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

NEWSLETTER | 5 SEPTEMBER 2016

FCCC/EUCBA ACTIVITIES

EU-China Relations: An Update for Business – 19 September 2016, 14:00 – Brussels

BusinessEurope, the European Union Chamber of Commerce in China (EUCCC) and the EU-China Business Association (EUCBA) are organizing a seminar on EU-China relations. This event is supported by the Flanders-China Chamber of Commerce (FCCC). The EU-China relationship is of significant importance to the European business community, with trade in goods and services totaling over €1 billion per day. China is now the EU's second largest trading partner while the EU is China's largest trading partner.

This seminar aims to provide a holistic overview of the state of EU-China relations for the European business community. Topics include a presentation on the general business environment in China for European companies; the outcomes of the EU-China Summit held in Beijing on 13 July; the EU's new China strategy released in June; and the state of play on the EU-China Comprehensive Agreement on Investment.

Programme

13:30 – 14:00	Registration
14:00 – 14:15	Welcome by Markus J. Beyrer, Director General, BusinessEurope
14:15 – 14:40	Speech by Jörg Wuttke, President, European Union Chamber of Commerce
14:40 – 14:55	Speech by Rupert Schlegelmilch *(tbc)*, Director Services and investment, Intellectual Property and Public Procurement, DG Trade, European Commission
14:55 – 15:10	Speech by Gunnar Wiegand, Managing Director for Asia, European External Action Service
15:00 – 15:50	Q & A
15:50 – 16:00	Closing remarks by Mr Stefaan Vanhooren, Vice-Chairman, EU-China Business Association (EUCBA)

Date: Monday, 19 September 2016 at 14:00
Place: BUSINESSEUROPE, Avenue de Cortenbergh 168, 1000 Brussels
Registration**: r**egister via the following link: https://www.businesseurope.eu/eu-china-relations-update-business

Places are limited and are based on a first come first served basis. If you cannot attend the event, please cancel your registration no later than one business day prior to the event.

The EU-China Business Association is the EU-wide federation of business organizations in the EU promoting business relations with China. The Flanders-China Chamber of Commerce is in charge of the secretariat-general of the EUCBA.

For any questions, please contact Gwenn Sonck at gwenn.sonck@flanders-china.be

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?

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

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.

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

Alibaba, China's biggest sales platform, invites you – 21 September 2016 – Antwerp

Tmail Global, the international online marketplace of China's e-commerce giant Alibaba, is coming to Belgium. Through this platform, companies from all over the world can explore the enormous demand of Chinese consumers for foreign products, without having a base in China.

Participate in an exclusive workshop on September 21, 2016, and discover how you – as a Belgian company – can utilize the opportunities Alibaba is offering on Tmall Global. During the workshop you will also receive more information about the group business trip Flanders Investment & Trade (FIT) is organizing to Alibaba headquarters in Hangzhou (China) in March 2017.

The program of the workshop is available on the registration page.

What? Workshop 'Alibaba invites you'
When and where? Antwerp, 21 September 2016 – 09:30
Registration: before 16 September 2016
Price: participation in the workshop is free of charge
Organization: Alibaba Group, Flanders Investment & Trade, RetailDetail, City of Antwerp

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)

G20 SUMMIT

G20 Summit looking for remedies for the world economy

The Summit of the leaders of the Group of 20 (G20) industrialized and developing countries is being held in Hangzhou, Zhejiang province, on September 4 and 5. Chinese President Xi Jinping, acting as host of the meeting, welcomed U.S. President Barack Obama, Russian President Vladimir Putin, EU leaders Tusk and Juncker, Japanese Prime Minister Shinzo Abe, British Prime Minister Theresa May, German Chancellor Angela Merkel, France's President Francois Hollande, and other leaders. The G20 brings together representatives of 85% of the world's GDP and two-thirds of its population, and was created to coordinate the world's response to the 2008 financial crisis. China has never hosted so many world leaders in one meeting, totaling about 40 heads of nations, governments and international organizations.

China will work together with all parties to make the G20 Hangzhou Summit prescribe remedies for the world economy to achieve robust, sustainable, balanced and inclusive growth, President Xi Jinping said. At the Summit, China defended free trade and globalization. No country has benefitted more from economic globalization than China, as its growth over the past three decades has been largely driven by foreign direct investment (FDI) and exports. China is also opposing rising protectionism. The global economy is being threatened by rising protectionism and risks of high leverage are accumulating, Xi warned at the opening of the two-day summit. The global economy is "at a crucial juncture," he said, plagued by sluggish demand, financial market volatility and feeble trade and investment. "Growth drivers from the previous round of technological progress are gradually fading, while a new round of technological and industrial revolution has yet to gain momentum," he said. Xi said the global economy "still faces multiple risks and challenges including a lack of growth momentum and consumption, turbulent financial markets, and receding global trade and investment. Group of 20 countries should abide by their commitment to avoid taking new protectionist measures, strengthen investment policy cooperation and take effective action to promote trade growth."

China and U.S. ratify Paris climate agreement

China and the U.S. announced on the eve of the Summit that they had ratified the Paris agreement on cutting climate-warming emissions, marking a major step toward the enactment of the pact as early as the end of the year and setting the stage for other countries to follow suit. China and the U.S. are he world's two biggest emitters of greenhouse gases. "Just as I believe the Paris agreement will ultimately prove to be a turning point for our planet, I believe that history will judge today's efforts as pivotal," U.S. President Barack Obama said after he and Chinese President Xi Jinping handed ratified documents to UN Secretary-General Ban Ki-moon. "With China and the United States making this historic step, we now have 26 parties in the UN Framework Convention and 39% of global greenhouse gas emissions accounted for," Ban said. Although the Paris deal was signed in the French capital in December, it will come into force only after at least 55 countries accounting for at least 55% of global greenhouse gas emissions join the accord. Ban urged other leaders to show leadership by accelerating their domestic ratification process. The accord signed in Paris aims to limit global temperature increases to 2 degrees Celsius, and 1.5 degrees if possible, compared with pre-industrial levels.

