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

NEWSLETTER | 25 OCTOBER 2016

FCCC/EUCBA ACTIVITIES

EU-China Business and Technology Cooperation Fair China Tour 2016 – 2-8 November 2016 – Chengdu, Qingdao

The European Commission, the Enterprise Europe Network and EUPIC are organizing a tour to the EU-China Business and Technology Cooperation Fair China from 2 to 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

Seminar: "Update on the Legal Foreign Investment Regime in China and Chinese Investment Abroad" – November 8, 2016 – Brussels – organized in partnership with Linklaters

The legal environment for foreign companies in China has been undergoing some important changes in recent years. Most of these evolutions are directly linked to the implementation of China's economic reform plan and of the rule of law, which is being promoted as an essential element thereof.

The Flanders-China Chamber of Commerce (FCCC) is organizing a seminar where will be discussed how these reforms affect daily operations of foreign companies in China.

Paul Van Hooghten, Partner and Head of the Corporate Practice at Linklaters, will briefly discuss the recent challenges faced by Chinese companies when doing acquisitions in Europe.

Eric Liu, Senior Consultant of the Corporate/Mergers & Acquisitions Practice, based in Linklaters' Beijing office, will give an update on the recent regulatory developments in Chinese investors' outbound investment and the foreign investment regime in China.

Tom Vandebosch, Legal Counsel at Umicore, will join the panel discussion and will share the experiences of Umicore.

The seminar will be presented by Eric Liu, who has been advising clients on their inbound and outbound M&A transactions in relation to China and their operations in China for more than 13 years.

His presentation will deal with the foreign exchange obstacles of Chinese investors when making outbound investments and the recent reform of the foreign investment laws in China.

The lunch-seminar will take place on **Tuesday, 8 November 2016**, between **12:00-14:00** in the offices of **Linklaters**, **13 rue Brederodestraat, 1000 Brussels**. A buffet lunch will be served at 12:00. The presentations and Q&A session will conclude at approximately 14:00.

Participation fee: €90,75 (Incl. 21% VAT: 15,75 €) for members and €114,95 (Incl. 21% VAT: 19,95 €) for non-members.

If you are interested in attending this seminar, please register online before 4 November 2016.

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

FIT group business trip to the Pearl River Delta – 28 November – 3 December 2016

Flanders Investment & Trade (FIT) is organizing a multi-sectoral business trip to Guangzhou, capital of China's richest province in the heart of the Pearl River Delta from November 28 till December 3, 2016.

It should not be surprising that there are numerous opportunities for Flemish companies in a region accounting for 20% of China's GDP and about 40% of China's total trade.

FIT will organize:

- an individual meeting program tailored to your company
- a workshop about intellectual property rights with local experts
- a visit to a local company
- a networking event at the residence of the Belgian Consul-General

What? Group business trip China – Pearl River Delta
When? 28 November – 3 December 2016
Last registration date? 21 October 2016
Price: The first participant of each company pays €500
Additional participants of the same company pay €250
Organization: Flanders Investment & Trade

For more information visit the FIT website or contact: Michèle Surinx, Area Manager East Asia, tel: 02-5048791, e-mail: michele.surinx@fitagency.be

For other activities supported by FCCC, see the FCCC website: www.flanders-china.be

PAST EVENTS

“One Belt, One Road: Opportunities for Cooperation between Belgium and China” – 21 October 2016 – Brussels

The Embassy of the People’s Republic in China in Belgium and the Flanders-China Chamber of Commerce organized the Forum ‘One Belt, One Road: Opportunities for Cooperation between Belgium and China’ on Friday 21, October 2016 in Brussels.

One Belt, One Road (OBOR) is a major initiative, launched by President Xi Jinping in 2013 that aims to connect Asia, Europe and Africa passing through over 60 countries. The overall plan consists of two parts: “Silk Road Economic Belt” and “21st Century Maritime Silk Road”. OBOR offers immense business opportunities in China and in countries along the Belt and Road. During this forum participants gained a better understanding about this important initiative.

Following opening remarks by Chinese Ambassador Qu Xing, Deputy Prime Minister Kris Peeters delivered a keynote speech. Professor Qin Yaqing, Dean of China Foreign Affairs University, introduced the topic “One Belt One Road Initiative: background, actions and progress”, followed by a panel discussion. After the coffee break, Mr Stefaan Vanhooren, Chairman of the Flanders-China Chamber of Commerce, introduced the second Chinese speaker, Professor Yuan Peng, who discussed what kind of contributions China expects from Europe towards the One Belt One Road Initiative. His speech was also followed by a panel discussion with Mr Frank Geerkens, Port Ambassador, Antwerp Port Authority; Mr Philippe Van der Donckt, Director Business Development Recycling Asia, Umicore; Mr Erik Uyttendaele, Senior Director – Material Planning & Logistics at Volvo Cars Gent; and Professor Jan Cornelis, VUB. The event was concluded by a reception.

Meeting with high-level business delegation from Weihai, Shandong Province – Experiences from Bekaert and Beaulieu of investing in Weihai – 17 October 2016 – Gent

The Flanders-China Chamber of Commerce and the Weihai EU Office in Ghent organized a meeting with a high-level business delegation from Weihai, Shandong Province. This meeting took place on October 17 in Gent.

