法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 12 DECEMBER 2016

Antwerp Mission Breakfast Meeting: "Better Understanding and Negotiating with the Chinese" – 16 December 2016 – Shanghai

The Flanders-China Chamber of Commerce (FCCC) will also be taking part in the Antwerp Mission to Shanghai. During this mission, the FCCC will organise a breakfast meeting focused on "Better Understanding and Negotiating with the Chinese". This breakfast meeting will take place on 16 December from 07h00 to 08h30 at the Regal International East Asia Hotel where the delegation is staying.

Sign up link: http://www.antwerpmission2016.be/program

The FCCC will be represented by Mr Stefaan Vanhooren, Chairman and Ms Gwenn Sonck, Executive Director.

Mission motivation:

The city council of Antwerp places great importance in supporting Antwerp enterprises abroad. In light of this, we are cooperating with our partners in organizing a 2016 joint mission to two leading cities in the Asian region: Seoul and our sister city Shanghai. The delegation will consist of members of the city council, Port of Antwerp, Antwerp World Diamond Centre (AWDC) and a broad group of corporate leaders. The mission is actively supported by the local Belgian embassies and consulates, and enjoys the cooperation of Flanders Investment & Trade (FIT).

The first stop is Seoul, the capital of the Republic of Korea, followed by Shanghai, People's Republic of China. Antwerp and Shanghai are sister cities and have so far enjoyed 32 years of close cooperation. Shanghai tops the global port ranking, making it an attractive partner for Antwerp, the second most important European port. China, with Shanghai in particular, is an important diamond market. Promoting our region abroad can also be of great value to the Antwerp chemical industry, allowing it to attract additional investors.

About the speaker:
Prof Ji Bo, Assistant Dean of Global Executive Education, Chief Representative for Europe, Cheung Kong Graduate School of Business

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 Yat-Sen University, Shanghai Jiaotong University etc. In addition Bo also offers advice to Chairmen and CEO's. He is also a frequent speaker at renowned international conferences, forums, TV media and annual corporate meetings.

Why this meeting?

The Chinese market has become more and more open during the last three decades. An understanding of cultural differences between the West and China has become increasingly important for companies. Though successful negotiations are often predicated on cultural understanding, differences impacting business negotiations are not easy to sort out.

The Chinese are generally recognized to have a tough negotiating style. People from other cultural backgrounds, especially from the West, often find the behavior of Chinese negotiators strange and unintelligible. In fact, some are concerned that mistakes in handling business negotiations and dealings in China could result in competitive disadvantages or loss of opportunities. Therefore, how to negotiate and deal with Chinese partners is a constant challenge.

This course provides practical guidelines on how to negotiate with Chinese counterparts.

The programme is as follows:

07h00	Breakfast
07h15	Welcome by Mr Stefaan Vanhooren, Chairman, Flanders-China Chamber of Commerce
07h20	"Better Understanding and Negotiating with the Chinese" by Prof Ji Bo, Assistant Dean of Global Executive Education, Chief Representative for Europe, Cheung Kong Graduate School of Business Followed by questions and answers
08h30	End of breakfast

This event is only open to participants to the mission.

If you are interesting in attending this interesting breakfast meeting, we kindly invite you to sign in via the Antwerp Mission Link: http://www.antwerpmission2016.be/program

Save the date: FCCC Chinese New Year Reception – 6 February 2017 – Brussels

Save the date: 6 February 2016.

On 6 February 2017, the Flanders-China Chamber of Commerce will celebrate Chinese New Year. The programme of the FCCC New Year Reception is as follows:

6 February 2017 – 18h00 – Brussels

Speakers:

- Mr Stefaan Vanhooren, Chairman, Flanders-China Chamber of Commerce
- His Excellency Mr Qu Xing, Ambassador of the People's Republic of China in Belgium
- Mr Philippe Muyters, Flemish Minister for Work, Economy, Innovation and Sport

We would like to give your company the opportunity to give more exposure to Belgian companies active on the Chinese market and Chinese companies present in Belgium. You will find more details on the sponsorship opportunities for the Chinese New Year Reception below. If you are interested in sponsorship, please send an e-mail to info@flanders-china.be