Xi Jinping and Obama meet ahead of G20 Summit

Beijing and Washington should strengthen mutual trust and "manage and control divergences in a constructive manner" for a lasting and healthy development of bilateral relations, President Xi Jinping said when meeting with his U.S. counterpart Barack Obama in Hangzhou on September 3. The meeting, the eighth between the two leaders, was held ahead of the two-day G20 Leaders Summit on September 4 and 5. Two-way trade, investment and personnel exchanges are at historic highs, and both countries have worked jointly to tackle climate change, advance negotiations on a bilateral investment treaty (BIT) and establish a mutual trust mechanism between the two countries' militaries, Xi said. Progress has also been made in fighting cybercrime, coping with the ebola epidemic in Africa and facilitating an agreement on the Iranian nuclear issue, the President said. Tackling climate change has been a highlight of the China-U.S. collaboration. Ahead of their face-to-face talks, the two leaders handed over to United Nations Secretary-General Ban Ki-moon the documents in which the two countries agreed to join the Paris climate agreement to cut greenhouse gas emissions.

China and the United States committed anew to refrain from competitive currency devaluations, with China saying it would continue an orderly transition to a market-oriented exchange rate for the yuan. A joint "fact sheet", issued a day after Presidents Xi Jinping and Barack Obama held talks, also said the two countries committed "not to unnecessarily limit or prevent commercial sales opportunities for foreign suppliers of IT products or services". Both countries said they would "refrain from competitive devaluations and not target exchange rates for competitive purposes", the fact sheet said. China would "continue an orderly transition to a market-determined exchange rate, enhancing two-way flexibility. China stresses that there is no basis for a sustained depreciation of the yuan. Both sides recognize the importance of clear policy communication." China said it would deepen supply-side structural reforms with a comprehensive strategy, including state-owned enterprise reform, giving full play to the role of the market and legal mechanisms, to reduce corporate debt, including state-owned enterprise debt. China and the U.S. also recognize that excess capacity in steel and other industries is a global issue which requires collective responses, the South China Morning Post reports.

China still committed to BRICS

The BRICS nations (Brazil, Russia, India, China and South Africa) held a meeting ahead of the G20 Summit, as China is still trying to breathe life into BRICS to promote developing nations. President Xi Jinping has called on BRICS nations to "play a bigger role in international affairs and governance". The five BRICS nations should also work to "oppose all kinds of protectionism and exclusionism" and to safeguard the multilateral trade system, Xi said. He also called for efforts by members of the emerging-market bloc to drive the BRICS New Development Bank to implement the first batch of projects and boost the bank's management level and financing capabilities. China regards the BRICS as a club that can counter the power of rich countries like the U.S., Japan, Germany and Britain. "A developing country like China alone is unable to change the long-existing international governance structure, unless it joins forces with other developing countries to challenge the West-dominated institutions," said Professor Oliver Rui from the China Europe International Business School in Shanghai. China is the dominant force in the BRICS as its economy is bigger than the four other members combined. The BRICS countries share few political, economic, social and even foreign policy interests except for shared unhappiness about the domination of global governance by the West. The BRICS will hold its 8th annual summit in Goa, India, next month, the South China Morning Post reports.

Build an open and innovative world economy, Xi tells B20

In conjunction with the G20 Summit of state leaders, the B20 summit of business leaders was held in Hangzhou. More than 800 business leaders attended. In his keynote address, Chinese President Xi Jinping said that all parties at the summit should work to build an innovative and open world economy to explore new sources of growth and expand the space for development. The B20 helps international companies and commercial organizations participate in global economic governance and the making of economic and trade regulations, as it collects the opinions of world business leaders and develops a consensus. Xi said China is standing at a new starting point for comprehensively deepening reform and injecting new impetus in economic and social development, adapting to the new normal of economic development and transforming its economic development mode. China will unswervingly deepen reform in a comprehensive manner, implement an innovation-driven development strategy, pursue green growth, deliver more benefits to the people and further open-up and interact with the world, Xi said. The world economy should become more interconnected and inclusive, and join forces for win-win solutions, Xi added. The B20 Summit has submitted more than 400 policy recommendations in various fields, including reform of the financial system, trade, investment, energy, infrastructure, employment, finance and anti-corruption, the China Daily reports.

President Xi also posed three questions: can China's economy maintain stable growth, can China persist with reform and opening up, and can China avoid the middle-income trap? Xi said China would not shy away from painful reforms or back-pedal on opening up its markets, thereby countering claims that China has dragged its feet on reform and become more hostile to foreign businesses. Xi peppered his 50-minute speech with references to "a phoenix reborn from fire" and "a brave man who dares to cut off his own hand" as he tried to drive home Beijing's determination to make painful changes and defend free trade. "A fundamental challenge we are facing is to restore public trust," said Australian Prime Minister Malcolm Turnbull as the B20 conference wrapped up in Hangzhou. "Protectionism is a road we could not afford to go down." The G20 economies have enacted nearly 350 measures through mid-August that discriminate against each other's commercial interests, triple the 100 policies introduced to free up trade, according to the Global Trade Alert.