The delegation of Weihai business leaders was led by Mr Xu Lianxin, Deputy Mayor of the Weihai Municipal Government. The aim of the visit was to introduce the investment environment of Weihai, Shandong province and to meet potential Flemish business leaders to discuss cooperation. Next to that, two important investors in Weihai, such as Bekaert and Beaulieu Technical Textiles, shared their experiences of building a successful plant in Weihai.

The composition of the delegation and a description of the company’s activities can be downloaded here. The delegation members are active in the following sectors: IT, electrical machinery and equipment, electronics, chemicals, textiles, new materials, real estate, automotive, tourism, fisheries, etc…

The City of Weihai and the City of Ghent have a sister city agreement, while the Flanders-China Chamber of Commerce and the City of Weihai have a longstanding cooperation agreement.
Following a word of welcome by Mrs Gwenn Sonck, Executive Director FCCC, the Weihai investment environment was introduced by Mr Xu Lianxin, Deputy Mayor of Weihai Municipal Government. Presentations on the experiences of investing in Weihai were given by Mr Stijn Himpe, Vice-President Technology Rubber Reinforcement, Bekaert; and Mr Stefan Claeys, General Manager, Beaulieu Technical Textiles. A Q&A session and business matching with the Chinese delegation followed the presentations. A networking reception concluded the event.

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) organized a one day training session on “Understanding China’s Next Move” on 6 October 2016 in Brussels.

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. Participants learned from CKGSB's world-class faculty in the classroom and benefited from the rich experience of industry speakers. They investigated various case studies and became involved in team projects, group discussions, company visits and cultural activities. They also learned from and networked with high-profile executives from China and around the world.

Following a word of welcome by Mr. Stefaan Vanhooren, Chairman, Flanders-China Chamber of Commerce, Mr. Bo Ji, Assistant Dean of Global Executive Education, Chief Representative for Europe Cheung Kong Graduate School of Business (CKGSB), delivered presentations on several topics:

- China's 13th Five-year Plan and its business opportunities
- Win in China: Go to China Strategy and Business Models
- E-commerce & Digital Strategy in China
- Cross Cultural Management & Negotiation

The one-day program was concluded by awarding certificates from both CKGSB and Flanders-China Chamber of Commerce.

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.

Seminar: 'Belgian Customs and its activities in China' – 3 October 2016 – Ghent

The Flanders-China Chamber of Commerce and the Province of East Flanders organized a seminar focused on 'Belgian Customs and its activities in China'. This event took place on 3 October 2016 in Ghent.

Mr Geert Versnick, Vice Governor in charge of European and International cooperation and economic affairs of the Province of East Flanders. Welcomed the participants to the seminar, followed by an introduction by Mrs Gwenn Sonck, Executive Director, FCCC.

Mr Eddy De Cuyper, Counselor, Customs Attaché, Embassy of Belgium in China, gave a presentation on procedures and regulations of the Chinese customs and other institutions, which are related to import or export. The following topics were covered:

Belgian Customs in China, can we help you?

- Chinese customs duties
- Other related governmental services
- New Regulations for import of foodstuffs (planned for next year)
- Practical examples

A question and answer session followed by a networking drink concluded the event.

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) organized a seminar on EU-China relations. This event was 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 aimed 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.

Following a word of welcome by Markus J. Beyrer, Director General, BusinessEurope, Jörg Wuttke, President of the European Union Chamber of Commerce gave a speech, followed by two other speakers. A Q&A session and closing remarks by Mr Stefaan Vanhooren, Vice-Chairman of the EU-China Business Association (EUCBA) concluded the event, which took place on September 19 in Brussels.

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.

MEMBERS' NEWS

China Daily special on the occasion of Prime Minister Charles Michel's visit to China

On the occasion of the 45th anniversary of establishment of China-Belgium diplomatic relations, Belgian Prime Minister Charles Michel will visit China in late October after a March visit was postponed due to the terrorist attacks in Brussels. In line with the significant event, China Daily proposes to launch a "Belgium Special" during the visit. The special report will highlight the development of the mutual beneficial cooperation between the two countries. Most importantly, the supplement will provide a platform for Chinese and Belgian companies to promote their products and services and exchange information for future partnerships.

For more information, send an e-mail to Hou Yanli.

AUTOMOTIVE

Ssangyong Motor considering to set up JV in Xian

Ssangyong Motor, part of India's Mahindra Group, has signed a letter of intent with the Shaanxi Automobile Group to examine the feasibility to set up a joint venture to produce both engines and entire vehicles in Xian. Shaanxi Auto, established in 1968, produces heavy and special-purpose trucks as well as new energy ones. The proposed plant would have the capability to build 150,000 cars a year by the end of 2019, and the plans allow for the production of 300,000 cars a year if necessary. The plant would be Ssangyong's first production base outside South Korea. "It is essential to have a local plant with comprehensive capacity in China, both to increase our competitiveness in the rapidly growing Chinese car market and to increase our sales volume," Ssangyong CEO Choi Johng-sik said. On October 8, just three days before Ssangyong signed the letter of intent, the Chinese government decided that "in principle it will not approve new joint ventures that produce gasoline cars", which could make it difficult for Ssangyong to obtain the required approvals, unless it would focus on electric cars. Pang Qinghua, President of Pangda Automobile Trade Co, Ssangyong's sales agent in China, is pessimistic about the carmaker's plan. The company's declining sales, along with its weak brand awareness in China, are also stumbling blocks on its road of localization.The company sold 2,460 units in China last year, a dramatic fall on the 12,000 units sold in 2014. Ssangyong's total global vehicle sales reached 144,764 last year, with its compact SUV Tivoli accounting for more than 40% of the total, the China Daily reports.

