school.

Over the past 13 years, CKGSB has developed into a prominent business school with 45 full-time professors, who have earned their PhDs or held tenured faculty positions at leading business schools such as Harvard, Wharton and Stanford. Their research have provided the basis for over 300 case studies of both China-specific and global issues. CKGSB also stands apart for its unmatched alumni network. More than half of the 10,000+ CKGSB alumni are at the CEO or Chairman level and, collectively, lead one-fifth of China's most valuable brands. Together, their companies shape over $1 trillion in annual revenue, demonstrating the school's impact and influence.

In addition to its main campus in the center of Beijing, CKGSB has campuses and teaching facilities in Shanghai, Shenzhen and New York, as well as offices in Hong Kong and London.

The school offers innovative MBA, Finance MBA, Executive MBA, Dual-Degree EMBA with IMD, Korean EMBA, Finance EMBA, Doctor of Business Administration and Executive Education programs.

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 4 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 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.

Tel: +86-851-85865070
E-mail: kjchzx_gz@mail.notes.bank-of-china.com
Deadline: September 30, 2016.

Business Tour to Shenzhen – 16-21 November 2016 – Shenzhen, China

The Dragon-STAR Plus project team is going to organize a business tour to Shenzhen, China during the China Hi-Tech Fair 2016 in Shenzhen, China on 16th – 21st, November 2016 to support technological and research collaboration between Chinese and European organizations (ICT and green technologies sector).

The 5-day programme will include participation in the China High-Tech Forum, workshop on EU-China cooperation on ICT and green technologies, B2B meetings, visit to the Hi-Tech fair and visits to local leading companies in Shenzhen. The Dragon-STAR funding will provide support for accommodation for 7 nights (including breakfast) at the Wyndham Grand Shenzhen Hotel, for each European organization seeking co-operation with Chinese organizations. It is expected that a minimum of 10 European organizations will benefit from this scheme.

A Call for Applications is open and available at: www.dragon-star.eu/14029-2/

Deadline for application: September 15th, 2016

DRAGON-STARPLUS follows its predecessor (DRAGONSTAR), in its important mandate to provide support services to European and Chinese researchers and policy makers, and to offer a flexible platform to facilitate policy discussions between European and Chinese stakeholders. Dragon-STARPLUS aims at significantly contributing to the ongoing bilateral collaboration activities and policy dialogues. The project will have a positive effect on policy drafting and implementation, on-going research collaboration, reciprocity, member & associated states cooperation (funding agencies), addressing societal challenges, innovation, social-economy and technology.

China Hi-Tech Fair 2016 (CHTF) is the largest and the most influential scientific and technological fair in China. It has played an important role in commercialization, industrialization and internationalization of high-tech achievements as well as promotion of economic and technological cooperation between China and other countries. Being part of CHTF, the China High-tech Forum has won an extraordinary reputation by its high-profile speakers since 1999.

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)

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

MEMBERS' NEWS

Cooperation agreement between EUPIC and EUCBA signed

A cooperation agreement was signed recently in Qingdao by Mr. Segree Dai, CEO of the EU Project Innovation Centre (Chengdu) (EUPIC) and Mrs. Gwenn Sonck, General Secretary of the EU-China Business Association (EUCBA).

Both parties aim to strengthen their economic and technological cooperation. EUPIC will help EUCBA to find suitable business partners in China, and help EUCBA's clients to organize Chinese distributors and agents to visit Europe. Both parties will share market resources and promote the investment and economic cooperation between China and Europe. They will also cooperate to organize delegations to visit each other. The agreement is valid for three years.

EU Project Innovation Centre (Chengdu）

The EU Project Innovation Center (EUPIC) is a non-profit organization established in Chengdu (China) in 2006 under the Asia Invest II Project, an European Union initiative promoting and supporting business cooperation between the EU and Asia.

EUPIC is a comprehensive platform promoting trade, investment and technical cooperation between the EU and China. The Center is actively supported by the European Commission, the Torch Centre, the Ministry of Science and Technology of China, the Sichuan Provincial

People's Government, the Chengdu Municipal People's Government and the Management Committee of Chengdu Hi-tech Industrial Development Zone.

EUPIC promotes technology innovation and technology transfer among enterprises, universities, science and technology parks, industrial clusters and governmental organizations. With its extensive network in both the EU and in China and professional resources, EUPIC is also supporting the soft landing of EU companies to China, while at the same time helping the internationalization strategies of Chinese companies. Over the last few years, EUPIC has successfully supported more than 50 EU enterprises establishing in China and welcomed more than 3,000 visitors in Chengdu, including EU Officials, Business Delegations and Organizations. EUPIC has also arranged and coordinated more than 100 matchmaking meetings between EU and Chinese enterprises.

The Center acts also as a Project Execution partner applying and taking part in bilateral and multilateral aid programmes funded by both the EU and Chinese governments. EUPIC is appointed as one of the first "International Technology Transfer Centres" of China by the Ministry of Science and Technology; Sichuan Branch of "China Innovation Relay Centre" by Torch Centre of the Ministry of Science and Technology of China. EUPIC is also the member of International Strategic Alliance initiated by Torch Centre. In addition, EUPIC was also entitled by the Investment Promotion Agency of the China Department of Commerce as "World Innovation and Investment Promotion Centre" - Chengdu Base.

