



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

# NEWSLETTER | 12 SEPTEMBER 2016

## FCCC/EUCBA activities

[EU-China Relations: An Update for Business – 19 September 2016, 14:00 – Brussels](#)

[Understanding China's Next Move – One day China immersion – 6 October 2016 – Brussels](#)

[EU-China Business and Technology Cooperation Fair China Tour 2016 – 2-8 November 2016 – Chengdu, Qingdao](#)

## Advertisement and sponsorship

[Advertisement and sponsorship opportunities 2016](#)

## Activities supported by FCCC

[Alibaba, China's biggest sales platform, invites you – 21 September 2016 – Antwerp](#)

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

[CFR 2016 Suzhou Annual Conference "Global talent meets global business" and business networking event – 27 October 2016 – Suzhou](#)

[Business Tour to Shenzhen – 16-21 November 2016 – Shenzhen, China](#)

[EU trade mission to Beijing on circular economy – 23-25 November 2016 – Beijing](#)

## Advertisement

[Hainan Airlines, your direct link from Belgium to China](#)

## Projects

[Projects by the EU Project Innovation Centre \(Qingdao\) \(EUPIC\)](#)

## G20 Summit

[President Xi calls for innovation, opposes protectionism](#)

## Automotive

[PSA opened its seventh factory in China](#)

## Expat corner

[Magnolia Silver Awards given to 50 expats in Shanghai](#)

[Foreigners' work permit system to be unified](#)

## Finance

[Anbang to consolidate past purchases before considering new deals](#)

[Deloitte China turning to advisory services](#)

## Foreign investment

[China's ODI third in the world](#)

## Foreign trade

[Exports down again in August, as imports rise unexpectedly](#)

## Health

[New radiation therapy for cancer tested in Shanghai](#)

## Macro-economy

[China's economy falling into confidence trap](#)

[Eight major SOEs to work together on projects](#)

<u>Mergers &amp; acquisitions</u>	<a href="#"><u>Three Gorges Corp aiming for stake in Brazilian energy generator</u></a>
<u>Real estate</u>	<a href="#"><u>More home owners in Beijing are getting divorced to buy bigger home</u></a>
<u>Retail</u>	<a href="#"><u>China's cross-border e-commerce trade facing uncertainties</u></a>
<u>Science &amp; technology</u>	<a href="#"><u>China demonstrates fast lasers</u></a>
<u>Stock markets</u>	<a href="#"><u>Listing rules consultation extended in Hong Kong</u></a>
<u>Travel</u>	<a href="#"><u>Chinese prefer regional destinations</u></a>
<u>VIP visits</u>	<a href="#"><u>Premier Li Keqiang attends summit meetings in Laos</u></a>
<u>One-line news</u>	
<u>Job vacancy</u>	<a href="#"><u>Export Sales Manager South East Asia</u></a>
<u>Announcements</u>	<a href="#"><u>EU SME Centre's practical guide: Drafting Sales Contracts When Exporting to China</u></a>

## 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 ( <i>tbc</i> ), 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: register via the following link: <https://www.besnesseurope.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](mailto: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?



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 University 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 13 <sup>th</sup> 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](http://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/register.html> (sic)

EU-China Business Association - [www.eucba.org](http://www.eucba.org) - Flanders-China Chamber of Commerce - [gwenn.sonck@flanders-china.be](mailto: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](mailto:gwenn.sonck@flanders-china.be)  
[www.flanders-china.be](http://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](http://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](mailto:gwenn.sonck@flanders-china.be)

## ACTIVITIES SUPPORTED BY FCCC

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

Tmall 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 12<sup>th</sup> 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](mailto:kjchzx_gz@mail.notes.bank-of-china.com)  
Deadline: September 30, 2016.

## CFR 2016 Suzhou Annual Conference “Global talent meets global business” and business networking event – 27 October 2016 – Suzhou

The global executive search firm CFR is organizing the CFR 2016 Suzhou Annual Conference “Global talent meets global business” on Thursday 27 October 2016, 14h00 – 17h00 at the Jinji Lake Grand Hotel in Suzhou, China. The focus of this conference will be “Human Resource Challenges in a Global Business Context”, relating to both inbound and outbound business to and from China.

Three speakers, among them the HR Director of Bosch Investment China and the CHRO & VP of HuaXiang Group who will have interesting presentations with their opinions and theories on this topic. Rik Vera, CEO of Nexxworks will make an interesting presentation about “Connect to many engaged motivators”. Following the speakers, we will have a panel discussion on the items presented.

CFR Members worldwide and offshore businesses with a presence in China, together with Chinese global businesses, will be attending this conference.

### Agenda

13H30 Registration  
14H00 Welcoming by Christine Van Velthoven, CEO, CFR Global Executive Search  
14H10 Mr. Pierre Fan, HRD of Bosch Investment China  
14H50 Ms. Christine Zhou, CHRO & VP of HuaXiang Group  
15H30 Coffee break  
15H45 Mr. Rik Vera, CEO of Nexxworks  
16H25 Panel discussion and QA (Host: Howard Zhu)  
17H30 End of the HR Conference

Dress code: Business

Following the conference there is a business networking event. Come and meet CFR members from all over the world plus local government officials, diplomats, chambers of commerce and business owners. We estimate the attendance of about 150 people or more. This is the perfect opportunity to generate business prospects and making closer contacts while enjoying a drink and walking dinner.

### Agenda

18H30 Registration  
19H00 Keynote; Christine Van Velthoven  
19H10 Keynote; Local Government  
19H20 Mr. Philippe Snel, Managing Partner De Wolf Axten Shanghai office  
19H30 Walking dinner and networking  
21H00 End of the Business Network Event

Dress code: Business

Please confirm your attendance by email to [astrid.devos@cfr-china.com](mailto:astrid.devos@cfr-china.com)

This event is free of charge.

## 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 16<sup>th</sup> – 21<sup>st</sup>, 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/](http://www.dragon-star.eu/14029-2/)

Deadline for application: September 15<sup>th</sup>, 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](http://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](mailto:Veronique.Hyeulle@ec.europa.eu) – tel: 02-2990235)

## ADVERTISEMENT

Hainan Airlines, your direct link from Belgium to China



Hainan Airlines, your direct link from Belgium to China.

Hainan Airlines is your 5 Star Airline awarded by Skytrax, operating direct flights from Brussels to Beijing.