- Second-hand car sales in China will rise to 10 million units this year, but the eagerly awaited rush will not happen any time soon, Shen Rong, Deputy Secretary General of the China Automobile Dealers Association said. Statistics show 6.5 million used cars were sold in China in the first eight months of the year, up 6.53% year-on-year, much lower than the Association's estimate of 11 million units for the year. Many cities failed to scrap a ban on selling non-local cars as mandated by the central government.
- China's passenger car sales are expected to see double-digit growth of between 10% and 14% this year, according to Liu Ming, Director of the Auto Industry Information Section at the National Information Center. A total of 5.4 million passenger cars were sold in the third quarter, soaring 27.9% from the same period last year, the highest growth rate in the past 25 quarters. The performance has brought total sales to 15.59 million units by the end of September, a 15.8% growth year-on-year.

FINANCE

Minsheng Bank studying the set up of bad-loan company

China Minsheng Banking Corp is studying plans to set up an bad-loan asset management company to get rid of some of its USD5.7 billion of non-performing loans (NPLs). If the proposal proceeds, Minsheng Bank will be the first Chinese lender to operate a so-called bad-loan manager. The Beijing-based lender would be entering a market created in 1999, when China's government established four asset managers to help clean up a banking system riddled with soured credit. Minsheng President Zheng Wanchun previously ran one of the firms – Great Wall Asset Management Co – and was an executive at another, Huarong Asset Management Co. With economic growth slowing, China's banks once again find themselves under pressure from mounting bad debts. Minsheng Bank's bad-loan ratio rose to 1.67% as of June 30, the highest since 2007. Only asset management companies (AMCs) are allowed to buy bad loans directly from banks. After purchasing non-performing debt, they typically restructure it or sell the loans on to other investors. The four national asset managers and 21 provincial ones are benefiting from a “buyer's market” for bad loans, paying as little as 20 cents on the dollar, Guotai Junan Securities Co analysts said in a note in March, adding that the authorities were likely to license more firms. Huarong's profit jumped 35% in the first half from a year earlier, while China Cinda Asset Management Co increased net income by 2.4%, the China Daily reports.

- Chinese banks extended CNY1.22 trillion in new loans in September, driven by a credit-fueled property boom. The amount of net new yuan loans exceeded analysts’ expectations of CNY1 trillion and it was also up from CNY948.7 billion extended in August, the People’s Bank of China (PBOC) said. Mortgages in September amounted to CNY475.9 billion, a jump of 76% from the same period of last year. China’s credit growth has been “very fast” by global standards, and without a comprehensive strategy to tackle the debt overhang there is the growing risk of a banking crisis or sharply slower growth or both, the International Monetary Fund (IMF) said in a working paper.
- A group of 51 enterprises run by China’s central government has launched a fund to invest in the country’s poorest regions as part of a state plan to use market forces in the fight against poverty. The fund starts at CNY12.2 billion, but firms including the Three Gorges Project Corp, the State Grid Corp and the State Development and Investment Corp will gradually increase it to CNY100 billion, the State-Owned Assets Supervision and Administration Commission (SASAC) said.
- China Life, the nation’s largest insurance company by market value, has issued a profit warning as it estimated a 60% year-on-year drop in net earnings in the first nine months to CNY13.535 billion. In a filing to the Hong Kong stock exchange, China Life said the decline in results in the third quarter was in part due to a “decrease in investment income”. China Life reported a profit decline of 67% in the first half of the year to CNY10.4 billion.
- China’s fiscal revenue rose 4.9% year-on-year to CNY1.12 trillion in September. The central government collected CNY491.7 billion in fiscal revenue in September, up 6.2% year-on-year, while local governments saw fiscal revenue rise 3.8% to CNY630.5 billion. In the first nine months, fiscal revenue rose 5.9% year-on-year to CNY12.14 trillion. In September, fiscal spending increased 11.3% to hit CNY1.98 trillion, bringing the January-September expenditure to CNY13.6 trillion, up 12.5% year-on-year.
- The Asian Infrastructure Investment Bank (AIIB) held the inaugural meeting of its International Advisory Panel. It discussed the global economic situation and its implications for the bank’s operations, the need to promote green infrastructure, and the importance of increasing private sector involvement in infrastructure in the region. The panel aims to provide impartial, objective and independent advice to the AIIB President.
- China has cut its holdings of U.S. treasury bonds in August by USD33.7 billion, reducing the total to USD1.19 trillion. The country has cut its treasuries holding for three consecutive months.
- China allowed 39 financial institutions, including three foreign banks, to issue large-denomination certificates of deposit (CDs) to individuals and companies, bringing the total number of institutions allowed to issue the CDs to 353. CDs are tradable deposit agreements that allow the market to play a central role in deciding the interest rates of financial products. China started to allow banks to issue large-scale CDs in June 2015. The three foreign banks approved to issue CDs are OCBC Wing Hang Bank (China), Bank of Tokyo-Mitsubishi UFJ (China) and Standard Chartered Bank (China).