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http://www.eupic.org.cn/article/detail.html?id=35

AUTOMOTIVE

Strong growth in vehicle sales in July

Delivery of passenger cars and commercial vehicles surged 23% in July from a year earlier to 1.85 million units, raising the combined growth rate of this year to 11.1%, the China Association of Automobile Manufacturers (CAAM) said. In July, around 1.6 million passenger cars were sold, up 26.3% annually. Sport-utility vehicles (SUVs) took up 36% and showed the biggest rise among all segments with a 45% year-on-year increase. Cars with an engine displacement of 1.6 liters or less made up 71% of the passenger car sales, and sales of these small-engine cars rose 38.6% in July. Buyers of these cars have benefitted from a 50% vehicle purchase tax cut since last October.

- Research by the car-hailing service Didi Chuxing, based on data gathered in 400 Chinese cities, said the average car speed in Chinese cities was less than 25 km/h in the first half of this year.
- BMW Group's sales grew strongly in China, its biggest market in Asia, in the first seven months of the year. A total of 287,753 vehicles have been sold in the Chinese mainland from January to July, an annual rise of 8.5%.
- Tesla said that one of its cars had crashed in Beijing while in "autopilot" mode, with the driver contending sales staff sold the function as "self-driving", overplaying its actual capabilities. The company said it was the driver's responsibility to maintain control of the vehicle. The car hit a vehicle parked half off the road. The accident sheered off the parked vehicle's side mirror and scraped both cars. Tesla said the system is not "self-driving" but an advance driver assistance system.
- The Chairman of state-owned China FAW Group, Xu Xianping, is leaving his post after more than 20 years with the company. Also leaving the business are Board Director Teng Tieji, and Board Supervisors Yang Yanchen and Wang Lijun. The firm has forecast losses for the first half of the year to hit between CNY790 million and CNY850 million.

FINANCE

Most new loans in China are home mortgages

Almost all new loans last month were taken out for home mortgages, while lending to corporate borrowers shrank, according to the People's Bank of China (PBOC). While Chinese banks extended CNY463.6 billion in new yuan loans in July, lending to non-financial entities fell by CNY2.6 billion, meaning businesses repaid more to banks than they borrowed in July even though Beijing is trying to channel credit into "real economic activities". "It's not a good sign," said Louis Kuijs, Director Asia at Oxford Economics in Hong Kong. China is thereby in danger of getting into a balance sheet recession, in which businesses focus on saving or repaying debts rather than investing, leading to weaker economic activities. China unleashed an unprecedented amount of bank credit in early 2016 in the hope of kick-starting investment and production, but some of it just sits idle in corporate accounts. Chinese firms' cash holdings saw an 18% jump during the second quarter to USD1.2 trillion, according to Bloomberg. Wei Yao, China Economist with Sociéte Générale in Paris, said the July data reflected a structural problem within the Chinese economy. "Some bank credits are not used in real economic activities but in speculative activities in the housing markets," Yao said. The contraction of corporate lending in July further proved "the weak investment intentions from the private sector" as companies are more willing to hoard cash than to invest, said Shao Yu, Chief Economist at Oriental Securities in Shanghai.

Analysts concerned about liquidity trap

Financial analysts are concerned that China might fall into a liquidity trap, a situation where money it pumps into the market fails to flow into the real economy. The narrow measure of money supply, M1, which includes cash and demand deposits, increased by 25.4% in July year-on-year, while the broad measure of money supply that includes cash and all types of deposits, M2, grew by 10.2%. It is too early to say that the nation has already fallen into the liquidity trap, but "the divergence is sounding an alarm bell", said Ying Xiwen, Economist at China Minsheng Securities. Ying said the surging M1 is mainly caused by enterprises' decision to bank the money in their accounts when few good investment options are available. "The government has to find solutions to lower the M1 growth, as business confidence remains in the doldrums," Ying said. Wang Youxin, Economist at the Institute of International Finance, a think tank affiliated with the Bank of China (BOC), said that the government needs to ensure that small companies have easy access to financing at a time when large-scale state-owned companies tend to get loans more easily. Wang suggested that as monetary stimulus becomes less effective, more fiscal measures, such as tax cuts, and targeted policies leading investment into some industries, such as high technology, would help decrease the gap, the China Daily reports.

- The Chinese currency will not depreciate sharply against the dollar by the end of this year. He Xin, Managing Director of Société Générale China, said that he expected the yuan to fall slightly against the dollar to 6.8 at most in the next couple of months. "The People's Bank of China, the central bank, has a strong ability and willingness to stabilize the exchange rates of the yuan," he said. Robert Kaplan, President and CEO of the Federal Reserve Bank of Dallas, said that as China allowed the currency to float, it would become more volatile.
- The most recent data show China's foreign exchange reserves declined by USD4.1 billion in July to USD3,201 billion. Compared with the end of July 2015, the reserves have shrank by USD450 billion. "Although the capital outflow pressure has eased from 12 months ago, it still persists," said Larry Hu, Analyst for Macquarie Research. China does not publish detailed figures about its capital outflows, but according to an estimation by Goldman Sachs in July, there were USD372 billion in outflows by Chinese residents spent on foreign assets in the second half of last year, and another USD108 billion left the country in the first quarter.
- A key line about regional financial risks is missing from the latest monetary policy report published by the People's Bank of China (PBOC), perhaps signaling that its thinking over the country's debt problem is changing. In the previous 18 quarters, the PBOC has never failed to mention "preventing systemic and regional financial risks" in its quarterly report. If the line does not return in future documents, Beijing might be

willing to allow more debt defaults and bankruptcies associated with local governments. Tolerance of defaults and closures should be increased if Beijing was truly determined to deepen structural changes in the economy, said Zhao Yang, Chief China Economist at Nomura in Hong Kong.