EC President Juncker calls to tackle excess steel production

The G20 Summit "must urgently find a solution" to excess steel production, said Jean-Claude Juncker, President of the European Commission. Juncker also rejected U.S. criticism of the order for Ireland to collect USD14.5 billion in back taxes from Apple. "Free trade must be fair trade," Juncker told a news conference in Hangzhou with Donald Tusk, President of the European Council. On Britain's vote to leave the 28-nation EU, Tusk said there would be no talks with London over future relations until it formally begins the withdrawal process. "We need to protect the interests of the members of the EU that want to stay together, not the one which wants to leave," Tusk said.

- Around 40 leaders from the 19 richest countries and the European Union, five invited developing nations, the African Union and the world's trade and financial organizations attended the two-day summit in Hangzhou. President Xi Jinping spent five years in the city from 2002 to 2007 when he served as Zhejiang province's Communist Party

Secretary.

- G20 members agree with one another that they must “use all policy tools to support growth”, said Yi Gang, Vice Governor of the People's Bank of China (PBOC), in the run-up to the G20 Leaders Summit. By all policy tools, he was referring to monetary and fiscal policy and, in the long run, measures to boost structural reform of the international financial system. “This marks a milestone in the G20's recent history of macro-economic policy coordination,” he said.
- President Xi Jinping urged his Indonesian counterpart Joko Widodo to ensure a smooth roll-out of the USD5.1 billion joint-venture Jakarta-Bandung high-speed railway as the two leaders met in Hangzhou. The landmark scheme was halted in January after the Chinese partner failed to submit documents for approval. It finally received all its permits late last month. Xi said China and Indonesia shared “broad common interests” and would expand cooperation on infrastructure, productivity, trade, investment, finance and e-commerce, to establish “more flagship projects”.
- British Prime Minister Theresa May defended her decision to delay the partly Chinese-funded Hinkley Point nuclear power deal, despite it causing diplomatic tension with China. “This is the way I operate,” May told reporters on board her official plane on the way to Hangzhou, where she had a private meeting with President Xi Jinping. A final decision is expected later this month. Asked whether she trusted China, May said: “Of course we have a relationship with them, we’re working with them, what I want to do is build on that relationship.”
- China hopes Australia can provide a fair and transparent environment for foreign investors, President Xi Jinping said as he met Australia’s Prime Minister Malcolm Turnbull for the first time since Canberra formally rejected bids by State Grid and Cheung Kong Infrastructure for Ausgrid. Xi said China “hopes the Australian side continues to dedicate itself to providing foreign investors a fair, transparent and predictable policy environment”.

AUTOMOTIVE

BYD earns profits with new energy vehicles

BYD Co, a major Chinese new energy vehicle (NEV) manufacturer, posted a first-half profit increase of 384% to CNY2.26 billion compared to the same period last year, mainly due to the increase in its new energy vehicle business. Its revenue also grew by 43.74% year-on-year to CNY43.75 billion in the first six months of 2016, 35% of which was from its new energy automobile business. The sales income of its NEV business developed rapidly by about 1.61 times year-on-year to CNY15.31 billion. The sales volume of its new energy automobiles surged by about 130% to approximately 49,000 units during the first six months, while its target for annual sales in 2016 is 120,000 units. According to statistics from the China Association of Automobile Manufacturers (CAAM), BYD's share of the new energy automobile market was approximately 27% in the first half of 2016 and the company has dominated the plug-in hybrid vehicle market with a 65% share. New energy automobiles have become the highlight of China's automobile market. In the first half of 2016, its total sales surged 126.9% year-on-year to 170,000 units, the China Daily reports.

Chinese government to shake out NEV industry

China's electric-vehicle industry consists of 200-plus companies backed by a raft of billionaires, but the government plans to impose strict technology standards, weeding out the weak companies, and limiting the number of players to only 10. So far, only two ventures have obtained approval to build cars. Jack Ma, Terry Gou, Li Ka-shing and Jia Yueting are among the investors who have poured at least USD2 billion into building alternative-energy vehicles as China tries to combat the smog choking its cities. But the industry is plagued by too many companies lacking the technical know-how to make electric or hybrid cars that measure up to those from Tesla Motors or General Motors. China surpassed the U.S. last year to become the world's biggest market for new-energy vehicles – comprising electric vehicles, plug-in hybrids and fuel-cell cars. Domestic automakers sold 331,092 units in 2015, according to the China Association of Automobile Manufacturers (CAAM). The government's sales target is 3 million units a year by 2025 – a 10-fold increase – and it is offering subsidies that can total 60% of an electric-car's sticker price. There currently are about 4,000 new-energy vehicle (NEV) models in development, the China Daily reports.

- About five years after producing its first model in 2011, BAIC, the Beijing-based automaker, is preparing the rollout of its one-millionth vehicle from the production line this month: its EH400 electric car. From January to July this year, BAIC sold a total of 232,000 vehicles of its self-developed brands, up by 42.7%, a much higher growth rate than the industrial average of 11%.