FOREIGN INVESTMENT

China’s ODI rises 53.7% in first three quarters

China's outbound direct investment (ODI) jumped 53.7% year-on-year to CNY882.78 billion in the first three quarters of this year, the Ministry of Commerce (MOFCOM) said. Chinese companies completed 521 overseas merger and acquisition (M&A) projects, including 119 in the United States, during the first nine months, with the transaction value reaching USD67.44 billion, surpassing the total amount of last year. The M&As involved 18 industries in 67 countries and regions. “High-end manufacturing, information transmission and software technology services were hot areas for China's ODI over the past nine months,” said Shen Danyang, the Ministry's Spokesman. The U.S., the Cayman Islands and Hong Kong ranked the top three hot destinations for Chinese mainland investment, with a total amount of USD16.24 billion, USD15.71 billion and USD9.32 billion respectively.

China’s non-financial ODI surged 53.7% from a year ago to CNY882.78 billion in the January-September period, said Shen Danyang. In September, China’s ODI rose 56.9% year-on-year to USD16.16 billion. During the first nine months, 4,191 engineering contracts were signed by Chinese companies in 61 countries along the Belt and Road routes, with a combined contract value of USD74.56 billion. Chinese firms invested USD17.9 billion in 56 economic and trade cooperation zones in 20 countries along the Belt and Road during the same period, creating 163,000 jobs for local people.

Premier Li calls for speed up of BIT negotiations with U.S.

Premier Li Keqiang has called on China and the United States to make efforts for an early conclusion of their bilateral investment treaty (BIT) negotiations on the basis of pre-establishment national treatment (PenT) plus a “negative list”. PenT means that foreign investors and their investments will be accorded national treatment in the pre-establishment phase of their businesses. Li told visiting former U.S. Treasury Secretary Henry Paulson in Beijing that through the BIT talks, both sides sent a positive signal to the world that China and the U.S. support trade and investment facilitation and liberalization. China and the U.S. started BIT negotiations in 2008. Vice Premier Wang Yang also held a meeting with Paulson and members of the CEO Council of Sustainable Urbanization to exchange views on China-U.S. economic ties, as well as other issues of common concern.

- Shanghai Aircraft Manufacturing Co (SAMC) opened a plant in the Pudong New Area to manufacture fuel and hydraulic systems for China’s first domestically-developed C919 single-aisle passenger aircraft. It was set up jointly with U.S. power management company Eaton, which manufactures the systems for the Boeing 787, Airbus A350 and A380 aircraft. The first C919 jet, which rolled off the assembly line in November 2015, is expected to make its maiden flight next year. The aircraft has secured over 500 orders from about 20 foreign and domestic customers.
- Chinese investors appear unfazed by the political uncertainty in Thailand following the death of King Bhumibol Adulyadej, said Thai Chinese Chamber of Commerce Vice President Boonyong Yongcharonenrat. He is also President of the Thai Young Chinese Chamber of Commerce, which represents more than 2,000 Chinese investors who moved to Thailand in the past two decades.

FOREIGN TRADE

Companies at Canton Fair expect to export more next year

More than 80% of companies at the Canton trade fair expect to export more next year, helped by innovation and currency movements, according to a Reuters poll. A third of the 103 companies polled said they expected a rebound in the country’s exports soon, and 46% expect the slowdown to persist for between six and 12 months. Phase one of the fair ended on October 19, featuring exhibitors in electronics and household appliances, along with heavy machinery and building materials. Phase 2, from October 23-27, covers consumer goods, gifts and home decorations. The final phase includes textiles and apparel, office supplies, health care and foods. 45% of companies said they were upbeat on their order prospects, while 51%

were neutral and 5% pessimistic. On a list of eight issues polled, production costs were the biggest headache for most exporters at the bi-annual fair, which is attended by 24,553 exhibitors occupying more than 60,250 booths. This was followed by concerns over global economic growth, while rent was their least concern. Nearly 70% of exporters said hiring costs had climbed by up to 10% this year. Close to 60% said it was easy to get a loan for their business. More than 65% of companies expect to increase investment by up to 20% next year, while 16.5% expect to raise spending by over 20%. Fixed-asset investment (FAI) in China grew just 8.1% in the first eight months of this year, the slowest pace since December 1999.