- The profit growth of Chinese commercial banks slowed this year. Net profits reached CNY899.1 billion during the first half of the year, up 3.17% annually, according to the China Banking Regulatory Commission (CBRC). The assets of the banking sector increased 15.7% from a year earlier to CNY218 trillion at the end of June, while liabilities were CNY201.8 trillion, up 15.2% year-on-year. Commercial banks' non-performing loans increased by CNY45.2 billion to CNY1.44 trillion at the end of June. The NPL ratio was 1.75%, flat from the end of March.
- The China Banking Regulatory Commission (CBRC) has launched a nationwide health check on the banking industry, covering a wide range of business areas including deposits, lending, bills and wealth management. The inspections target not only commercial banks, but also trust firms, financial leasing companies and money brokers.
- The People's Bank of China (PBOC) has chosen the Agricultural Bank of China (ABC) to clear yuan transactions in Dubai for the United Arab Emirates (UAE). Qatar opened the region's first yuan clearing center in April last year, with Industrial and Commercial Bank of China (ICBC) becoming the clearing bank.
- The People's Bank of China (PBOC) said it would halt the licensing of new non-bank payment agencies in a bid to better regulate the fast-growing industry. "No new institutions will be approved for a certain period, in principle," the PBOC said while announcing an extension of business licenses for 27 third-party payment agencies that were already qualified. There are around 270 third-party agencies with payment licenses in China, with online transactions surging 46.9% year-on year to CNY11.8 trillion last year.
- Profit growth of Ping An Bank slowed down in the first half of 2016. Net profit of the Shenzhen-based commercial bank grew 6.1% year-on-year to CNY12.29 billion in the first half. The growth rate was much lower than that for the year 2015, which was 10.42%. Operating revenue of Ping An Bank rose 17.59% to CNY54.77 billion in the first six months of this year. The lender is gaining more revenue from non-interest business.

FOREIGN INVESTMENT

China warns Britain relations could be hurt by Hinkley delay

China has warned Britain that relations were at a crucial juncture after Prime Minister Theresa May delayed signing off on a USD24 billion nuclear power project. "Mutual trust should be treasured even more," China's Ambassador to the UK Liu Xiaoming wrote in the Financial Times. "I hope the UK will keep its door open to China and that the British government will continue to support Hinkley Point, and come to a decision as soon as possible, so that the project can proceed smoothly," he said. May's move to delay the project indicates a much more cautious view of Chinese investment.

- BP is seeking buyers for its 50% stake in Chinese petrochemicals joint venture SECCO, its largest investment in China, in a deal worth USD2 billion to USD3 billion. State-owned China Petroleum & Chemical Corp (Sinopec), which owns the other half of the venture and has a right of first refusal, said it was discussing the conditions put forward by BP. A successful deal would mark BP's first significant exit from a business in China. Located in Caojing in Shanghai, SECCO is China's largest petrochemicals refinery and cost USD2.7 billion to build.
- Australia blocked the AUD10 billion sale of its biggest energy grid to State Grid Corp of China and Hong Kong's Cheung Kong Infrastructure Holdings (CKIH) citing security concerns. "If you put your biggest trading partner in the category of 'security risk,' it might start to impact on the overall atmosphere, and on Chinese involvement in other areas," said Hans Hendrischke, Professor of Chinese business at the University of Sydney's business school.

- Foreign direct investment in China will remain stable for the final five months of this year despite the drop that occurred in July, experts said. FDI in China fell 1.6% year-on-year in July to USD7.71 billion, compared with a 9.7% growth in June. 15,802 new foreign-funded enterprises were established in China in the first seven months, up 9.7% year-on-year.

FOREIGN TRADE

China's exports rise in yuan, but drop in U.S. dollar

China's trade surplus widened in July as exports improved while imports continued to lose steam. Yuan-denominated exports rose 2.9% year-on-year to CNY1.22 trillion last month, faster than June's 1.3% pace. Imports fell by 5.7% to CNY873 billion in July, the 20th decline seen in 21 months. Imports dropped 2.3% in June. China posted a July trade surplus of CNY342.8 billion, up from June's CNY311.2 billion and a jump of 34% from the same period a year earlier. "China's trade surplus continued to surge as a result of low commodity prices and weak domestic import demand," Commonwealth Bank of Australia said. "Looking ahead, China's exports are likely to remain lackluster." In U.S. dollar-denominated terms, China's exports fell by 4.4% year-on-year in July, while imports shrank 12.5% from a year earlier. China's U.S. dollar-denominated exports to the European Union – its largest trading partner – fell 2%. Those to the U.S. – its second biggest – lost 3.2% and those to Japan shed 5.2% annually in July, the Shanghai Daily reports. "As external markets will not fundamentally improve for the rest of this year, China must speed up its restructuring of regional trade and value chains, including expanding the global use of its currency and facilitating regional trade through more free trade agreements and connectivity programs," said Yao Weiqun, Vice President of the Shanghai WTO Affairs Consultation Center.