ADVERTISEMENT AND SPONSORSHIP

Sponsoring proposal Chinese New Year reception

When ? 6 February 2017 – 18h00
Where ? KBC Bank, Havenlaan 2, 1080 Brussels
Who will attend ? Chinese, Belgian business leaders, officials. PRESS +/ 300 Participants

Invitations are distributed via E-mail and the FCCC website and newsletters

GOLDEN SPONSOR: 2.250 € (EXCL .VAT)

- your logo on the FCCC invitation
- your logo on the invitation published on the FCCC website

- your logo on the FCCC invitation published in the FCCC weekly newsletter
- 15 free cards
- banner of your company at the event
- mention of your company during speech

SILVER SPONSOR: 1.750 € (EXCL.VAT)

- your logo on the FCCC invitation
- your logo on the invitation published on the FCCC website
- your logo on the FCCC invitation published in the FCCC weekly newsletter
- 5 free cards
- mention of your company during speech

Programme :

Speeches by:

Mr Stefaan Vanhooren
Chairman, Flanders-China Chamber of Commerce

His Excellency Mr Qu Xing
Ambassador of the People's Republic of China in Belgium

Mr Philippe Muyters
Flemish Minister for Work, Economy, Innovation and Sport

Speeches are followed by a networking reception

If you are interested in sponsorship, please send an e-mail to info@flanders-china.be

Advertisement and sponsorship opportunities 2017

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

Group business trip 'E-commerce China' – 12-17 March 2017 – Hangzhou and Shanghai

Flanders Investment & Trade (FIT) is organizing a group business trip focused on e-commerce to Hangzhou and Shanghai on 12-17 March 2017. Discover the possibilities of your company in China through the e-commerce platform of Alibaba.

What: Group business trip
Target sectors: all sectors
Target market: China
When: From Sunday 12 March 2017 till Friday 17 March 2017
Where: Hangzhou and Shanghai, China
Who can join: companies and organizations having a Belgian enterprise number
Organization: Flanders Investment & Trade, together with AWEX, Brussels Invest & Export and Alibaba.

E-commerce is booming in China. Discover the advantages of exporting to China through

Alibaba as supplementary or only distribution channel. Selected companies are invited to B2B-meetings with Alibaba's sourcing team at its headquarters in Hangzhou. The FIT office will provide tailor-made programs for all participants joining the trip to Shanghai.

Prices: €600 for the first participant of your company; additional representatives €300.
If you are only joining the trip to one location: first representative of your company: €300; additional representatives: €150.

Joining the trip to Hangzhou is only possible for those participants accepted by Alibaba to join the meeting. Non-selected participants can join the Shanghai part of the trip at a cost of €300. Selection by Alibaba will take place in December – early January. Flemish SMEs may apply for a subsidy at FIT.
Additional information: Programme website.docx

Contact: Michèle Surinx, e-mail: michele.surinx@fitagency.be tel.: 02-5048791.

Register as soon as possible, as the number of participants is limited.

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

PAST EVENTS

Circular Economy Mission to China – November 22-25, 2016 – Beijing

The European Union organized a trade mission to Beijing from November 23 till 25 for companies in the circular economy. The mission was organized concurrently with the China International Circular Economy Exhibition (http://en.chinacace.org – www.chinacace.org). The EU-China Business Association took part in this mission and was represented by Mr Philippe Van der Donckt, Vice-Chairman EUCBA, and Ms Gwenn Sonck, Secretary General, EUCBA.

The participants received an introductory briefing on doing business in China, including a keynote speech by the EU Director-General for Environment Daniel Calleja. EU Commissioner Karmenu Vella attended a networking cocktail on the first day of the mission and met with the members of the delegation. The China Association for Circular Economy (CACE) organized a visit for the participants to the China International Circular Economy Exhibition 2016 at the China National Convention Center, where Commissioner Vella delivered the opening speech. At the EU-China Forum towards a circular economy, Ms Ma Rong, Deputy Director General of the Department of Resource Conservation and Environmental Protection at the National Development and Reform Commission (NDRC) gave a speech on the achievements of China's circular economy development. Director General Daniel Calleja talked about the EU's circular economy package and implementation. During the seminar, Mr Philippe Van der Donckt, Business Development Umicore, also shared the experiences and expectations of Umicore on circular economy.