- China's foreign service trade maintained rapid growth of 24% year-on-year to CNY3.5 trillion in the first eight months of the year. Services accounted for 18.1% of China's overall foreign trade as of the end of August, up 2.7 percentage points from a year earlier. The service sector now accounts for more than half of the national economy. In the first eight months, service exports climbed 11.2% year-on-year to CNY1.2 trillion, while imports soared 31.9% to CNY2.3 trillion. A near 50% surge in imports of travel services led to a CNY1.1 trillion service trade deficit, which was up CNY277.3 billion from the same period of last year.
- China welcomed the World Trade Organization's recent rulings that certain anti-dumping measures of the United States against Chinese exports are in violation of its rules. The WTO ruled against the 13 anti-dumping methods taken by the U.S. Commerce Department on Chinese products in terms of targeted dumping and a refusal to set separate rates. China urges the U.S. to respect the rulings of the WTO, correct the wrongdoing of abusing the trade remedy measures and ensure Chinese companies enjoy a fair competition trade environment.
- China has for the first time overtaken the United States to become the biggest importer of Australian wine by value. Imports of Australian wine surged more than 50% to AUD474 million in the year ending in September. Jin Yang, Chief Product Officer of Wangjiu.com, said Australian wine was quickly catching up with French brands in China, thanks to aggressive market promotion and new flavors. Australian wine accounted for 24% of the value and 15% of the volume of total bottled imports in China in the 12 months ending in May.
- Australia's largest-ever private trade delegation to China arrived in Shanghai. More than 200 delegates, including Queensland state ministers, agricultural producers and exporters joined the week-long visit. Among the high profile members of the "AccessChina" delegation are Qantas Airways and the agribusiness units of both National Australia Bank (NAB) and Australia and New Zealand Banking Group (ANZ).

HEALTH

Too high concentrations of NDMA detected in drinking water

Traces of a potentially cancer-causing chemical known as NDMA were detected in the drinking water of 44 Chinese cities, while samples from the east and south were found to have relatively high concentrations. Measured in nanograms per liter, NDMA (short for N-nitrosodimethylamine) is a byproduct of the disinfection process used for chlorinating drinking water and is considered an "emerging contaminant". Samples were taken from 155 sites in 44 cities across 23 provinces, including original sources, finished water from treatment plants, and tap water. The average NDMA concentrations – 11 ng per liter for finished water, and 13 ng per liter for tap water – is nearly four times what was reported in the United States in 2012. The two figures reached 27 ng/L and 28.5 ng/L in Yangtze River Delta areas, posing a digestive cancer risk for residents there, lead researcher Chen Chao, Associate Professor at Tsinghua University's School of Environment, said. NDMA and other nitrosamines cause cancer in laboratory animals, according to the World Health Organization (WHO). Currently, the substance is not regulated in China. The WHO sets a cap on NDMA in drinking water at 100 ng/L, the China Daily reports.

- The Supreme People's Procuratorate said 297 people suspected of running illegal businesses had been arrested in connection with a vaccine distribution scandal, and charges had been brought against 68 other. The woman at the center of the case, surnamed Pang, worked as a pharmacist and sold 25 types of improperly stored vaccines for both adults and children beginning in 2010.

MACRO-ECONOMY

6.7% third-quarter growth reported

China's economy expanded 6.7% in the third quarter, the same rate as in the previous two quarters, the National Bureau of Statistics (NBS) said. The figures will help ensure Beijing can achieve a minimum 6.5% economic growth rate this year, reducing the need to roll out short term stimulus measures. Economists, however, are expecting growing headwinds for China's economy over the coming year, with curbs imposed on the housing market and signs of weaker growth in industrial output. The growing expectation of an interest rate increase by the U.S. Federal Reserve in December has also added momentum to capital outflows out of China and poses challenges for economic policymakers, analysts said. Investment from real estate gained steam in the third quarter, while data on retail sales were within market expectations, according to the NBS. Property investment posted 5.8% growth in the first three quarters. Investment from the private sector improved, growing 2.5% in the first three quarters, up from 2.1% from January to August. Overall investment in the economy rose 8.2% in the first three quarters. Industrial output rose 6.1% in September, down from 6.3% in August. Retail sales in September grew 10.7%, the South China Morning Post reports. The road M2 money supply grew 11.5% in September from a year earlier, the People's Bank of China (PBOC) said, slightly below forecasts but up from August's 11.4% rise. Strong lending has been driven by a sharp jump in local government debt swaps, aimed at reducing their interest payments, and by strong mortgage demand, highlighting the risks to the banking system if the property boom pops.

- The number of newly founded companies in China continued to surge in the first three quarters. A total of 4.01 million new firms were set up from January to September, up 27% from the same period of last year. An average of 14,600 new firms were set up daily, surpassing the average of 12,000 recorded in 2015. China has 83.72 million companies. In the first three quarters, the number of newly registered firms in the tertiary industry rose 27.6% to 3.25 million, taking up 81.1% of all new companies.
- The National Development and Reform Commission (NDRC) has approved 23 fixed-asset investment projects worth a total of CNY319.7 billion in September. The projects covered transport, high tech, energy and water conservation. China's fixed-asset investment (FAI) in the first nine months grew 8.2% year-on-year. The investment structure improved with more money spent on high-tech and the service sector, while less money went into industries with high energy consumption or excessive capacity.
- Shanghai aims to grow into an "excellent global city" by 2040, implementing best practices while avoiding the pitfalls that have beset similar booming cities, Shanghai Party Secretary Han Zheng said, as a master plan for the city from this year to 2040 was approved. It follows the last plan made in 2001 and will serve as a guide for the city's development. It still needs to be approved by the central government.
- Shanghai's gross domestic product (GDP) grew 6.7% in the first three quarters of this year from a year earlier and was in line with the national economic growth, the Shanghai Statistics Bureau said. Services, which accounted for 70.9% in the total economic output, was the main driver. The sector rose 10.3% in the first nine months, while manufacturing dipped 0.7% and agriculture fell 12.1%. Shanghai's exports dropped 2.4% to CNY875.2 billion, while imports rose 1.5% to CNY1.17 trillion.