- The China Export Leading Indicator suggested pressure on exports may ease slightly at the beginning of the fourth quarter. The index notched up 1.1 points to 33.8 points in July. The index ranges from 0 to 100 with larger numbers pointing to better export prospects in two to three months time. The China Customs also quoted a monthly survey of about 2,000 exporters nationwide that pointed to recovering confidence and lower costs. China's total exports tumbled 7.4% year-on-year in the first seven months of 2016 to USD1.17 trillion. Imports are down 10.5% to USD860 billion.
- In a letter addressed to Chinese Premier Li Keqiang, 46 global business groups spanning finance, information technology, insurance and manufacturing, urged Beijing to revise its draft cyber rules, which they said would hamper trade. The signatories include industry associations from Asia, Australia, the United States, Mexico and Europe. China's Foreign Ministry did not respond immediately to a request for comment.
- China's State Council has approved Pingxiang, a city in Guangxi on the border with Vietnam, to be a new opening-up pilot zone. Pingxiang is Guangxi's second key pilot zone after Dongxing, which was approved in August 2012.
- Rail services for containers are now available between 16 cities in China and 12 European cities, including Duisburg and Hamburg in Germany, and Madrid in Spain. In 2015, China-Europe freight trains made 815 trips, a year-on-year increase of 165%. Since 2011, the number of scheduled freight trains from China to Duisburg has increased from one to eight trains per week. Duisburg has become a gateway for Chinese products to European markets.

IPR PROTECTION

Patent-related fees to be reduced

A new policy allowing to reduce patent-related fees, released by the Ministry of Finance and the National Development and Reform Commission (NDRC), will come into effect on September 1. It aims to further reduce the burden on small companies and individuals applying for and maintaining patents. Chen Xueying, Secretary General of the Quanzhou Intellectual Property Protection Association, said the new policy differs from the old one in that it allows organizations to save money if they make a collective application for patents. Single patent-openers will also benefit. The patent fees reduced in the new policy include the annual fee payable in the six consecutive years following the authorization of a patent, and part of the filing cost. The new reduction percentage for single patent applicants and owners, including businesses, is 85% and group patent applicants and owners may receive a discount of 70%. The cost of patent filings following successful research and development (R&D) can be prohibitive for small firms. The annual fee for maintaining an invention patent's 20-year validity in China is slightly less than that in Germany, but it is 2.2 times that of the United Kingdom, 80% higher than in France, 70% higher than in Japan and 2.7 times higher than in South Korea. Individuals with an average monthly salary of less than CNY3,500 in the year prior to their application, and companies whose taxable annual revenue was less than CNY300,000, are eligible to apply for the reduction. Analysts said the requirements were to strict, limiting the number of individuals and companies that would benefit, the China Daily reports.

- In a statement issued August 3, the Chinese Olympic Committee (COC) urged non-sponsor businesses to stop employing Olympic imagery in advertisements, developing products for the Olympics and making use of the Olympic Games countdown, medal tallies and special reports. Companies that break copyright rules will be investigated by the legal representative of the COC, the statement said.

MACRO-ECONOMY

Guangdong sets up bankruptcy court as the number of expected cases rises

A provincial tribunal for bankruptcy cases was unveiled in the Guangdong High People's Court in Guangzhou to handle disputes brought on by “zombie companies”. It is the first such tribunal established at a provincial High People's Court. The tribunal will contribute to cleaning up the province's 3,385 zombie companies, which continue to operate even though they have become bankrupt and have been an economic burden for many years. The number of bankruptcy disputes is expected to rise sharply in the near future. Li Cheng, Chairman of the Guangdong State-owned Assets Supervision and Administrative Commission (SASAC), said his Commission plans to help zombie companies to be merged or reshuffled in two to three years. “2,333 will be shut down by the end of this year, and 300 that are operating in a deficit will be bailed out before December,” Li said. Wang Weiguo, Professor specializing in bankruptcy law at the China University of Political Science and Law, said that the number of judges hearing such cases must be increased, as the combination of legal and business knowledge will contribute to alleviating bankruptcy-related problems. “Solving a bankruptcy dispute used to cost a court a lot of time, but after the tribunal is in operation, I think, related cases will be solved efficiently,” Wang said. Since August 1, litigants have been able to make an appointment to file a bankruptcy case and search bankruptcy-related legal documents via the Supreme People's Court website, the China Daily reports.

Impact of “One Belt, One Road” could be bigger than Marshall Plan

China’s USD1.4 trillion ‘One Belt, One Road’ program could make a bigger impact than the U.S. Marshall Plan to rebuild post-war Europe, according to Stephen L. Jen, CEO at Eurizon SLJ Capital. It will also boost trading links and help internationalize the yuan as banks open branches along the route. With the potential to touch on 64 countries, 4.4 billion people and around 40% of the global economy, Jen estimates that the “One Belt, One Road” project will be 12 times bigger in absolute dollar terms than the Marshall Plan. China may spend as much as 9% of gross domestic product (GDP) – about double the U.S.’ boost to post-war Europe in those terms. “The fact that this is a 30-40 year plan is remarkable as China is the only country with any long-term development plan, and this underscores the policy long-termism in China, in contrast to the dominance of policy short-termism in much of the West,” Jen said. “The ‘One Belt, One Road’ project could be a huge PR exercise that could win over government and public support in these countries,” he said.

- China will continue to crack down on illegal mining, processing and sales of rare earth elements, said Zhou Changyi, Director of the Department of Raw Materials under the Ministry of Industry and Information Technology (MIIT). A tracking system will also be implemented to trace the source of rare earth elements to curb illegal mining. China is the world's largest rare earth producer and exporter, but the industry is beset by numerous problems, such as illegal mining, smuggling and a lack of competitiveness. During the 12th Five Year Plan period, 14 illegal rare earth mines and 28 companies were closed. More than 36,000 tons of illegal rare earth products were seized.