Save time, fly in comfort and have the possibility to connect to 50 domestic destinations including Hong Kong and Taipei.

A seamless connection and a convenient transfer service will bring you via Beijing to your destination in Hong Kong.

## PROJECTS

### Projects by the EU Project Innovation Centre (Qingdao) (EUPIC)

Business Offer: A Chinese company looking for leather/textile/plastic bags importer and sales agent.

Business Offer: A Chinese company provides serial products of supermarkets shopping cart.

Business Request: An electric motor manufacturer is looking for motors & controllers, intelligent equipment.

For more detailed information, contact:

EU Project Innovation Centre (Qingdao)

EEN North China

ADD: B-7F, Venture Building, High-tech Zone Qingdao, P.R.China

Tel: +86-532-8386 0670

Fax: +86-532-8386 3923

Email: [info\\_qingdao@eupic.org.cn](mailto:info_qingdao@eupic.org.cn)

## G20 SUMMIT

### President Xi calls for innovation, opposes protectionism

Leaders of the G20 nations have agreed to oppose protectionism, President Xi Jinping said after hosting the G20 summit in Hangzhou. Freer trade poses a dilemma for the leaders of

several countries, who have to contend with rising populism and a perception that the global economic order exemplified by the G20 is not working for ordinary people. Xi said that relying only on fiscal and monetary policy for growth would not work. "We need to reignite the engine of growth via innovation," he said, adding that the G20 had adopted "guiding principles" for investment policy management. "It is the world's first framework of multilateral investment rules," he said without giving details. German Chancellor Angela Merkel illustrated the delicate approach, calling for the system to be made fairer but also speaking out against the temptation to look inward, with "protectionist measures that put the brakes on growth." French President François Hollande said: "France is for globalization but on condition that it is regulated, that there are principles, standards, particularly for the environment, for society." U.S. President Obama has been promoting the Transatlantic Trade and Investment Partnership (TTIP), but many believe it will give big business unfair benefits and allow multinationals to escape regulation through the backdoor. Concluding the G20 Summit on September 5, President Xi Jinping warned about sluggish global growth, financial market turbulence and receding global trade and investment, the Shanghai Daily reports.

During the summit, President Xi also called for the transformation of the G20 from a mechanism of crisis response to one of long-term governance. Analysts said Xi's proposals revealed China's growing contribution to and influence on global economic governance. "China has brought many new inputs to global governance, such as promoting innovation, structural reform and strengthening development and cooperation among the developed and developing countries, which breaks new ground for achieving global development goals," said Jia Jinjing, Researcher with the Chongyang Institute for Financial Studies of Renmin University of China. Analysts said the summit reflects a change of China's role in global governance from a participator to a lead reformer.

- China has brought 33 corruption suspects on its list of 100 most-wanted back to the country from overseas, the Central Commission for Discipline Inspection (CCDI) said. Over the past two years, the Commission has returned to China 1,915 suspects from more than 70 countries, along with CNY7.47 billion. G20 leaders who attended the recent summit in Hangzhou agreed on a document on cooperation with regard to suspects who had fled abroad. The agreement would help overcome political and legal barriers to treaties on extradition and criminal judicial assistance. Many G20 countries are popular destinations for corrupt Chinese officials. The G20 also agreed to set up the first anti-graft research center in Beijing.
- China has agreed to forge closer ties with the Paris Club, a group of creditor nations seeking to address debt problems among developing nations. Leaders attending the G20 Summit in Hangzhou said they supported the role of the Paris Club as the main international forum for restructuring nations' debts and for China to play an increasing role in the organization. Further discussions on China's potential membership would also be held. China already takes part in its activities on an ad hoc basis.
- China can meet its ambitious, six-fold 2050 economic growth target using the same amount of energy in 2050 as in 2010 with substantially more renewable energy and less coal, a report launched at a sub-forum of the G20 Summit said, as the Energy Research Institute of the National Development and Reform Commission (NDRC) together with its U.S. counterparts released a new China energy road map to achieve pledged goals on climate change and energy efficiency.

## **AUTOMOTIVE**

### **PSA opened its seventh factory in China**

PSA Group inaugurated a seventh factory in China, focused on producing sport utility and multipurpose vehicles. The plant in Chengdu will have an annual capacity of 300,000 Citroen and Peugeot vehicles, as well as the local Fengshen nameplate, as part of its joint venture with shareholder Dongfeng Motor Co. Production will start at the end of the year. PSA's joint venture sales in China dropped more than 19% in the first half to 297,000 units despite a tax cut boosting overall industry demand. The company is now planning to introduce 18 new models by 2020 in the country – including five SUVs by 2018 – to plug a gap in its lineup of mainly sedans. As part of a plan called "Blue Upper", the company aims to sell 1 million cars in China by 2021 while lowering production costs by 20% from 2015 levels. Last year, 63% of

PSA's vehicles were sold in Europe, versus 25% in China. "The main factor impacting their sales is the lack of new models, the second one is a mismatch between what is in demand and what the company is offering" in China, said Benjamin Cavender, Shanghai-based Analyst at China Market Research Group, the China Daily reports.

- Volkswagen and Chinese carmaker Jianghuai Automobile agreed to set up an equally-owned joint venture for new energy vehicles (NEVs) in China. It will be the third for Volkswagen in China after FAW-Volkswagen and SAIC-Volkswagen. The move is part of Volkswagen's new push into electric vehicles after its reputation was damaged by a scandal over diesel vehicles rigged to cheat on emissions testing. Volkswagen aims to come up with 30 new models over the next 10 years. However, an existing regulation of the National Development and Reform Commission (NDRC) limits foreign carmakers to having a maximum of two local partners if they want to establish car assemblies in China.
- The Ministry of Finance announced punishments for five new energy vehicle (NEV) producers for illegally obtaining government subsidies, which involved a total of over CNY1 billion. In the worst case, Suzhou Gemsea Coach Manufacturing was found to have fraudulently inflated their production and sales data in an attempt to gain subsidies worth over CNY261 million.
- China's auto sales soared 26.3% in August over a year earlier, driven by demand for smaller cars and the impending end of a sales tax cut. Drivers bought 1.8 million cars, SUVs and minivans, according to the China Association of Automobile Manufacturers (CAAM). Total vehicle sales, including trucks and buses, rose 24.2% to 2.1 million units. Sales of vehicles with engine sizes below 1.6 liters soared 40.7%. For the eight months through August, total passenger vehicle sales rose 12.8% to 14.4 million.
- Chinese automotive manufacturer BYD introduced 51 new single decker electric buses in London. London bus operator Go Ahead will use them to service two Transport for London (TfL) routes: 507, which connects Waterloo with Victoria, and 521 linking Waterloo and London Bridge.