MERGERS & ACQUISITIONS

Private companies surpass SOEs in M&A activity

Privately-owned companies drove the China's overseas mergers and acquisitions (M&As) in the first three quarters of this year, surpassing state-owned enterprises (SOEs) for the first time by deal value and number, according to a PricewaterhouseCoopers (PwC) report. Private companies sealed 449 M&A deals between January and September, nearly five times the number for SOEs, PwC said in its quarterly report. Deals concluded by private companies were worth USD80.9 billion, accounting for 51% of the total and for the first time exceeding the USD56.5 billion sealed by the SOEs. Private companies have been more inclined to look for advanced technologies, management experience, talents, brands, services and overseas market shares when they acquired firms in the media, entertainment, manufacturing, branded consumer products and supply chain sectors. SOEs prefer traditional resource projects such as energy and minerals, as well as technologies and intellectual property rights in the agriculture, health care and environmental protection sectors. Overall, the value of outbound M&As by Chinese companies hit a record high of USD164.3 billion in the first three quarters, exceeding the combined value of 2014 and 2015, the Shanghai Daily reports.

- A COSCO Shipping Ports subsidiary has acquired 40% of Italy's Vado Holding from Maersk Group's APM Terminal for €53 million. Vado operates the Vado Reefer Terminal in northwest Italy, one of the largest reefer terminals in the Mediterranean, with an annual handling capacity of 300,000 TEU in addition to 600,000 pallets. COSCO said it hopes to complete a new container terminal in 2018 at Vado with an initial annual capacity of 600,000 TEU, and will raise it to 900,000 TEUs later.
- Starwood Capital Group sold a stake valued at about USD2 billion to China Life Insurance Co, the lead investor in a consortium including sovereign-wealth funds. They will now own a stake in 280 hotels in 40 U.S. states. Starwood will continue to be the asset manager. Chinese investors have been buying hotel and travel businesses around the world as outbound tourism surges and China's economy and wealth expand.

REAL ESTATE

Sales drop following tightening measures

China's home sales declined during the first two weeks of October, according to a survey, in a sign that government policies aimed at cooling the real estate market are taking effect. Sales volume in 54 cities fell as much as 40% from a year ago, while the total number of transactions declined 5% to 130,944 units, according to Centaline Group. "The tightening policies have dampened buying desires," said Zhang Dawai, Chief Analyst at Centaline. As many as 22 Chinese cities – including Beijing, Shanghai and Shenzhen – have imposed market-cooling measures since September 30 to raise the downpayment required on homes, while barring non-residents from buying property. "The fall in sales volume will add to pressure for prices to adjust downwards," Zhang said. "It will also extend to more cities if the central bank further tightens lending policies." China's property prices had been surging, especially in first, second and third-tier cities, as easy loans combined with limited investment options drive speculative capital into apartments and luxury villas. As prices surged in the biggest cities, speculators have flocked to smaller metropolitan areas like Hangzhou, Suzhou and Hefei to look for bargains, in turn driving up prices in these areas by as much as 40% during the past 12 months. The smart money is now pouring into cities with less restrictive measures such as Jiaxing, about 30 minutes via high-speed train from downtown Shanghai, according to JLL's Research Director Joe Zhou.

- China Overseas Land & Investment (COLI) has reported a 110% year-on-year rise in third quarter operating profit to HKD8.32 billion. The company said its consolidated revenue for the period was HKD24.33 billion. Helped by a strong property market, the developer said contracted sales reached HKD171.46 billion in the nine months to September 30, equivalent to 81.6% of the annual target.
- The hot property market in China has propelled a surge in September sales of excavators in the country, industry data showed. Some 5,456 excavators were sold by 26 major construction machinery producers in China last month, a gain of 71% from a year earlier and a 25% increase on sales recorded for August, according to the website of China Construction Machinery Trade. Chinese heavy machinery maker Sany Heavy Industry was the top seller in the market, delivering 1,111 excavators last month, while Caterpillar ranked second, with 753 orders.
- New home purchases in China surged at a faster pace in the first nine months of this year amid robust sentiment in September. New homes worth CNY6.86 trillion,

excluding government-subsidized affordable housing, were sold nationwide between January and September, an annual jump of 43.2%. During the first three quarters, 930.5 million square meters of new houses were sold, up 27.1% from the same period a year earlier. In September alone, more than 155 million sq m of new homes were sold in China, an annual increase of 35% and also a monthly record. By value, new homes worth CNY1.15 trillion were sold last month, a year-on-year surge of 61%.