- China's consumer price inflation rose at its weakest pace in six months at 1.9% as food prices climbed more slowly in July. The CPI also posted its third consecutive monthly drop and has remained well below China's official target of around 3% this year. Food prices rose by 3.3% in July, lower than the 4.6% gain in June, while prices of pork rose by a slower 16.1% against the 30.1% jump in June. Non-food inflation rose 1.4%. Low inflation means China has room to loosen monetary policy if needed, but policymakers appear to have different views over how much stimulus is needed to stoke economic growth. The producer price index (PPI) dropped 1.7% in July from a year earlier, lower than analysts' expectations.
- China's gross domestic product (GDP) grew 6.7% year-on-year in the second quarter, flat with the first quarter, but other economic indicators showed downward pressure. Industrial production expanded 6% annually last month, below the 6.2% growth in June. Foreign direct investment (FDI) fell 1.6% year-on-year in July to CNY49.76 billion, down from a 9.7% increase in June. Fixed asset investment rose 8.1% in the first half, the slowest growth since 1999. Investment by state-run companies surged 21.8%, but that by private firms was only up by 2.1% over seven months. Investment by private companies accounts for two-thirds of the total.
- Hong Kong's economy grew at a modest but better-than-expected pace of 1.7% in the second quarter of the year, with economists predicting the worst of the recent downturn is over. The figure beat analysts' projections of 0.9%, and the government made no change to its full-year growth target of 1% to 2%. Economic growth for the first half of the year stands at 1.2%.
- Growth in China's real gross domestic product (GDP) is projected to slow from 6.9% in 2015 to 5.9% in 2020 and 5.8% in 2021, the IMF said in its annual assessment of the Chinese economy. "The medium-term outlook is clouded by continued resource misallocation, high and rising corporate debt, structural excess capacity, and the increasingly large, opaque, and interconnected financial sector," the IMF report said.
- China will propose a joint initiative to revive weak global growth at the September 4-5 meeting of leaders of the Group of 20 major economies in Hangzhou amid rising protectionist sentiment in the United States and Europe. China will propose reforms aimed at strengthening the global financial system and promoting technological innovation. The proposal will stress "inclusive growth" to spread economic benefits widely and shore up support for free trade.

MERGERS & ACQUISITIONS

M&As reach new records

China's mergers and acquisitions (M&As) hit a record USD412.5 billion in the first half of this year, PricewaterhouseCoopers China said in a report. The overall value of China's M&As jumped 8% from the second half of 2015, with outbound deals surging almost four-folds to USD134 billion, the report said. In the first six months of this year, 24 M&A deals exceeded USD1 billion. Outbound mergers and acquisitions more than quadrupled to USD134.3 billion in the first half, compared with USD30.1 billion during the same period a year ago, according to data by PricewaterhouseCoopers (PwC). Companies that aren't owned by China's government accounted for two-thirds of the top 20 deals by volume, PwC data showed. "There was a sharp increase in outbound deal activity by both state-owned and privately-owned enterprises in the first half," said Roger Liu, PwC Partner. "While private companies dominated in terms of deal volume for some time, they have now overtaken SOEs in terms of deal value as well." The depreciation of the Chinese currency in the past year against the U.S. dollar also prompted many companies to park their investments abroad. At the same time, the Shanghai Composite Index had risen by 38% over the past two years, making local companies more expensive to acquire. "Many Chinese companies would prefer to make overseas purchases now rather than later when the currency becomes even cheaper," said David Brown, transaction services leader at PwC China and Hong Kong. The number of outbound mergers and takeovers was 29% higher than in the whole of 2015, with 24 deals valued more than

USD1 billion each. A majority of the largest take-overs and mergers were in the U.S. and Europe, according to a separate report by Ernst & Young.

- Chinese appliances firm Midea acquired almost 95% of German robotics firm Kuka. It already held 13.51% of Kuka, a world-leading maker of industrial robots, before its June offer of €115 per share, which valued the firm at €4.6 billion. The deal remains subject to regulatory approval. Midea, best known for air conditioners and washing machines, hopes to extend automation at its factories as it faces rising labor costs in China. Kuka has had a factory of in China since 2013.
- The Chinese Ministry of Commerce (MOFCOM) has only blocked two transactions since China's Anti-Monopoly Law came into force in 2008, compared with 1,447 unconditional clearances, according to data compiled by law firm Norton Rose Fulbright. It generally prefers to impose remedies such as asset divestments on transactions it believes could harm competition, taking this approach in 26 cases. Last month, the Ministry approved AB InBev's USD100 billion-plus take-over of rival brewer SABMiller subject to SABMiller divesting some Chinese assets.
- Aluminum Corporation of China (Chalco), the country's biggest metal producer, will acquire 60% of the Shanghai subsidiary of state-owned holding company Chinalco Mining for CNY2.1 billion. It allows Chalco to gain control of two office buildings owned by Chinalco Shanghai at the Shanghai Expo Park, which can be utilized at Chalco's development base in the city and to take advantage of preferential business policies in the Shanghai Free Trade Zone (SFTZ). The two companies have a close relationship, with Chinalco as the controlling shareholder of Chalco, holding close to 36% of all Chalco shares.
- Last year, USD20.3 billion of venture capital flowed into Chinese internet businesses, eclipsing the USD16.3 billion that flowed to U.S. internet firms, after more than quintupling from 2012, according to PricewaterhouseCoopers (PwC). But the industry is consolidating and the amount of subsidies will drop. Mergers since 2015 include Didi-Kuaidi (ride-hailing), Meituan-Dianping (group-buying and food), Ganji-58.com (classified ads), Ctrip-Qunar (online travel).
- Taiwan's Hon Hai said antitrust authorities in China had approved its take-over of Japanese electronics maker Sharp, clearing the last obstacle to the deal. China reviewed the deal over concerns that it could lead to a monopoly on LCD screens. Hon Hai gains Sharp's cutting-edge LCD panel technology with the USD3.5-billion buyout, giving it a 66% controlling stake. Hon Hai's net profit dropped 31% to NTD17.7 billion in the April-June period, the third straight quarterly decline.
- Armada Holdings, formerly known as SCMP Group, said its controlling shareholder Kerry Media has agreed to sell its entire 74.19% stake in the company to state investment house Great Wall Pan Asia International Investment, for HKD1.57 billion in cash. Pan Asia is a subsidiary of China Great Wall Asset Management, one of four asset management companies owned by China's Ministry of Finance.
- Shanghai Electric Group announced it is buying German aviation equipment manufacturer Broetje-Automation for €170 million. Shanghai Electric will also assume €12 million of unpaid BAW debt under the terms of the acquisition. BAW's products and services portfolio includes components, assembling and systematic solutions for Airbus and Boeing.
- State Grid Corp of China reached a deal to gain control of Brazil's CPFL Energia, after two major shareholders agreed to sell the Chinese company their stakes in the USD7.3 billion utility. Bonaire Participacoes and Banco do Brasil's pension fund, known as Previ, have given informal approval to sell their combined 44.5% stake in CPFL.