## EXPAT CORNER

### Magnolia Silver Awards given to 50 expats in Shanghai

Fifty people from 19 countries were given the Magnolia Silver Award in recognition of their contribution to Shanghai's development. Among those recognized were senior managers of international companies, such as Costa Crociere, Carrefour Group, Fuji Xerox (China) and Coca-Cola, as well as several experts. The awards were presented by Zhang Xiaosong, Director General of Shanghai's Foreign Affairs Office. He said that China was now dedicated to promoting innovation-driven development and industrial upgrading and this had provided good opportunities for foreigners. Zhang urged them to actively participate in the development of the China (Shanghai) Pilot Free Trade Zone, join in Shanghai's efforts to build itself into an international cultural metropolis, and "support our policies, such as public innovation and startup campaign, and the One-Belt, One-Road strategy, as well as further promote international exchanges". A total of 1,059 foreigners have received the Magnolia Silver Awards, named after Shanghai's official flower, since they were inaugurated by the city government in 1989.

### Foreigners' work permit system to be unified

Foreigners who come to China to work will soon get a unified work permit, as the country tries to streamline the process and improve efficiency to attract more skilled foreign talent. The reform will combine China's two current foreigner work permits into one. A trial will get underway in Beijing, Shanghai and Tianjin municipalities as well as in Hebei, Anhui, Shandong, Guangdong and Sichuan provinces and the Ningxia Hui Autonomous Region beginning in October, according to the State Administration of Foreign Experts Affairs (SAFEA), which is leading the reform. The reform will be implemented nationwide in April 2017. Under the current system, foreigners can apply for either of two types of work permit – an employment license for foreigners issued by the Ministry of Human Resources and Social Security, or a foreign expert work permit provided by the State Administration of Foreign

Experts Affairs. “Legally, it is pretty hard to tell which category an applicant belongs to,” said Liu Guofu, Professor of Immigration Law at the Beijing Institute of Technology. “For example, if a foreign specialist from Microsoft applies for a work permit in China, is he an expert or not?”, Liu said, adding that the current rule can be confusing for foreigners. A manual will be issued to guide foreigners in obtaining the permit, explaining such things as applicant requirements, basic procedures and the review time. After the work permit is issued, an expatriate will obtain a work permit card with an identification number. The card will include the worker’s name and photo, the period for which the permit is valid and the employer’s name. “The new work permit card will be the legal credential for foreigners to work in China,” said Gao Xiang, Director of SAFEA’s Department of Policies and Regulations. According to the Ministry of Public Security, nearly 600,000 foreigners had lived in China for more than six months by 2011, with about 220,000 expats working in China, mostly in joint ventures or as teachers or representatives of foreign institutions, the China Daily reports.

- Thirty outstanding expatriates from various industries in Shanghai, and who are also residents of the Pudong New Area, became the first members of the Pudong Overseas Youth Association (POYA) during its unveiling ceremony last month. POYA, founded by the Pudong New Area International Exchange Center and the Pudong Youth Federation, is a platform which foreigners can use to learn more about Chinese culture, scientific innovations and the latest local policies. Andrew Bolstein, Vice President of Operations at Shanghai Disney Resort and a resident of Pudong, was nominated as the President of the Association.

## FINANCE

### Anbang to consolidate past purchases before considering new deals

Anbang Insurance Group Co is digesting USD13.5 billion of overseas acquisitions announced since 2014. The company will focus on integrating purchases such as South Korea’s Tongyang Life Insurance Co. New deals would only be considered after the consolidation. Anbang, founded in 2004, has been at the forefront of a record wave of overseas acquisitions by Chinese companies, and is now preparing an initial public offering (IPO) in Hong Kong of its life insurance operations. The proposed IPO is part of efforts by Anbang to better integrate itself into the global community as an “open and transparent” player. Led by Chairman Wu Xiaohui, Anbang has faced calls for more disclosure by Standard & Poor’s Ratings Services. The New York Times reported that Anbang is controlled by a group of companies owned by about 100 people with ties to Chairman Wu Xiaohui, many of them hailing from Wu’s home county of Pingyang. Anbang, which has announced USD13.5 billion in overseas deals in the past two years, folded four of the companies it acquired into the life unit last year. They include Tongyang Life, Dutch insurer Vivat, Belgium lender Nagelmackers and insurer Fidea. Seoul-based Tongyang Life, which Anbang bought last September, posted its best results since its establishment in 1989 in the first half of this year, with premium income jumping 91% mainly thanks to a new pension insurance product designed with Anbang’s help. Amstelveen-based Vivat, bought in July last year, reported a tenfold profit jump for the same period.

### Deloitte China turning to advisory services

Deloitte China must move away from its bread and butter auditing business and strengthen its offerings in sectors like advisory services to cash in on the growing opportunities from China’s One Belt, One Road and Going Global strategies, according to Philip Tsai, the newly-appointed Chairman of Deloitte China. Tsai took the helm at Deloitte China from Clement Hung, who has retired, and will be responsible for the mainland China, Hong Kong and Macao operations of the accounting firm. Auditing has been the firm’s mainstay in China for the past 20 years, driven largely by the growing number of mainland companies wanting to list their shares in Hong Kong. But this has changed in recent years, he said. Advisory services are already becoming a lucrative business for Deloitte China and generate roughly the same amount of revenue as auditing. That is a marked difference from the trend five years ago, when auditing was 70% of the revenue and only 30% came from advisory work. Tsai expects Hong Kong and mainland accounting firms to adopt the revenue generation model seen in the U.S. and other Western nations, where auditing represents only 30% of revenue, while 70% comes from advisory. Among the Big Four accounting firms, Deloitte is the largest auditor for firms listed on Hong Kong’s main board, serving 370 companies, representing 18% of the

total, the South China Morning Post reports.