RETAIL

Walmart teams up with New Dada for delivery

Walmart announced a USD50 million strategic investment in New Dada, China's largest local on-demand logistics and grocery online-to-offline e-commerce platform. The investment is an extension of Walmart's broader agreement with JD.com. As part of the cooperation, New Dada offers customers two-hour delivery on groceries ordered through the JD Daojia Dada application from Walmart stores within a 3 km radius of the more than 20 participating stores. New Dada, an independent joint venture of JD.com and Dada, has more than 25 million registered customers and provides local on-demand delivery capabilities, with 2.5 million crowdsourced deliverers across more than 300 cities in China. “Our alliance with JD and cooperation with New Dada will provide seamless shopping to millions of customers across China,” Walmart CEO Doug McMillon said. Philip Kuai, CEO of New Dada, said: “Combining New Dada's delivery network with Walmart stores means consumers will enjoy convenient access to a wide range of high-quality goods delivered to their homes and offices in record time.”

- Japanese apparel firm Uniqlo is aiming to open about 100 stores in the Greater China region during the coming financial year. The brand’s parent Fast Retailing plans to reach an “initial target” of near doubling the number of outlets it operates in the mainland, Hong Kong, Macao and Taiwan to 1,000, although no time frame for the target was specified. New pricing strategies helped Uniqlo’s Japan business lift its second half operating profit by 38% to JPY38.3 billion, while Uniqlo International saw its business profit shoot up 81% for the period to JPY13.6 billion.
- Starbucks Corp plans to more than double the number of its coffee outlets in China to 5,000 over the next five years, promoting Belinda Wong to the role of Chief Executive for China to lead the expansion plan in the world’s most populous market. Wong, currently President of Starbucks China, “has been instrumental in Starbucks’ unprecedented growth in China from 400 stores in 2011 to over 2,300 stores today, the Seattle-based coffee chain said in a statement. Starbucks’ second-quarter sales rose 18% in China.
- Alibaba Group Holding and Suning Commerce Group Co plan to invest CNY1 billion to set up an e-commerce firm in Chongqing to better compete with JD.com, China's second-largest e-commerce player. Suning will invest CNY510 million for a 51% stake in the new joint venture, while Alibaba will pay CNY490 million, owning a 49% stake. The business scope of the new e-commerce firm covers services, wholesale and retail, and technological development and consulting.

STOCK MARKETS

Five parcel delivery companies aim to list

China’s five largest delivery companies are seeking to raise funds via share sales at home or abroad in the near future, in an effort to build up their finances ahead of an expected industry consolidation. The big players plan to use the funds to upgrade and expand their facilities, and to buy out smaller rivals. Four of the top delivery companies in China, including SF Express, YTO Express, ShenTong Express and Yunda Express have been engineering their own backdoor listings on the domestic A-share market. ZTO Express, a delivery company that ranks in the top five, plans to raise as much as USD1.3 billion via an initial public offering (IPO) in the United States. “A listing status gives the companies the opportunity to hone their image and increase their financial strength,” Zhao Xiaomin, a researcher in China’s logistics sector said. “The ultimate goal is to enhance business efficiency and secure a leading role in the intense market.” The breakneck growth of online shopping in China helped to foster a major expansion of the delivery businesses over the past decade. According to the China e-Business Research Center, online sales in China topped CNY18 trillion in 2015, up 27% from a year earlier. Privately-owned delivery companies handled 18.5 billion deliveries in 2015, accounting for 89% of the national total, but the average price per delivery dropped more than half from CNY28.5 in 2007 to CNY13.4 last year. Express companies will be able to use the proceeds to buy land, upgrade transportation facilities and sorting equipment, and increase hiring to expand their businesses, the South China Morning Post reports.

Shanghai-based YTO Express became China's first courier firm to debut on the Shanghai Stock Exchange (SSE). Alibaba-backed YTO Express seeks capital to expand its aircraft fleet as well as develop new technologies to stay competitive during China's e-commerce boom, Chairman Yu Weijiao said, adding that the company now operates five cargo aircraft and plans to expand the fleet to 50 by 2020. YTO Express handled over 3 billion parcels in 2015, a surge of 63% year-on-year. The firm predicted its net profit at CNY1.1 billion this year. YTO express made a backdoor a-share listing via a reverse merger with Chinese garment maker Dalian Dayang Trands Co.

- Struggling Chinese companies are turning to the soaring property market to improve their books. At least 12 listed firms announced plans to sell real estate holdings in September amid a surge in property prices. Seven suffered losses in the first half, while four have been placed on the exchanges' watch list for possibly being delisted. Under China's exchange rules, companies are warned with the possibility of delisting after two consecutive years of losses, and are suspended if they post a net loss in the following year.
- The China Securities Depository and Clearing Corp (CSDC) has tightened regulation of illegal market activity by limiting each investor to a maximum of three stock accounts in the A-share market. It said the reason to restrict the number of stock accounts is to better regulate and monitor the activity in the stock market. Some investors have taken advantage of multiple accounts to engage in illegal market activities, it added. Investors can continue to use their existing accounts if they are properly registered and meet real trading needs.
- Cofco Meat Holdings, the Chinese pork producer part-owned by KKR & Co, is seeking to raise as much as USD333 million in a Hong Kong initial public offering (IPO). Haier Group Corp agreed to buy USD57.4 million of stock as the biggest cornerstone investor in the offering. KKR, Baring Private Equity Asia, Hopu Investment Management Co and Boyu Capital bought stakes in Cofco Meat in 2014. Hopu sold its interest in the company last year to Singapore state investment firm Temasek Holdings. Cofco Meat follows Dali Foods Group Co, the maker of Copico brand potato chips, and seasoning producer Yihai International Holding in pursuing a Hong Kong listing.
- The China Securities Regulatory Commission (CSRC) launched investigations into six companies alleged to have committed fraud in their initial public offerings (IPOs). Major wrongdoings found by the regulator during the investigation included false and insufficient statements in their IPO prospectuses, such as cooking up revenues and profits, failure to disclose major debt, tax payments and guarantees, and inflating overseas subsidiaries' assets to write off huge losses of the parent company.
- The price arbitrage between shares listed in Shenzhen and Hong Kong has narrowed ahead of the imminent launch of the so-called stock connect program, most likely in late November. There are 89 companies with shares listed both on mainland China's stock exchanges and in Hong Kong. The prices of these mainland-listed A shares trade 21% higher on average than their H-share counterparts in Hong Kong in recent trading. The price gap has narrowed from as high as 46% in February.