REAL ESTATE

Evergrande breaks monthly sales record

China Evergrande Group aims to raise its 2016 target for contract sales by 50% to CNY300 billion. In the first seven months, the Guangzhou-based developer has already sealed sales of over CNY184 billion, or 92% of its original target for this year. In July alone, Evergrande concluded contract property sales of over CNY43 billion, a monthly record for Chinese developers. That figure marked a monthly jump of 37% and an annual surge of 205%. Evergrande cited the better quality of its homes and its "return without any reason" policy for the notable boost to sales. Competitor Vanke concluded property sales of CNY27.4 billion in July, a monthly tumble of 35% and a year-on-year rise of 15%. Vanke said in a filing to the Shenzhen bourse earlier that Evergrande has bought 5% of its shares for nearly CNY10 billion, becoming its fourth-largest shareholder after Baoneng, China Resources Holdings Co and Anbang Insurance Group.

Mainland Chinese developers buying up prime real estate in Hong Kong

Mainland Chinese developers are buying up prime real estate in Hong Kong, even as property prices on the mainland have recovered. Hong Kong realty offers better returns amid yuan and land price fluctuations on the mainland. Developers from the mainland accounted for about HKD13.8 billion, or 42% of the HKD30.6 billion revenue earned by the Hong Kong government from residential land sales till August 8 this year, according to the South China Morning Post. Developers who were active in Hong Kong this year include Vanke Property (Overseas), China Overseas Land & Investment, Goldin Financial, and the Beijing-based Minmetals Land. "Apprehensions about the yuan volatility are prompting mainland developers to increase their overseas investment and Hong Kong is fast emerging as one of the most preferred destinations," said Vincent Cheung at Cushman & Wakefield. The Chinese currency weakened a further 2.5% against the greenback this year after falling more than 4% in 2015. "Hong Kong's low interest rates and stable currency, as it is pegged to the U.S. dollar, could be very attractive for those who are seeking safe haven assets," Cheung said. He added that mainland developers now view land costs in Hong Kong, one of the world's most expensive cities in terms of property investment, as comparatively cheap. Mainland property developers have rushed to buy land in China's large cities in the past year as smaller cities are suffering from oversupply amid the central government's continuous monetary easing measures. As a result, prices skyrocketed with some land parcels being sold at average rates that are more expensive than new flats in the area, thereby hurting developers' margins, the South China Morning Post reports.

- China's housing demand will remain relatively resilient over the next 15 years, according to a Fitch Ratings report, but oversupply risk grows if homes are built at the current pace. China would need to build 800 million square meters of residential space – the size of Singapore – a year up to 2030 to meet demand, Fitch said. Fundamental demand will be underpinned by residents who need new homes as their families grow and those moving from rural areas to urban cities, who account for 31% and 25% of the demand respectively.
- Surging land prices in major cities will probably squeeze real estate developers' profit margins in the second half of the year, said industry analysts. Land sales in the first half of 2016 exceeded CNY1.32 trillion, jumping 24.8% on a yearly basis, according to the Ministry of Land and Resources. In July, the number of "land kings" — companies winning auctions by bidding record prices for prime sites — rose to 31, hitting a new high. The prices of some land parcels have exceeded that of sites with existing homes in some cities such as Beijing and Shanghai.
- The value and volume of new home sales in China continued to rise slowly. New houses worth CNY4.93 trillion, excluding government-subsidized affordable housing, were sold during the seven months through July, a year-on-year jump of 41.2%. During the period, 671.5 million square meters of new homes were sold, up 26.7% from the same period a year earlier. "The country's housing market generally remained stable," said Shen Laiyun, Spokesman of the National Bureau of Statistics (NBS). He added that the country is unlikely "to see a nationwide property boom."
- Tighter policies to regulate soaring housing prices in some red-hot cities are in the pipeline, industry analysts said. "In the second half of the year, deleveraging from the houses purchased with high debt will become mainstream policy in cities such as Hangzhou and Tianjin where prices are rising too fast," Centaline Property Chief Analyst Zhang Dawei wrote in a research note. Suzhou and Nanjing, two cities in Jiangsu province where home prices topped the list of the month-on-month growth

rates for the past several months, started to tighten credit policy by increasing the down payment ratio for homebuyers.