- The People's Bank of China (PBOC) cut fees that merchants in the country pay for bank card transactions in a move that will lower the operational costs of merchants and boost personal consumption. Card-issuing banks cannot charge merchants more than 0.35% of a transaction amount for debit cards, while credit card transactions cannot incur a charge exceeding 0.45% of the amount. As of the end of 2015, more than 5.4 billion bank cards had been issued in China and over 16 million merchants in the country accepted card payments. Last year, card transactions in China totaled CNY55 trillion.
- China Investment Corp (CIC) is expected to become the world's largest sovereign wealth fund in two years with assets totaling USD1 trillion under management by that time, according to Chairman and CEO Ding Xuedong. CIC had assets totaling more than USD810 billion under management by the end of 2015, and its annualized growth rate of state-owned capital reached 15.3% since CIC's inception. CIC's overseas investments generated a dollar-denominated net return of -2.96% in 2015 and a net cumulative annualized return of 4.58% since CIC's inception.
- China's foreign exchange reserves fell to the lowest since 2011 in August as the central bank intervened to support the yuan as it weakened to near six year lows. While the USD15.89 billion drop was in line with market expectations and was described by analysts as modest, it was the biggest fall since May and could signal fresh capital outflows from the economy as it starts to show signs of steadying. China's reserves fell to USD3.185 trillion in August.
- China's yuan softened against the U.S. dollar on September 9, after the People's Bank of China (PBOC) guided the currency weaker. The offshore yuan traded in Hong Kong weakened 0.07% to trade at 6.6850. The onshore yuan, which trades in Shanghai, also dropped 0.13% to stand at 6.6755 per U.S. dollar in the morning of September 9.
- China's first onshore overseas majority-owned joint venture fund management company opened for business in Shenzhen, Guangdong province. The Hang Seng Qianhai Fund Management Co was jointly established by Hong Kong's Hang Seng Bank and Shenzhen Qianhai Financial Holdings Co (QHFH), holding stakes of 70% and 30% respectively. QHFH is a strategic investment platform for the Qianhai Authority, part of the Guangdong Free Trade Pilot Zone.
- China's bad loan problems may have been underestimated as the economy continues to slow down, Huang Yiping, Adviser to the People's Bank of China (PBOC) said. By the end of June, China's non-performing loans (NPLs) amounted to CNY1.4 trillion, taking the country's NPL ratio to 1.75%, according to the latest figures released by the China Banking Regulatory Commission (CBRC). "If broader problem loans are included, the total amount will be much higher," said Huang. Problem loans amounted to CNY3.3 trillion by the end of June and accounts for 4.03% of China's total loans.

## FOREIGN INVESTMENT

### China's ODI third in the world

China's outbound direct investment (ODI) stood at USD128 billion in 2015, up 4% year-on-year, making it the third-largest overseas investor after the United States and Japan, according to the World Investment Report by the United Nations Conference on Trade and Development (UNCTAD). "An increasing number of Chinese enterprises have acquired foreign companies, and, as a result, China has become a major foreign capital source for some developed countries. As the One Belt One Road Initiative advances, China's investment in developing countries will increase rapidly," said Zhan Xiaoning, Director of Investment and Enterprise at UNCTAD. According to statistics from the All-China Federation of Industry and Commerce (AFIC), the assets of the top 500 Chinese private enterprises, which have an annual revenue in excess of CNY10 billion each, are growing by an average of 30% every year. A large part of this growth is due to the fact that many of these companies are acquiring overseas assets, the China Daily reports. China's rapidly increasing non-financial ODI will jump at least 20% year-on-year in the second half of 2016. China's ODI surged 58.7% year-on-year to USD88.86 billion in the first half, the State Information Center (SIC) said. The think tank warned that rising global geopolitical risk and protectionism are the main barriers for the expansion of

Chinese investment overseas.

- China's Unisplendour Corp (Unis), and U.S.-based Western Digital launched a USD300 million joint venture focusing on storage devices and big data services in Nanjing. Unis WDC Storage Co, with a registered capital of USD158 million, is owned 51% by Shenzhen-listed Unis and 49% by Western Digital. Unis WDC will sell Western Digital's storage devices in China and develop new big data products.
- The Hong Kong Monetary Authority (HKMA) warned local lenders not to overdo it when vetting investors' applications in the name of reducing risk, as spot checks would be conducted to ensure they followed official banking guidelines. The HKMA also published a list of banks willing to offer services to foreign small and medium-sized enterprises (SMEs) and start-ups. The HKMA urged financial institutions to strike a balance between exercising anti-money laundering and counter-terrorism financing controls and providing business-friendly banking services to foreign investors.
- Chinese investors hold just 0.38% of Australia's agricultural land, said Scott Morrison, Australia's Treasurer, citing a report which he said should allay concern among voters that China is buying up farmland on a massive scale. A total of 13.6% of agricultural land is held by international investors, with 52% of that owned by UK investors, Morrison said, citing the first report from the Agricultural Land Register. The U.S. is the next biggest holder, followed by the Netherlands and Singapore, with China fifth.

## FOREIGN TRADE

### Exports down again in August, as imports rise unexpectedly

China's exports fell again in August as demand for goods overseas remained weak. Exports fell 2.8% last month in U.S. dollar terms from the same period a year ago, according to data released by the General Administration of Customs. This was a smaller fall than analysts had predicted and compares with a drop of 4.4% in July. Imports rose 1.5% in August, much better than analysts expected, against a 12.5% fall in July. The trade surplus inched down to USD52.05 billion from July's USD52.3 billion. Exports in yuan-denominated terms rose 5.9% year-on-year in August, accelerating from 2.9% in July. Imports increased 10.8%, reversing from a drop of 5.7%. Imports of automobiles, auto parts, semiconductor products and raw materials increased sharply during the month. "The improvement in imports is mostly a reflection of stronger domestic demand. Chinese companies are re-stocking (raw materials), and also are now expecting prices to start rising," said Wang Jianhui, Economist with Capital Securities in Beijing. Capital Economics said in a note that "the size of the pick-up suggests that there may also have been some improvement in import volumes last month." Nomura Research Analysts Zhao Yang and Wendy Chen said in a note that "imports of iron ore and oil improved significantly, which suggested domestic investment also improved in August, helped by post-flood reconstruction."