FINANCE

Bad loans rising at Big Four banks

All of China's "Big Four" state-owned banks reported mounting bad loans in the first half of the year. The Industrial and Commercial Bank of China (ICBC), the world's biggest lender by assets, said its non-performing loan (NPL) ratio rose to 1.55% at the end of June, up from 1.5% at the end of last year. Still its net profit for the first six months edged up 0.8% annually to CNY150.66 billion, it said. China's three other major state-owned banks have reported similar results in recent days, with all of their bad loan ratios creeping upwards as Beijing seeks to boost the world's second-largest economy with an infusion of cheap credit. Analysts have warned that a debt-fueled rebound might be short-lived and ballooning borrowings risk sparking a financial crisis as bad loans and bond defaults increase. Bank of China's earnings statement showed its NPL ratio rising to 1.47% at the end of June, up from 1.43% in December. The China Construction Bank (CCB) said its NPL ratio had risen 0.05 percentage point to 1.63%, while the Agricultural Bank of China (ABC) reported a figure of 2.4%, slightly higher than last year. China's total debt hit CNY168.48 trillion at the end of last year, equivalent to 249% of GDP, the China Academy of Social Sciences (CASS) has estimated, the Shanghai Daily reports.

- A national committee to oversee internet finance security and creditability has been set up. The National Committee of Experts for Internet Finance Security Techniques will monitor related websites and applications, establish professional technical industry alliances and offer advice to industry regulators.
- Chinese commercial banks stepped up the issuance of housing mortgages and will continue to do so in the second half of this year. Renminbi-denominated loans increased by CNY463 billion in July. Most of the new loans were to households, which rose CNY457.5 billion. China Construction Bank (CCB) saw a 14.7% growth in residential mortgage loans from the end of 2015 to CNY3.18 trillion as of June 30. The growth accounted for 62.5% of the bank's new loans.
- China Huarong Asset Management Co, the biggest of China's four banks set up to handle bad loans, raised its net profit 32.8% to CNY11.12 billion in the first six months. Distressed asset management saw total income decline by 2.1% to CNY20.43 billion in the first half of 2016, but asset management and investment saw income rise 74.8% to CNY8.88 billion, while profit before tax increased by 65.3% to CNY2.07 billion. Chinese banks' bad debts stood at CNY1.44 trillion at the end of the second quarter.
- The World Bank has for the first time issued bonds denominated in special drawing rights (SDR) in China's interbank market. The three-year bonds were sold at 0.49%, at the lower end of the World Bank guidance at 0.4-0.7%. The 500 million SDRs issue, which was settled in yuan, was 2.47 times oversubscribed, and there were around 50 interested buyers.
- China's overall debt has increased to more than twice the size of the economy at the end of last year. The amount owed by governments, non-financial businesses and households climbed nearly 11 percentage points over the year to 228% of GDP, or CNY154 trillion, the National Institution for Finance and Development (NIFD) said in a report. The institution is among the first government-backed bodies to acknowledge the huge debt, and many economists say the total is still underestimated.
- China hinted that monetary practices favored in Europe and Japan, namely quantitative easing and negative interest rates, no longer work. Without naming the European Central Bank or the Bank of Japan directly, Vice Minister of Finance Zhu Guangyao said that central bank purchases of assets and charging lenders for placing

funds with the monetary authority were “unsustainable”, and that the effects of such policies in bolstering growth had been diminishing. He added that the divergence of monetary policy among advanced economies was one of three major risks for the global economy, along with Britain’s exit from the European Union and the weak emerging recovery.

FOREIGN INVESTMENT

European Chamber urges China to become more fair and open

The European Union Chamber of Commerce in China has urged Beijing not to delay to deliver on promises it made years ago to create a level playing field for European businesses when their Chinese rivals have few limits on their investment in EU markets. In the European Business in China Position Paper for 2016/2017, an annual report of 400 pages which gives a detailed review of 25 sectors where EU business has a presence, the business lobby group expressed, once again, its disappointment about stalled reforms that were announced in November 2012. “It is clear that during the three years that followed the 18th Party Congress that took place in November 2012, Party and military reforms were top priorities,” the paper stated. While applauding China’s progress in fighting corruption, the Chamber said the economy should be made the nation’s top priority.

In its Position Paper, the Chamber calls for reciprocity in openness to foreign investment and for market forces to play the central role in driving innovation and developing China’seconomy. The Position Paper outlines how the recent increase in investment into Europe has highlighted the sharp imbalance in market access European companies face in China. Chinese companies have successfully completed a number of eye-catching deals to acquire leading European companies in a wide range of areas – including banking, automotive, robotics and critical infrastructure – yet European business is still heavily restricted from making similar investments in China.

While Europe welcomes foreign investment, this lack of reciprocity is unsustainable and could lead to protectionism and increased tension. Furthermore, with economic growth in China now largely dependent on public investment after growth in private investment dropped sharply during the first half of 2016, it is in the country’s own interests to loosen restrictions and offer full reciprocity. Doing so will also help to confirm that China supports globally-accepted principles.

Due to the lack of progress in market reforms, the Position Paper recommends ‘dusting off’ the Third Plenum’s Decision and taking concerted measures to enable market forces to play the central role in China’s economy.The European Chamber is concerned that as the Thirteenth Five Year Plan appears to carve out a larger role for government in guiding China’s economy, market reform is no longer a top priority.

“This could seriously damage China’s ambitions to establish a vibrant market economy,” said European Chamber President Jörg Wuttke. “Government has an important role to play in supporting basic research, but it simply should not be responsible for directing capital. Instead, private enterprises should be given room to determine where the future opportunities lie.” The European Chamber therefore continues to advocate for the necessary market-orientated reforms to be pushed through,without further delay. “Finalizing an EU-China Comprehensive Agreement on Investment in2017, which provides full reciprocity through an ambitious market-opening component, is an essential part of the reform agenda,” said President Wuttke.