- Aberdeen Asset Management, a USD403 billion investment firm, has sold its 0.12% stake in China Vanke Co after a six-month trading halt of its Shenzhen-listed shares was lifted on July 4, citing uncertainty over the developer's future amid a protracted ownership struggle involving at least three strategic shareholders. Investment managers have cut their position in Vanke's Shenzhen-traded stock to 7.2% of publicly reported holdings from 19% in December.

RETAIL

QR code payments to be legalized

China is set to legalize scan-and-pay QR (quick response) barcode transactions, with the rules drafted by the Payment and Clearing Association of China likely to take effect by the end of this month. Chinese consumers used their phones to make an estimated CNY9 trillion in QR code payments last year. The services are particularly popular for making smaller purchases and leaders in the area include Tencent and Alibaba. The central bank suspended some of the services in 2014, citing security concerns, but they remained popular and many banks tried to get a toehold in the industry. If the regulations do go into effect, they will follow the introduction last month of rules for online money transfer and payments. Those rules set caps for accounts and strict user identity checks. China has also recently released regulations to legalize car-hailing services.

SCIENCE & TECHNOLOGY

Five year plan for science & technology released

The 13th Five Year Plan (2016-20) for science, technology and innovation, was released last week, focussing on the development of technologies for deep space, the deep ocean, deep earth and the deep-blue cyber sector. Looking ahead to 2030, the plan includes space station services, deep-ocean installations and Mars exploration. More specific proposals are focused on the exploration of the moon in 2018 and Mars in 2020, as well as new technologies to probe deep-ocean minerals and observe the earth's polar regions. The plan aims to sustainably develop ocean resources and maintain ecological balance, as well as improve predictions on both natural trends and disasters. “The plan illustrates the strategic aims of the nation,” said Xu Jing, Director of the Department of Innovation and Development at the Ministry of Science and Technology. “It addresses cutting-edge leading trends.” “We have improved much in terms of national science capability in recent years,” Xu said. “This is the first time China has been presented with a chance to lead an industrial revolution, and we have to grasp that chance.” According to a master plan, China would rise to second place in the ranking of citations by Chinese researchers worldwide by 2020, from fourth in 2015. Other projects concentrate on fields that are less visible to the public, such as quantum communication and brain science, the China Daily reports.

- China launched a new high-resolution synthetic aperture radar (SAR) imaging satellite from the Taiyuan Satellite Launch Center in Shanxi province. The Gaofen-3 satellite was launched on a Long March 4C rocket, the 233rd flight mission completed by a Long March carrier rocket. China’s first SAR imaging satellite will be used for weather forecasting, disaster monitoring, water resource assessments, and the protection of maritime rights.
- China will push for the commercialization of genetically-modified soya beans over the next five years as it seeks to raise its agricultural sector’s efficiency, potentially boosting crop output. China has already embraced the technology for cotton but has not yet permitted the cultivation of any biotech food crops.
- China plans to launch the world’s first quantum communication satellite in the coming days. Scientists hope it can help unravel one of the strangest phenomena in quantum physics – quantum entanglement. By beaming individual entangled photons between space and ground stations, the satellite should be able to test whether the quantum’s entanglement property extends over long distances. Quantum computing could vastly

increase the processing power of today's supercomputers.

- Universities from China broke into the global top 100 in the annual "Academic Ranking of World Universities" compiled by Shanghai Ranking Consultancy for the first time. Tsinghua University was 58th, beating elite Peking University into 71st place. Harvard remained number one for the 14th consecutive year.

STOCK MARKETS

Record number of hedge funds forced to liquidate

A record number of hedge funds in China were forced to liquidate owing to woeful performance in the first half of this year. According to Beijing Gesafe Wealth Advisory, more than 200 hedge funds had to halt operations after they crashed below the liquidation value. As the hedge funds suffered a setback when investors' risk appetite appeared to be low following a stock market rout last year, it also added uncertainties to the long-term development of the country's capital market where regulators hoped to bolster institutional buying. "Taking a long view, hedge funds will continue to grow, buoyed by mainlanders' increasing wealth and rising awareness of managing their net worth," said Ivan Shi, Research Director of fund consultancy Z-Ben Advisors. "But the recent wave of liquidations and the lackluster performance could weigh on rich people at the moment. After all, the market lacks buying interest." Hedge funds were very popular in the first half of 2015, when almost 7,700 new hedge funds were launched. The market peaked in mid-June 2015 before panic selling wiped out total capitalization of USD5 trillion by late August last year. The China Securities Regulatory Commission (CSRC) then restricted trading of stock-index futures as it blamed malicious short selling for the boom-to-bust cycle that left millions of investors facing losses, the South China Morning Post reports.

- China Film Co, China's largest movie distributor, saw a rise of 44% in its stock prices on its first trading day, after the company held the biggest initial public offering (IPO) in China's entertainment industry. The company was valued at CNY24 billion. It accounts for 58% of movie distribution in the Chinese market, and its profits climbed 76% to CNY868 million last year. China's film market is likely to overtake the United States as the largest movie market in the world by 2017. By the end of June, 17 film and entertainment companies had been listed in China's A-share market.
- Shanghai's key share index surged to the highest level in over seven months on August 15, on hopes for an economic stimulus and rising prospects that a scheme to link the Shenzhen and Hong Kong bourses would be unveiled. The Shanghai Composite index rose 2.44% to close at 3,125.20 points, the highest level since January 12. China's dismal economic data for retail sales, investment, lending, and industrial production sparked hopes that stimulus measures would be announced to bolster growth.