## HEALTH

### New radiation therapy for cancer tested in Shanghai

Clinical studies on a novel radiation therapy for cancer treatment have begun at the Shanghai Cancer Center and Shanghai No 6 People's Hospital. The minimally invasive therapy involves using electromagnetic waves to first freeze the cancer and then to heat it. The process can destroy cancer cells as well as activating patients' own immunity against cancer relapse and transformation. "It is the first therapy that uses a regional treatment targeting the cancer but also enables patients to develop their own immunity," said Xu Xuemin from Shanghai Jiaotong University's School of Biomedical Engineering. Improving patients' own immunity can achieve longer and better anti-cancer effects than outside stimulators like drug and chemotherapy. Led by the Ministry of Science and Technology, the clinical study, which is looking at liver cancer in particular, will conduct research on 200 volunteer patients over three years. Participating patients will receive free treatment.

- China's General Administration of Quality Supervision, Inspection and Quarantine (GAQSIQ) has issued an alert to citizens planning to travel to Singapore where the

number of Zika infection cases has risen to 275, including 30 Chinese nationals who are in the city-state. It also required Chinese ports to step up health checks, quarantine controls and epidemic monitoring. People planning to travel to 58 countries and regions where the Zika virus has been transmitted locally such as Singapore should adopt “stringent” measures to avoid mosquito bites, it said. 22 imported Zika virus cases were reported in China as of September 5 and all patients had recovered.

- Shanghai’s first international hospital specializing in cardiovascular diseases was opened. The U.S.-based DeltaHealth Hospital is the first such facility in China and is being run in cooperation with Columbia HeartSource, a management service organization. The hospital’s first phase of 200 beds is completed and 350 beds are planned in the second phase.

## MACRO-ECONOMY

### China’s economy falling into confidence trap

China’s economy has fallen into a “confidence trap” as companies increasingly park their money in short term demand deposits due to declining confidence in growth prospects for the real economy, with the divergence between M1 and M2 growth now at its highest level on record. Analysts suggest reviving confidence should hold the key to managing the “trap”, including cutting corporate taxes, shutting down zombie firms and debt restructuring efforts. The gap between M1 and M2 growth has recently hit a record high of 15 percentage points. M1 growth rose to 25% in July, compared with 4.3% in June last year, while M2 growth softened to 10.2% in July, versus 13.3% last June. “The rising divergence between M1 and M2 growth reflects the corporate sector’s preference for short-term deposits, as companies are increasingly unwilling to make long-term business investment,” said analysts from HSBC in a recent research note. The fact that liquidity is pouring into short-term investment products indicates that demand for money is very robust, they said. They noted that confidence is declining in prospects for a rebound in the real economy and thus companies are hoarding cash rather than spending it on capital investment. “The prolonged downturn since 2012 and the corrosive effect this has had on corporate confidence has been the fundamental reason behind the shift in the structure of corporate liquidity over the past few years,” they said. “This process has been perhaps amplified by yield compression and by the strong rebound in housing sales since mid-2015.” In order to manage the confidence trap, the Chinese economy needs “confidence-inspiring policies”, including accommodative monetary policy and more vigorous fiscal expansion, such as meaningful cuts to corporate taxes and fees, shutting down zombie state-owned enterprises (SOEs), and faster debt restructuring, the South China Morning Post reports.

### Eight major SOEs to work together on projects

Eight of China’s major state-owned enterprises (SOEs) are being encouraged by the State-owned Assets Supervision and Administration Commission (SASAC) to jointly work on key industrial projects. The companies – Aviation Industry Corp of China (AVIC), China National Machinery Industry Corp (Sinomach), China Poly Group Corp, China First Heavy Industries, China North Industries Group Corp, China South Industries Group Corp, China Reform Holdings Corp, and China Nuclear Engineering Construction Corp (CNEC) – have signed restructuring contracts. AVIC will transfer its real estate business to the Beijing-based Poly Group, while other companies will cooperate in areas including nuclear technologies and machinery production. CNEC will jointly develop the industrialization of fourth-generation nuclear technology – a high-temperature gas-cooled reactor – with China First Heavy Industries. Sinomach, which has the world’s largest forging press equipment that can produce up to 80,000 metric tons, is seeking deeper cooperation in the field of high-end forging die projects with AVIC. China is striving to promote SOE reform, and boost efficiency and productivity in the state sector.

- China’s government is to strengthen weak links in crucial fields that include poverty alleviation, infrastructure, post-disaster water conservancy control and the development of new growth engines. The decision is intended to achieve more balanced and effective development and provide a driving force for supply-side structural reform. Premier Li Keqiang said reducing excess capacity, lowering



corporate costs and improving weak links for better livelihoods are the government's core tasks this year.

- China aims to invest USD100 billion in its semiconductor industry over the next few years to meet surging domestic demand and also as part of its technology upgrading efforts, research firm Bain said. By 2020, about 55% of the world's memory, logic and analog chips are destined to flow to (or through) China. The country now only produces about 15% of these chips, up from about 10% a few years ago.
- Tencent has become China's most valuable enterprise, overtaking China Mobile and nearly reaching half of Apple's valuation. Tencent has a market capitalization of HKD1.99 trillion. Alibaba Group ranked third with a market value of USD245.5 billion. Hong Kong-listed Tencent is also amongst the world's 10 largest public companies. Tencent's share price has jumped nearly 9% since August 17, when it reported its net profit surged 47% to CNY10.74 billion in the three months to June. Based in Shenzhen, Tencent operates China's biggest messaging service WeChat.
- Shanghai aims to cement itself as an international shipping hub by increasing its container traffic, already the world's no 1 for six years, and developing a host of shipping services. The city's shipping ambitions are contained in its 13<sup>th</sup> Five Year Plan (2016-2020) which covers developing ports, a connectivity system to transfer cargos from ships to railways and trucks, shipping services and shipping finance, as well as the cruise industry.
- Beijing ranked 19<sup>th</sup> in a ranking of the world's top cities in terms of opportunities, standing out for economic clout, but facing the challenge of high costs, according to a report by PricewaterhouseCoopers (PwC). While London ranked first, Hong Kong and Shanghai placed 9<sup>th</sup> and 21<sup>st</sup> respectively. Singapore followed in second place, and Toronto ranked third. Paris, Amsterdam, New York, Stockholm, and San Francisco took the fourth to eighth places respectively.
- China's consumer price inflation slowed for a fourth straight month in August, helped by weaker food costs, while factory-gate deflation continued to narrow, adding to signs of stabilization. The Consumer Price Index (CPI) grew 1.3% from a year earlier in August, slowing from 1.8% in July and 1.9% in June, the National Bureau of Statistics (NBS) said. The CPI increase was the slowest since October 2015. On an annual basis, the Producers Price Index (PPI) fell 0.8%, the 54<sup>th</sup> consecutive month of decline.
- Goldman Sachs and JPMorgan are reading China's economic policy decisions quite differently. The Chinese government said it had decided to improve weak links in the economy by accelerating key infrastructure projects and encouraging private investment. To Goldman, it was a signal of renewed easing, but JPMorgan economists said that the policy stance "will unlikely become more expansionary".