European Chamber calls for an end to unequal treatment of foreign investment in China

The European Chamber of Commerce in China believes that the revisions to four Chinese investment-related laws are not bold enough. It is preferable for foreign and domestic investment to instead be regulated by the same company law, regardless of the nationality of the equity. This is particularly important in view of the ease with which Chinese companies continue to acquire assets in Europe in areas where EU companies do not even dare to consider investing in China. While the announcement of a transition from a registration system to one based on filing and incorporation of the negative list approach into the legislation is commendable, far more needs to be done to ensure that the current situation – characterized by asymmetrical market access between the EU and China – is resolved. EU business will therefore increasingly call on China to provide reciprocity. Attracting high-quality foreign investment is one of the most effective ways for China to ensure sustainable economic growth, so opening up faster with ambitious legislation on foreign investment is in its own interests, the Chamber said.

FOREIGN TRADE

China to set up 7 new free trade zones

China has decided to set up seven new free trade zones (FTZs), taking the total number of such zones to 11. The new free trade zones will be located in the provinces of Liaoning, Zhejiang, Henan, Hubei, Sichuan and Shaanxi, as well as in Chongqing, Commerce Minister Gao Hucheng said. The expansion came nearly three years after the launch of China's first FTZ in Shanghai to test a broad range of economic reforms, including more openness to foreign investment and fewer restrictions on capital flows. In 2014, Tianjin, Fujian and Guangdong got approvals to set up the second batch of FTZs. Liaoning province in northeast China will focus on market-oriented reforms to make the old industrial base more competitive, while coastal Zhejiang is expected to explore trade liberalization of commodities. Central China's Henan will tap its potential in transportation and logistics, and Hubei will build high-tech bases and facilitate the development of the Yangtze River Economic Belt. China hopes the FTZs in Chongqing, Sichuan and Shaanxi, all in the country's less developed West, will help open the regions to showcase their economic vitality. Among the successful trials in the first two groups of FTZs has been the introduction of a "negative list," which specifies investment sectors off-limits to foreign investors and allows industries not on the list to follow the same new investment rules as domestic firms. The policy has led to a surge in business registrations. In the first half of 2016, a total of 4,923 foreign-funded firms were established in the four FTZs, with investments amounting to CNY359 billion, the Shanghai Daily reports.

MACRO-ECONOMY

NDRC calls for cut in companies' social security contributions

The National Development and Reform Commission (NDRC) wants further cuts to social security contributions paid by companies, which it says are higher than those facing U.S. and Japanese firms, to help revive China's manufacturing competitiveness. Mandatory pension and health-care payments imposed on Chinese employers were already close to the levels in France and Germany, even though the nation's welfare coverage lags far behind those of European countries, the NDRC said in a research note. The cost of a Chinese company hiring one employee was enough to hire 2.5 staff in the Philippines and 3.5 in Indonesia. "Our advantage in labor costs has been replaced by Southeast Asian countries, and as developed countries, such as the U.S. launched initiatives to re-industrialize and revitalize manufacturing, our manufacturing sector is faced with a huge challenge," the note said. Professor Liu Erduo from the School of Labor and Human Resources of Renmin University said that amid the economic slowdown, companies faced rising pressure on labor costs and the government wanted to put their interests before those of employees under such circumstances. "Judging from messages from central government officials, the top authorities believe employees have enjoyed quite strong growth in salaries in the past years, and they want to ease companies' burdens first and put staff benefits aside for the time being," he said. Prosperous cities have pledged not to reduce employee benefits even after corporate contributions are cut, but some northern and northeastern provinces were being faced with a large shortfall in social security funding. Nationwide, there was a shortfall of nearly CNY1 trillion in China's pension fund by the end of 2014.

- President Xi Jinping called for solid efforts to press ahead with the country's planned reforms in accordance with the established timetable and roadmap. The country should focus more on economic system reforms and improve fundamental mechanisms that support these overhauls, Xi said. A meeting of the Central Leading Group for Deepening Overall Reform, chaired by Xi, passed policies concerning green finance, intellectual property rights (IPRs), resource allocation and poverty relief. Policymakers promised to "significantly reduce" the government's role in the direct allocation of resources and, instead, rely more on the power of the market.
- China's debt-to-equity swap plan will come into effect in September. But a conflict of

interests between local and central governments, as well as between creditors and companies are likely to see the plan struggle to get off the ground, analysts said. Only one debt-to-equity swap has been implemented since Premier Li Keqiang proposed the measure to reduce China's debt load in March, when Bank of China (BOC) converted a CNY2.75 billion loan to Huarong Energy into a 14% equity holding in the company.

- Pressure will remain in economic development in the second half of 2016, said Xu Shaoshi, Chairman of the National Development and Reform Commission (NDRC), in a report to the bi-monthly session of the Standing Committee of the National People's Congress (NPC). But he also expressed confidence that the country could meet its major annual targets in economic growth, employment, commodity prices and residents' income, as great difficulties remained in meeting goals for investment and trade.
- The Westpac MNI China Consumer Sentiment Indicator, a monthly measure of consumer sentiment, dropped to a six-month low in August, reflecting "growing unease among Chinese consumers". Consumer confidence fell 2.2% from July to 111.5 in August. Lower consumer confidence and potentially weaker household spending would add uncertainty to an already complex economic situation.
- China's manufacturing activity expanded at its fastest pace in nearly two years in August. The Purchasing Managers' Index (PMI), which mainly tracks large state-owned companies, rose to 50.4 last month, according to the National Bureau of Statistics (NBS), its highest reading since October 2014. The Caixin China General Manufacturing PMI survey, focusing on small and medium-sized firms, came in at 50 last month compared to July's 50.6 reading. A third survey, the official services PMI, fell to 53.5 in August, down from 53.9 in July. Figures above 50 indicate growth.