TRAVEL

China's 'straddling bus' complies with international standards

China's controversial "straddling bus" – a bus-train hybrid the size of a commuter ferry so called because it reduces road congestion by literally moving above cars and buses – complies with strict international standards, according to the project's technology adviser. Dr He Dahai, from Tongji University's School of Materials Science and Engineering, said each step in the design of the Transit Elevated Bus (TEB) referenced national and often overseas standards for roads and trains. "The standards we referenced most were for German trams because their control systems are similar to the TEB," said He, who is also the Chief Vehicle Designer at the National Maglev Transportation Engineering Technology Center. The bus, which is 22 meters long and 7.8 m wide, began trials this month in Qinhuangdao, Hebei province. Since then the project has been under constant media scrutiny over its safety and feasibility. Some domestic media also cast doubts about its owner, an asset management company. The vehicle's steering abilities appear to be the main technological concern. He said the TEB's minimum turning radius was 45-50 m and its wheels on either side must be controlled to run at different speeds when making turns. The bus has a maximum speed of 60km/h. "The TEB will not replace trams, subways or traditional buses. It is a new public transport option and an alternative solution to city traffic jams," He said, as reported by the South China Morning Post.

It has been reported that a factory in Zhoukou, Henan province, where the innovative Transit Elevated Bus is to be produced, is deserted and far from ready to start manufacturing. Du Guangxian, a local official, said the project has been delayed. "The environmental impact assessment of the project has not been approved yet, and many documents are still waiting to be signed," he said. Huaying Group is expected to produce 1,000 buses annually.

- Dubai-based Emirates Airline said it will operate its Airbus A380 between Dubai and Guangzhou from October 1. The vast majority of the more than 300,000 Chinese nationals living in the United Arab Emirates are from Guangdong. Since the route's opening in 2008, the airline has been flying a Boeing 777-300ER aircraft on its daily flights between the two cities. The A380 service will raise the flight capacity by 15%.
- China has extended its review of Marriott International's acquisition of Starwood Hotels & Resorts Worldwide by up to 60 days. The Ministry of Commerce (MOFCOM) review is the only remaining merger clearance for the deal, which is expected to create the biggest hotel group in the world with a combined value of USD36 billion and 1.1 million rooms. Hilton Worldwide Holdings, which would be No 2 behind the combined group, has 775,000 rooms. The merged group would become the largest hotel operator in China, with a 4.1% market share, followed by HomeInns Hotel & Management at 4% and China Lodging Group at 3.9%.
- Passengers who illegally use mobile phones on planes – which includes those on "airplane mode" – could be fined up to CNY50,000, according to a draft amendment to China's Civil Aviation Law. The CAAC said all mobile phones and other electronic devices that can transmit radio signals must be turned off "after the cabin door is closed and until the door is opened after landing." On domestic flights offering Wi-Fi service, passengers are only allowed to use laptops or tablets to access the internet during the flight. Suggestions on the amendment can be sent to airlaw@caac.gov.cn before September 6.
- China's civil aviation industry has grown at double-digit rates for the past five years, with more than 436 million people taking flights last year, up 11.3% from 2014. Some 42 million flew overseas.
- Mainland tourists are returning to Hong Kong, with arrivals showing an uptick last month for the first time in 13 months and officials upbeat that the turnaround will continue for the rest of the year. The number of such visitors, who make up three-quarters of total visitor numbers, grew 2.2% in July from a year earlier, and helped push the overall arrival figure back into positive territory for the first time since June last year, growing by 2.6%.
- Passengers at Shanghai's two airports will now be subjected to additional safety checks due to concerns about terrorism. The checks will be carried out at the entrances and exits of the terminal buildings at Pudong and Hongqiao international airports on both passengers and their luggage. The new security measures are being implemented ahead of the G20 Summit in Hangzhou on September 4 and 5.

ONE-LINE NEWS

- Residents of Lianyungang in Jiangsu province have protested for several days against plans to build a nuclear fuel reprocessing center. The city government later suspended site selection for the project, but protesters want to have it scrapped altogether. China currently only has one nuclear recycling plant in Gansu province, which is far from enough for China's current needs. China is the most active builder of nuclear power plants, with 32 reactors in operation, 22 under construction, and more planned.
- China plans to spend a total of CNY430 billion on some 4,800 separate projects to improve the quality of its water supplies, the Ministry of Environmental Protection said. The central government had already allocated CNY13 billion for this year, which would be used mainly to improve urban drinking water and prevent pollution in China's major rivers.

- Wang Min, former Communist Party of Secretary of Liaoning province, has been expelled from the Party and dismissed from public office for electoral fraud during provincial elections. He also violated frugality rules, took bribes, spent public funds on expensive dinners, and used his power to hinder the investigation into his misconduct.
- The ongoing nationwide anti-corruption campaign has resulted in the punishment of 41 high-ranking officials at the provincial and ministerial levels in the first half of this year. A total of 163,000 officials at various levels were punished during the period, the Communist Party of China Central Commission for Discipline Inspection (CCDI) said.
- Shandong-based China Hongqiao, the world's largest aluminum producer by capacity, reported revenue of CNY25.375 billion in its interim report for the six months ended June 30, an approximate 13% growth in revenue, slightly lower than analyst estimates. Net profit grew 20.7% to CNY3.28 billion. The company expects demand for aluminum products to grow in the second half of this year.
- China Mobile Communications Corp said it will scrap domestic roaming charges by the end of this year. "Since July, China Mobile has stopped selling new service packages that include domestic roaming charges on cross-province phone calls," said Li Yue, President of China Mobile. He predicted that the company will cancel all roaming long-distance packages by the end of the year. China Mobile's first-half net profit grew 5.6% due to fast growth in lucrative 4G services.

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

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