## MERGERS & ACQUISITIONS

### Three Gorges Corp aiming for stake in Brazilian energy generator

China Three Gorges Corp and State Grid Corp are vying with Canada's Brookfield Asset Management for a 28.6% stake in Brazil's fourth largest energy generator Santo Antonio Energia. The Santo Antonio hydropower plant on the Madeira river has 3,150 megawatts of generating capacity, which is sufficient for 40 million people. When fully operational, the Santo Antonio plant will be the third largest power plant in Brazil in terms of electricity generation and the sixth-largest hydro-electric plant in terms of installed capacity. Liu Zhenya, former Chairman of Beijing-based State Grid, said that South America has become a major target for the company's foreign take-overs.

- State-owned China National Chemical Corp (ChemChina) said it was extending its USD43 billion take-over offer for Swiss pesticide and seed firm Syngenta until November. ChemChina still expects to conclude the transaction by the end of the year. A number of anti-trust regulators around the world still need to approve the deal. Syngenta rebuffed Monsanto three times last year before the company accepted ChemChina's offer.

## REAL ESTATE

### More home owners in Beijing are getting divorced to buy bigger home

If a couple does not divorce, it will have to pay income tax if it sells either of two smaller apartments, according to the current real estate policy. This would make plans to buy one bigger apartment financially impossible. But if the couple divorces, with each taking ownership of one property, they could be spared the tax. There is also speculation that Chinese banks could tighten lending requirements for potential homebuyers, such as demanding higher down payments, from which unmarried people would be exempt. Many happily married couples in Beijing and Shanghai who have seen house prices soar are facing this dilemma. In Beijing, families with more than one property are required to pay a 20% tax on any profit made from a real estate deal. According to the regulations, families can own a maximum of two apartments. Some couples in the capital have opted to divorce before selling to avoid the tax. In Shanghai, civil affairs offices have been overwhelmed by couples who want to split up due to concerns over changes to the rules. Their anxiety was compounded on August 24 with a rumor that the city was to block divorcees from buying property with a 30% downpayment within a year of their breakup. The strategy is to get divorced in the morning, buy a property as a single person (with a down payment of just 30% of the full price if it is their first home) in the afternoon, and remarry the next day. It is a method often used by couples who want a new house but don't want to meet the higher downpayment requirement for a second home, which is at least 50%, the China Daily reports.

## RETAIL

### China's cross-border e-commerce trade facing uncertainties

One in five online Chinese shoppers made a purchase on cross-border e-commerce platforms last year, twice as many as in 2014, but tighter tax and customs regulations signal that the flourishing industry has reached an inflection point, a recent study said. Dubbed Haitao in Chinese, the CNY120 billion in cross-border online trade propelled by demand for global brands and facilitated by an explosion of online marketplaces in China is now plagued by policy uncertainties over tax, product safety and logistics issues, according to a report by consultancy Oliver Wyman. More than 40% of the CNY50 trillion of sales in China's consumer sector five years from now would come from e-commerce, according to a separate report jointly released by the Chinese Academy of Social Sciences (CASS) and Hong Kong-based Fung Business Intelligence Centre. "Chinese consumers are probably the most informed and digitalized in the world," said Wai-Chan Chan, Partner with Oliver Wyman. The study said that Haitao, which comprises more than 3% of total e-commerce transactions in China, had reached a "tipping point" due to regulatory hurdles. In April Beijing introduced a new tax regime for cross-border e-commerce, making Chinese online shoppers liable for 70% of VAT taxes previously applied only to wholesalers. In the same month, the State Council ordered the country's customs and tax agencies, among others, to step up inspections of parcels shipped to China not only for content but also to ensure taxes and tariffs were properly paid.

## SCIENCE & TECHNOLOGY

### China demonstrates fast lasers

A machine has successfully demonstrated ultra-intense, ultra-fast lasers that can deliver peak power of more than five petawatts for the first time in the world. "The extreme physical conditions created by the laser pulses with petawatt level peak power exist mainly inside stars or the edge of the black holes," said Leng Yuxin. "With the laser beams we can create such extreme environments in a controllable scale within a laboratory, and help scientists in producing hyperfast X-ray sources, finding new materials under extreme conditions and even detect dark matter." The Shanghai Superintense-Ultrafast Lasers Facility (SULF) is being developed by the Shanghai Institute of Optics and Fine Mechanics (SIOM) of the Chinese Academy of Sciences (CAS).

- A plan to develop a super particle collider in China may be in jeopardy following a negative assessment by Dr Yang Chen-ning, co-winner of the Nobel Prize in physics in 1957. He said the project would become an investment "black hole" with little scientific value or benefit to society, sucking resources away from other research

sectors such as life sciences and quantum physics. High-energy physicists proposed the project four years ago. It would be four times the size of the Large Hadron Collider in Europe, currently the world's largest. The total cost would exceed CNY140 billion when construction is completed in 2050, making it the most expensive research facility built in China.