MERGERS & ACQUISITIONS

Ant Financial and Primavera to invest in Yum China

Yum! Brands, which operates KFC and Pizza Hut, said it will sell a combined USD460 million stake in its Chinese business to Primavera Capital Group and an Alibaba Group Holding affiliate, Ant Financial Services Group. Primavera and Ant Financial will invest USD410 million and USD50 million, respectively, in the Yum China Holdings spinoff. Primavera's founder Fred Hu will become Chairman of Yum China. The China business of Yum Brands will be spun off as part of the parent's plan to list the operation on the New York Stock Exchange (NYSE). The spin-off and concurrent completion of the USD460 million investments in Yum China are expected to take place on October 31, with Yum China to begin trading in New York on November 1. The spin-off will enable Yum China to operate independently from the remainder of Yum Brands' global business. Ant Financial will enable its Alipay electronic payment system to be used at Yum China's KFC and Pizza Hut outlets.

- Zhongwang USA, an investment firm controlled by billionaire Liu Zhongtian, has agreed to acquire U.S. aluminum maker Aleris Corp for USD2.33 billion including debt. Liu is the founder and Chairman of Hong Kong-listed China Zhongwang, the world's second-largest manufacturer of industrial aluminum extrusion products. The Aleris deal is intended to help the Chinese tycoon tap into the North American and European markets as the U.S. firm has a partnership with Figeac Aero, a supplier to companies including Airbus, Boeing and Bombardier. Aleris also has 13 production facilities throughout North America, Europe and China.
- Comprehensive guidelines were approved by the Chinese government to ensure the healthier and more sustainable development of venture capital. "Encouraging venture capital development means a lot for the country's efforts in maintaining sustainable growth and creating jobs," Premier Li Keqiang said. Over the past decade, venture capital in China has recorded annual average growth of up to 20%.
- China's Ministry of Commerce (MOFCOM) is investigating whether Didi-Chuxing Technology's proposed take-over of Uber's China business violates the country's anti-trust regulations to protect fair market competition, as well as uphold consumer rights and public interest. Didi's August 1 proposal to acquire Uber's China business would create the country's biggest car-hailing service, with 1.35 million drivers operating in

360 Chinese cities and towns. The combined business is valued at USD35 billion.

RETAIL

Gome's net first half profit drops

Gome Electrical Appliances Holding, China's largest household appliances retailer, posted an 82% plunge in net profit for the first half of the year to CNY124 million as it scrambled to renovate dozens of stores. The Beijing-based operator of more than 1,000 stores, controlled by the family of jailed billionaire and once the country's richest man Wong Kwong-yu, is the latest bricks-and-mortar player to grapple with Chinese consumers' shift to e-commerce and the effects of a lingering economic slowdown. Sales revenue for the first half rose 11% to CNY35.31 billion from CNY31.69 billion a year earlier, while the company blamed a 9.93% decline in comparable store sales on renovation work. Although achieving a 21.67% year-on-year increase in online-to-offline gross merchandise volume for the first half, with a more than doubling of its e-commerce business, Gome has lagged behind its longtime rival Suning in transforming into an online goods seller. Official figures indicate sales of the top 100 home appliances retailers in China have contracted 4% to 5% in the first half of the year, the South China Morning Post reports.

- Anta Sports Products, China's largest athletics apparel company, said it is seeking to buy international sportswear brands. China's sportswear industry is seeing a boom as more Chinese engage in sports. Anta, which has a market value of about HKD49 billion, formed a joint venture with Descente and Itochu Corp earlier this year to design and sell Descente-branded items in China. The company plans to open five to 10 Descente stores by the end of the year, and another 40 to 50 in China in 2017. Anta reported first-half profit increased 17% to CNY1.13 billion, while sales increased almost 20%.

SCIENCE & TECHNOLOGY

China's quantum satellite performing better than expected

The world's first quantum satellite Micius is doing "very well" in space, with all on-board scientific instruments meeting or exceeding expectations. Major preparations were completed for ground-breaking experiments in communications and physics, Professor Wang Jianyu told the South China Morning Post. Communication was established between the satellite and Xinglong Observatory in Beijing. The Micius was sending a green laser beam to the ground while the ground station was shooting a red laser to the satellite, as part of "warming up exercises" for further experiments. The green beam was laser light at the 532 nanometer bandwidth, and the red beam was 671 nm. Both were signal beams used by scientists to establish a physical link between the satellite and a ground station before the start of quantum communication. All parameters are up to the required standards, and some were even higher than the best we had hoped for, Professor Wang Jianyu said. The Micius was launched from the Jiuquan Satellite Launch Center in Inner Mongolia on August 16. Its mission includes establishing a quantum key distribution network and performing quantum entanglement experiments in space for the first time.

- The launch of a Long March 4C rocket carrying the Gaofen-10 earth observation satellite failed to put the satellite into its designated orbit. Debris from the rocket launch from the satellite launch center in Shanxi province was found in neighboring Shaanxi. The Gaofen satellites are designed to give China a global network of earth observation satellites with high-definition, all-weather, 24-hour intelligence gathering capabilities for military and civilian users by 2020.