TRAVEL

Radisson hotel chain sees bright future under HNA

The owner of the Radisson hotel chain, which is being bought by Chinese aviation and shipping conglomerate HNA Group, expects to see a boost to its long-term prospects thanks to the financial muscle of its new owner. In April a unit of HNA Group said it planned to buy U.S.-

based Carlson for an undisclosed amount, a deal that would also include a major stake in Stockholm-listed Rezidor Hotel Group. Carlson-Rezidor operates 1,400 hotels worldwide under brands such as Radisson and Country Inns & Suites. HNA Group is the parent of Hainan Airlines. Carlson Rezidor recently launched the Radisson Red brand hotels aimed at the millennial generation of holiday makers. In China, Carlson has inked contracts to open its Radisson Red hotels in Shenyang and Guangzhou and is in advanced talks on similar deals in Shanghai, Beijing and Chongqing.

- The China Aviation Supplies Co was officially set up with joint investment from five state-owned enterprises (SOEs): China Southern Airlines, China National Aviation Holding Co, China Eastern Airlines, CASC and China Reform Holdings Co. China Southern Airlines is the biggest shareholder with a 24% stake in the new company, while China Reform Holdings has a 10% stake. China is reorganizing its SOEs to improve their competitiveness.
- InterContinental Hotels Group (IHG) announced its highest-ever third quarter performance in the greater China region, led by growth in tier-one cities. Known for its InterContinental Hotels, Crowne Plaza, and Holiday Inn brands, IHG said its revenue per available room (RevPAR) rose by 0.9% for Greater China in the third quarter. Recently, InterContinental hotels opened in Shanghai near the National Exhibition and Convention Center (NECC) and in Beijing's Sanlitun area.

VIP VISITS

Relations boosted on Philippine President's visit

President Xi Jinping and his Philippine counterpart Rodrigo Duterte pledged to enhance trust and deepen cooperation. Xi said managing differences in the South China Sea issue through dialogue and consultation was an important foundation for the healthy and stable growth of China-Philippine relations. Both countries signed USD13.5 billion of deals during Duterte's visit to China. China also provided the Philippines more than USD9 billion in low-interest loans. President Xi said his meeting with Duterte had "milestone significance."

- Chinese President Xi Jinping met his Uruguayan counterpart Tabare Vazquez in Beijing. China and Uruguay have agreed to hold consultations on starting joint feasibility studies of a bilateral free trade agreement. Bilateral ties will be upgraded to a strategic partnership. China is Uruguay's largest buyer of beef, soybeans and wool. The two leaders witnessed the signing of more than a dozen documents in areas including visa facilitation, industry, agriculture, customs, defense, culture and sports.

ONE-LINE NEWS

- Wei Pengyuan, former Deputy Director of the Coal Department at the National Energy Administration (NEA), was found guilty of accepting more than CNY211 million in bribes, and sentenced to death with a two-year reprieve. All his ill-gotten assets were confiscated. When Wei was put under investigation in 2014, he was found to have hoarded more than CNY200 million in cash at home.
- China will limit its annual mining of rare earth to 140,000 tons by 2020 in its latest attempt to overhaul the sector and ensure its sound development. During the 12th Five Year (2011-2015) Plan period, 14 illegal rare earth mines and 28 firms were closed. Over 36,000 tons of illegal rare earth products were seized, and CNY230 million in fines were imposed.
- China's wind farm developers and equipment suppliers face a substantial drop off in installation volume in 2018 when Beijing's proposed cuts to wind power tariffs are expected to take effect, industry executives warned. Profitability will also be hampered by further power grid bottlenecks and intensifying competition over price and sales volume amid wider capacity oversupply, they told the China Windpower conference.
- According to an HSBC survey, China has been slipping down the rankings on attractiveness to expats, from third place out of 34 countries in 2014 to 34th place out

of 45 this year. An InterNations survey found a similar trend, ranking China 38th out of 61 countries in 2014, and 48th out of 57 this year.

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Membership rates for September-December 2016 (excl. VAT):
- SMEs: €140
- Large enterprises: €300

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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
Website: www.flanders-china.be

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The FCCC Newsletters are edited by Michel Lens, who is based in Beijing and can be contacted by e-mail michel.jc.lens@gmail.com . Disclaimer: the views expressed in this newsletter are not necessarily those of the FCCC or its Board of Directors.