- The Aviation Industry Corp of China (AVIC) signed an memorandum of understanding on August 30 with Antonov Corp of Ukraine to restart production in China of the world's biggest cargo jet, the six-engine AN-225 Mriya (Dream). Only one functioning Mriya exists, while a second was only partially completed and has remained in Ukrainian storage for the past 28 years. It will be fully upgraded and be delivered to China by 2021. The Soviet Union developed the Mriya to transport space shuttles.
- Guizhou province has started to move 8,000 people from their homes in eight villages in Pingqing county to make way for the world's largest radio telescope which will be completed this month. The villagers will be compensated in cash, or with new housing, and will be offered jobs in tourism and support services for the FAST project. With a dish the size of 30 football grounds, the Five Hundred Meter Aperture Spherical Telescope (FAST) is made of 4,450 panels. Construction of FAST began in March 2011 at a cost of CNY1.2 billion.
- China's second space laboratory Tiangong-2 is scheduled to be put into space between September 15 and 20. The space lab was transferred with its carrier rocket to the launch pad at the Jiuquan Satellite Launch Center in Gansu province. Tiangong-2 can accommodate two astronauts for 30 days. China's first space lab Tiangong-1, which was launched in September 2011, ended its service earlier this year. It had docked with the Shenzhou-8, Shenzhou-9 and Shenzhou-10 spacecraft.
- Tsinghua University has welcomed its first cohort of high-flying students under the prestigious Schwarzman scholarship, a result of China's largest single philanthropic effort, with over USD430 million raised from donors worldwide to put 110 next-generation leaders through a one-year Master's in Global Affairs at Tsinghua. Leaders, including Chinese President Xi Jinping and U.S. President Barack Obama, sent congratulatory messages to the students. Working in partnership with the Oxford University-based Rhodes trust, the Schwarzman Scholars program will support up to 200 scholars annually.

## STOCK MARKETS

### Listing rules consultation extended in Hong Kong

Hong Kong's Securities and Futures Commission (SFC) and the Hong Kong Stock Exchange (HKSE) agreed to extend a public consultation period for amending the listing rules on the city's bourse until November 18, to allow accountants, bankers, stockbrokers and politicians to further elaborate their viewpoints over who gets to set the agenda for companies seeking to raise capital. The two bodies recommended in June the creation of two equally represented committees to set policies and approve new listings under complicated circumstances, changing the current structure where the HKEX approves IPOs and set policies, while the SFC grants its approval at the final stage.

- Ant Financial, an affiliate of Alibaba Group, will go for an initial public offering (IPO) "someday", Alibaba's Executive Chairman Jack Ma said without revealing when or whether it will be in Hong Kong. Ant Financial was reportedly considering a dual listing, floating shares on both the Hong Kong and Shanghai stock exchanges, but the plan was said to be on hold because of regulatory hurdles. As the owner of China's largest online payment service company Alipay, Ant Financial's valuation reached USD60 billion after its latest round of funding in April, which raised USD4.5 billion.
- Hong Kong veteran investment banker Francis Leung, known as the "father of red chips", has called on the Hong Kong government to conduct a review into why the city lost the giant Alibaba listing to New York in 2014 and whether establishing a third board could prevent further losses in the future. Leung is Chairman of the Chamber of Hong Kong Listed Companies. "We need to review and find a way to improve our system," he said.

## TRAVEL

### Chinese prefer regional destinations

When choosing overseas tourism destinations, Chinese travelers prefer neighboring countries and regions, according to the annual Report of Outbound Tourism Development by the China Tourism Academy, a think tank under the National Tourism Administration (NTA). Hong Kong and Macao received more than 63% of the 117 million outbound tourists from mainland China in 2015. Despite the fact that total visits to Hong Kong in 2015 dropped by 4.3% to 45.8 million, it still ranks at the top for mainland visitors. Other popular tourism destinations include Thailand, South Korea, Japan, Vietnam, the United States, Singapore, Russia, Australia, Indonesia and Malaysia. Several countries and regions saw huge growth – Thailand was up 88% (7.93 million visitors), Japan was up 82% (4.99 million visitors) and Vietnam was up 68% (1.78 million visitors). However, visits to Africa dropped by 61.8% in 2015, while visits to Europe increased by 23.8%, the report said. When asked to rank their largest expenditures on overseas trips, 85.9% of tourists answered shopping. More than 60% of tourists said their budget for one trip was more than CNY10,000. Only 8% said their budget was below CNY5,000. Beijing, Shanghai, and Guangdong, Jiangsu and Zhejiang provinces were the top five source markets for China's booming outbound tourism industry. In 2015, 5.3 million Beijing citizens traveled abroad, a year-on-year jump of 29.7%. A record number of Chinese tourists are likely to travel abroad this year, with Hong Kong the top destination, according to a report by the China Tourism Academy and the financial services company UnionPay International. About 133 million tourists will make outbound trips by the end of 2016, an 11.5% rise on 2015.

- Ride-hailing firm Uber has taken a U-turn over its decision to quit Macao and announced that it will keep operating there. The change came after more than 300 supporters of the taxi-like service took to the streets to protest against the government's crackdown on the company. They called for the Macao government to legalize ride-hailing businesses and accused the authorities of protecting the vested interests of the taxi trade.
- A new 360-km rail line linking Zhengzhou in Henan province with Xuzhou in Jiangsu province has been put into service. Trains will run up to 300 km/h in the initial period. The addition pushed the total length of high-speed track in service above 20,000 kilometers in China, the most in the world. Passengers can commute between Shanghai and Zhengzhou in 4 hours, cutting 2 hours and 47 minutes from the trip. Travel between Shanghai and Xian was also reduced to 6 hours from 10 hours and 47 minutes.

## VIP VISITS

### Premier Li Keqiang attends summit meetings in Laos

Chinese Premier Li Keqiang attended the East Asia Summit, the 19<sup>th</sup> China-ASEAN (10+1) leaders' meeting, and the 19<sup>th</sup> meeting of the leaders of ASEAN-China, Japan and South Korea (10+3) in Vientiane, capital of Laos. The 25<sup>th</sup> anniversary of relations between ASEAN and China was also commemorated. China and Laos signed 20 agreements to promote railway, hydropower and infrastructure projects as Premier Li Keqiang concluded his four-day trip. Chinese banks will grant loans to the Laotian government to start construction of the China-Laos Railway, stretching 418 km from Kunming, capital of China's Yunnan province, to Laos' capital Vientiane. China is Laos' second-largest trading partner and the biggest source of foreign investment. Total investment stood at USD5.84 billion by the end of last year. Leaders from China, South Korea, Japan, India, Australia, New Zealand and the Association of Southeast Asian Nations (ASEAN) adopted a joint statement, stressing the importance of advancing negotiations over the Regional Comprehensive Economic Partnership (RCEP) on the sidelines of the series of summits in Vientiane. Breakthroughs have been made in seven areas in the past 18 months, including intellectual property rights protection, a legal mechanism and competition policies. In 2015, leaders of the 16 countries set a goal to end negotiations on the partnership by the end of this year, but they now believe that more time will be needed to narrow their differences to strike a "balanced" trade deal.