STOCK MARKETS

Consumption-driven listed companies most profitable

A-share listed companies with consumption-driven business were among the most profitable, while those suffering from overcapacity and shrinking market demands have been struggling with significant losses, according to an analysis of the latest financial interim reports of the 2,500 A-share listed companies. Some 60% of these companies which have released interim reports said their profits grew year-on-year, while some 950 companies, or 37%, said their profits declined in the first half of 2016, according to Shanghai-based Wind Information Technology, a financial information services provider. Sinopec Group reported net profit of CNY19.3 billion, which ranks top among all the A-share companies. Liquor maker Kweichow Moutai, pork and poultry farming operator Guangzhou Wens, and domestic appliances maker Gree Electric Appliances are among the top 10 group with the most profits in the first half of 2016. China COSCO Holdings, Asia's biggest container shipper, Yun Tian Hua Group, one of China's biggest fertilizer suppliers, and ship builder Sainty Marine are among the top 10 companies with the heaviest losses. Companies showed diverging performances reflected in their interim reports and we can see that profits are highly related to market demand and companies' operating capabilities," said a research note from Shenwan Hongyuan Securities, the China Daily reports.

- The long-awaited Shenzhen-Hong Kong Stock Connect is expected to start in mid-to late November. Technical preparations for the stock connect will take place from August to November. The Shenzhen-Hong Kong Stock Connect, which allows mainland investors to buy Hong Kong stocks and vice versa, had been expected for more than a year following a similar program between Shanghai and Hong Kong in 2014. A feasibility study into a third stock connect, between the Shanghai and London exchanges, is under way.
- Troubled solar panel company Hanergy Thin Film Power, controlled by Chinese billionaire Li Hejun, saw its net profit turn around in the first half of the year to CNY821 million, compared to a CNY59 million loss a year ago, thanks to strong growth in revenue from sales of household rooftop solar power stations. The company's shares have been suspended amid a probe by market regulators in Hong Kong. Founder Li Hejun resigned as Chairman in May.
- Yirendai, the first Chinese peer-to-peer lender listed in the U.S., is facing several class action lawsuits regarding making "materially false misleading statements". Yirendai, the consumer finance arm of Chinese P2P lender Creditease, rejected the complaints as "without merit". There were public doubts about Yirendai's allegedly manipulation of its shares as only 14% of them are actually traded in the market.
- Hong Kong stocks gained 5% in the month of August, extending their winning streak for two straight months and pushing them to one of the highest levels of this year, mainly driven by companies' interim results and the official go-ahead for the Shenzhen Hong Kong Stock Connect. Ivan Li, Director of Research at Sinopac Securities (Asia), said August's gain was mainly driven by better than expected interim results of mainland companies, including those in the banking sector.
- A new board is among the measures Hong Kong Exchanges and Clearing (HKEX) will consider in its bid to lure more technology start-ups to list on the city's bourse, Chief Executive Charles Li said. Of the 343 companies to list in Hong Kong between 2010 and 2013, only 22, or 6% of the total, were technology related, according to HKEX. Many observers believe Hong Kong's stock exchange has missed out on billions in annual listing and trading fees due to its refusal to introduce a dual-shares structure on the grounds that it would violate the long-held principle of "one share, one vote". Dual-share structures, which allow shares with unequal voting rights to be listed, are popular with technology firms.
- The combined net profits of the 2,911 companies listed on the Shanghai and Shenzhen exchanges fell 4.1% to CNY1.4 trillion in the first six months, according to data compiled by Shanghai Wind Information Co, the worst aggregate interim in seven years.

TRAVEL

Big airlines report drop in revenue

China Southern Airlines, the country's largest carrier by passenger traffic, reported a drop in its net income in the first half of the year, citing the yuan's depreciation against the dollar. Two of the country's largest private carriers, Hainan Airlines and Spring Airlines, the nation's largest budget airline, reported an increase in earnings with a surge in travel. Hainan Airlines reported a 4.4% gain in first-half profit to CNY1.67 billion, and Spring said its net income climbed to CNY740 million. Net income at China Southern fell 10% in the first half to CNY3.12 billion from CNY3.48 billion a year earlier, as Its sales rose 1.4% to CNY54.1 billion. “Chinese airlines achieved relatively good performance globally, and they performed better than airlines in Europe, Japan and the Middle East. They are second only to the U.S. airlines, given the dollar's appreciation,” said Li Xiaojin, Professor at the Civil Aviation University of China in Tianjin. “The three major airlines – Air China, China Eastern and China Southern – account for more than 85% of market share. Chinese privately-owned airlines have a much smaller scale, so booming travel demand added to the rapid growth of their revenue.” As airlines usually pay for imported commodities such as aircraft in foreign currencies, they bear a large amount of dollar debts. According to a projection by Air China, on the premise that other factors remain constant, every depreciation of the yuan by 1% will result in a decline of CNY535 million in the net profits of Air China, amounting to 7.41% of its full-year net profit of 2015, the China Daily reports.

China Southern Airlines saw its first-half net profit drop 10.7% to CNY3.1 billion as exchange rate losses expanded amid large swings in the value of the yuan. Revenue increased by 1.4% to CNY54 billion. In the first half, the airline’s passenger traffic rose by 7.7% while flight operation expenses decreased by 6.4% thanks to cheaper jet fuel.The airline launched six new international routes in the first half, including Shenzhen-Sydney, Shenzhen-Wuhan-Dubai and Shanghai-Fukuoka, and increased flights on the Guangzhou-Los Angeles and Guangzhou-New York routes.