## ONE-LINE NEWS

- Xu Dazhe has been appointed Vice Governor and Acting Governor of Hunan province. He is a scientist whose work experience in the last three decades was all related to scientific research. He was previously Chief Administrator of the China National Space Administration and the Director of the State Administration for Science, Technology and Industry for National Defense.
- Luo Qiang, 52, was appointed Vice Mayor and Acting Mayor of Chengdu, capital of Sichuan province.
- Shenzhen-based smartphone maker ZTE is focusing on sports marketing to increase its brand awareness in Europe and is designing products tailored to the European market as it eyes the No 3 spot on the continent. In Spain, which is one of ZTE's largest European markets, it already had close to 8% market share for the month of July, beating Apple.
- Chinese police have brought 129 telecom fraud suspects back from Armenia. The 51 from the Chinese mainland and 78 from Taiwan are suspected of involvement in fraud cases in more than 10 provincial-level regions in China. Members of the Armenia-based syndicate had been presenting themselves as law enforcement officials to cheat people via telephone out of more than CNY7 million.

## JOB VACANCY

### Export Sales Manager South East Asia

Lotus Bakeries is active worldwide in the indulgent and healthy snacking segment with the Lotus, Lotus Biscoff, Lotus Dinosaurus, Lotus Suzy, Peijnenburg, Snelle Jelle, Annas, Nākd, Trek, BEAR and Urban Fruit brands. Lotus Bakeries, with headquarters in Belgium, is a dynamic, internationally oriented company with production facilities in Belgium, the Netherlands, France and Sweden, and 17 own sales organizations in Europe, America and Asia. Lotus Bakeries also works with commercial partners in forty countries worldwide. Lotus Bakeries has approximately 1,350 employees. By maintaining a healthy balance between tradition and innovation, the Lotus brand indulges consumers with a unique range of high-quality, tasty products. With Peijnenburg and Snelle Jelle, the company is a market leader in gingerbread in the Netherlands. Under the Nākd, Trek, BEAR and Urban Fruit brands, Lotus Bakeries offers tasty snacks, manufactured from all-natural, unprocessed ingredients, with no added sugar. In 2015 the Group achieved a turnover of EUR 411.6 million. The shares of Lotus Bakeries are listed on Euronext Brussels

We are looking for an **Export Sales Manager South East Asia for International Distributors** (headquarters in LEMBEKE), based in Hong Kong:

#### Job purpose:

- Make a multi-year Sales & Marketing Plan for existing countries (Thailand, Malaysia, Singapore, Indonesia, Hong Kong)
- Mapping of new potential countries ( Cambodia, Vietnam, Laos, Birma, Brunei, ....); define sequence of opportunities.
- Reporting to GM and EXCO on the plan and its dynamics.
- Get in depth knowledge of the commercial partner (country, retail landscape, OOH/FS landscape, competitive environment, levers for growth,.... ); making a Sales & Marketing Plan; using insights and concepts from the Area ID Marketing Manager to help and support our commercial partner in making and executing Sales & Marketing Plans.
- Have business reviews with partners and follow up on reporting, define actions based on the results and analyses.
- Screen partners, advice to change partners and advice on potentially new partners to GM.
- Set pricing for the region; take full P&L responsibility for the area.

#### Your profile:

- 5-10 years in a similar role

- Knowledge of International business is preferable
- Knowledge of SAP
- Strong inter-cultural intelligence: very high level of empathy for other cultures, religions, values, life style,...
- Communicator: strong in communication with partners, line managers and team
- Entrepreneurial spirit: gets energy from creating new opportunities, looking for new and different inroads. Not afraid to start from scratch.
- Result Driven: Focus on the execution of plans and high drive to exceed targets and objectives.
- Independent: Can work alone and is willing to go the extra mile.
- Flexibility: eager and willing to travel in the region and on certain occasions to Europe. Fluent in English and Dutch
- Languages: English (Fluent oral and in writing), Dutch (Fluent), French, German, ...

Our offer:

- An exciting and challenging job in a pleasant working environment.
- A function allowing independence and responsibility.
- A competitive salary with an extensive package of fringe benefits

Interested?

CrossInternational is exclusively managing this vacancy. If interested, please send your CV to [hanne.watte@crossint.eu](mailto:hanne.watte@crossint.eu)

## **ANNOUNCEMENTS**

### **EU SME Centre's practical guide: Drafting Sales Contracts When Exporting to China**

A Practical Guide to Help You Make Sales in China Safely and Smoothly

Price: 50 EUR

Contract compliance and effective enforcement of contract rights concern every company doing business in China. Knowing how to check a Chinese company's background and what essential elements should be included in your sales contract can help you minimise business risks and avoid making common mistakes in the Chinese market. This Guide identifies the key terms that you should consider when drafting a sales contract for exporting goods to China. It will provide you basic and practical insights into the contractual aspect of Chinese business, and help you evaluate the viability of contract arrangements with your Chinese business partners.

#### **Key Contents**

- Pre-contract Stage: How to Check out Your Potential Business Partner?
- Contract Conclusion: Drafting a Contract with a Chinese Company
- Choice of Law
- Dispute Settlement
- Payment Terms
- Product Name, Description and Quality Requirements
- Terms of Delivery: Packaging, Labelling, Shipment, Acceptance, Inspection, Risk of Loss
- Warranties, Liability & Penalties
- Notifications
- Term and Termination
- Confidentiality, IP Rights Protection, Non-Competition
- Language
- Contract Validity and Effectiveness

Authors:

Maarten Roos, Managing Director, R&P Lawyers  
Ludmila Hyklova, Legal Advisor, EU SME Centre

Check related content provided by the authors:

- [Webinar: How to Manage Contract Terms and Reduce Risk in China](#)
- [Webinar: How to Prevent Common Labour Disputes in China](#)

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- SMEs: €385
- Large enterprises: €975

**Contact:**

Flanders-China Chamber of Commerce

Offices: Ajuinlei 1, B-9000 Gent – Belgium

New telephone and fax numbers: Tel.: +32/9/269.52.46 – Fax: ++32/9/269.52.99

Registered office: Zenith Building, Koning Albert-II laan 37, 1030 Brussels

E-mail: [info@flanders-china.be](mailto:info@flanders-china.be)

Website: [www.flanders-china.be](http://www.flanders-china.be)

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