Hong Kong becomes most expensive for business travelers in Asia-Pacific

Hong Kong leaps six spots to become the most expensive city in the Asia-Pacific for business travel. Soaring hotel room rates and a strong currency have catapulted Hong Kong to become the region’s most expensive destination, according to the annual survey by ECA International. Dhaka came second, followed by Seoul, Tokyo, Singapore, Busan and Macao. Experts warned more competitive hotel rates offered to business travelers throughout the region would hinder Hong Kong’s aspirations as a convention and trade fair hub. ECA Regional Director Lee Quane said high real estate costs in Hong Kong were “a fact of life”. A four-star hotel in Hong Kong goes for USD300 a night, which is the second-highest hotel rate in the region, Quane said. He explained a low supply of suitable rooms for business travelers enabled hoteliers to push up prices. A strong Hong Kong dollar, pegged to the greenback, made the expensive city even less competitive than before, he added. But Brian King, Associate Dean of hotel and tourism management at Polytechnic University, disagreed with Quane, pointing out that average room rates in Hong Kong in fact dropped by 6% between 2014 and last year, the South China Morning Post reports.

- Beijing and Shanghai have banned electric scooters from roads amid safety concerns. People riding electric scooters on public roads will be fined CNY10 and told to stay off the road. The ban applies to one- and two-wheeled self-balancing scooters as well. Electric scooters don't fall in the category of either motor vehicles or non-motorized ones according to Chinese law.
- BOC Aviation, the largest Asia-based aircraft leasing company, reported a 24% year-on-year increase in interim net profit to USD212 million from USD171 million a year earlier, thanks to robust revenue in the Asian market and lower depreciation costs. With 265 aircraft, each with an average age of 3.3 years, the lessor saw total revenues in the first half rise 8.2% year-on-year to USD579 million, driven by increases in lease rental income, interest and fee income, and net gains on sales of aircraft. Lease rental income increased 5.7% to USD516 million. BOC Aviation has ordered five new Airbus A321-200 aircraft in one of its biggest deals this year.
- Deutsche Lufthansa and Air China plan to finalize a joint venture this month, sealing a deal to share revenue and coordinate routes after more than two years of negotiations. Lufthansa last year struck a similar deal with Singapore Airlines, adding to its network of partners that include United Airlines, Air Canada and Japan's ANA.
- The train journey from Shanghai to Xian will be shortened to six hours from nearly 11 hours, thanks to a newly-connected high-speed railway which went into operation. The

Zhengxu High-speed Railway is the first service of its kind connecting the Yangtze River Delta with northwest China. The journey between Shanghai and central China's Zhengzhou will be cut to four hours – 2 hours and 47 minutes shorter.

VIP VISITS

Canadian Prime Minister visits China

Canadian Prime Minister Justin Trudeau has completed an eight-day visit to China. In 1973, his father, Pierre Trudeau, was the first Canadian Prime Minister to visit Beijing, three years after diplomatic ties were established. China is now Canada's second-largest trade partner, second-biggest source of imports and second-largest export market. In the first 11 months of last year, bilateral trade between China and Canada reached USD50.5 billion, a year-on-year increase of 1.6%, according to the Foreign Ministry. Canadian Ambassador to China Guy Saint-Jacques said Canada's new government is putting a lot of effort into expanding its relations with China in all fields, including trade and the economy. One issue discussed during his visit was the canola import dispute that threatened CAD2 billion in business. China is Canada's top export market for the oilseed, but a new standard would significantly raise costs for exporters. China says the standard is necessary to prevent the spread of blackleg disease from Canadian canola into Chinese crops of rapeseed. Canola is Canada's second largest trading product with China. Under the new standard, China would allow no more than 1% of foreign matter per canola shipment, down from the current maximum of 2.5%. After talks, China agreed not to impose new restrictions on canola imported from Canada.

ONE-LINE NEWS

- Du Shanxue, former Vice Governor of Shanxi province, stood trial in Xuzhou, Jiangsu province, for graft. He was accused of accepting bribes totaling CNY80.11 million from 28 individuals and organizations personally or through a third party. The defendant pleaded guilty and expressed remorse. The verdict will be announced at a later date.
- Li Guoying, former Vice Minister of Water Resources, was named Vice Governor and Acting Governor of Anhui province. Li Jingbin, former Governor of Anhui, was appointed Party Secretary of the province.
- Li Xiaopeng, the elder son of former Chinese Premier Li Peng, has been appointed as the new Transport Minister, after having resigned as Governor of Shanxi province.
- The Chairman of property developer Mingfa Group, Wong Wun Ming – once among the top 10 billionaires in Fujian – is "cooperating" with the Fujian Provincial Commission for Discipline Inspection on an investigation, the company said in filing to the Hong Kong stock exchange. Mingfa appointed two senior executives – Huang Qingzhu, the company's CEO, and Huang Lianchun, COO – as joint acting Chairmen to assist Wong in his duties.
- The Shanghal Housing and Urban-Rural Development Commission denied rumors that a fresh round of curbs would be imposed on the city's soaring property market. "Shanghai will continue to carry out current rules to maintain a steady momentum of property transactions," it said. Rumors of possible curbs led to a surge in terms of transactions, and caused the official website of Shanghai Real Estate Trading Center to crash.

QUOTES OF THE WEEK

"China's opening up is not a solo performance, it is open to all sides to take part. China is not seeking its own sphere of influence but to support common development; and China is not expanding its own backyard but creating a garden for every country to share."

"The outdated cold war mentality should be discarded. We urgently need to develop an inclusive, comprehensive, cooperative and sustainable new security concept."

Chinese President Xi Jinping in his keynote speech at the B20 Business Summit in Hangzhou, quoted in the South China Morning Post, September 3, 2016.

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