A Forum on circular economy technology innovation, investment and financing was also organized with speeches by Xin Guobin, Vice Minister of the Ministry of Industry and Information Technology (MIIT), Fan Hengshan, Deputy Secretary of the National Development and Reform Commission (NDRC), and Liao Xiaoqi, former Vice Minister of Commerce. A number of memorandums of understanding (MOUs) were singed. Finally, a visit was organized to Tus-Sound company at the State Green Industries Zone in Beijing.

During this mission, the EUCBA organized a seminar focused on Opportunities for Business – Green Technologies and Green Business Perspectives. Following an introduction by Gwenn Sonck, Secretary General of the EU-China Business Association (EUCBA), Bo Ji, Assistant Dean of Global Executive Education, Chief Representative for Europe Cheung Kong Graduate School of Business (CKGSB), delivered a very interesting keynote speech entitled "China: From Red to Green", on the development of China's greentech market and the opportunities for Chinese businesses. Philip Bartley, Director of Development Solutions (Consortium Lead) and Reinout van Malenstein, China IPR SME Helpdesk gave presentations at the event on the protection of intellectual property rights (IPRs).

The Circular Economy Mission to Beijing was a real success in terms of number of participants: 79 representatives of 34 companies; 15 European business associations; 6 national business associations; 2 national research institutes; 4 national governmental organisations and 1 foundation. The EU-China Business Association (EUCBA), the EU Chamber of Commerce in China, the EU SME Centre in China, the Enterprise Europe Network partner in China (EU Project Innovation Centre – EUPIC) and the EU IPR Helpdesk were also part of the delegation.

The delegation comprised CEOs and industry representatives who between them represented 14 different nationalities (namely Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Netherlands, Poland, Romania, Spain, Sweden and UK). Various sectors of the environmental industry were represented, including agro-biotechnology, chemicals, crop sciences, food and medical, luxury, sustainable construction, packaging, plastics, recycling, renewable energy, water and related services, waste management, IT, telecom, etc. There were also companies that offer engineering, urban planning or consultancy services.
The European companies present in the delegation employ more than 1.3 million employees and reach more than €535 billion in turnover. The combined turnover of the companies taking part is greater than the GDP of Sweden.

The European companies present in the delegation together with the European business associations, national business associations, national research institutes, national governmental organisations and foundations employ more than 6.3 million employees and reach €1315 billion in turnover. The combined turnover of the companies and business associations taking part is almost as large as the GDP of Spain.

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) organized a seminar to discuss how these reforms affect daily operations of foreign companies in China.

Paul Van Hooghten, Partner and Head of the Corporate Practice at Linklaters, briefly discussed 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, gave 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, joined the panel discussion and shared the experiences of Umicore.

The seminar was 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 dealt 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 took place on 8 November 2016 in the offices of Linklaters in Brussels, where a buffet lunch was also served..

For previous past events, see FCCC website.

AUTOMOTIVE

NEV batteries and automotive electronics to open further to foreign investment

China will further open up the segments of batteries of new energy vehicles and automotive electronics to foreign investment, to level the playing field in the world's largest auto market, according to a revised guidance by the National Development and Reform Commission (NDRC) and the Ministry of Commerce (MOFCOM). "Such a policy shows that the government is working to level the playing field and encourage fair economic activity. Local battery manufacturers will have more incentives to innovate and improve the quality of their products," said Wang Binggang, an expert working on the new energy vehicle research project led by the Ministry of Science and Technology. "It's a positive signal that the government has gradually opened up the industry. Local governments, however, should avoid overreacting to such an adjustment. They shouldn't come up with policies much more preferential to foreign companies than local counterparts. Otherwise, it would hamper the efforts toward creating a fair and competitive environment," Wang said. MOFCOM is seeking public opinion until January 2017 on the revised guidance on industries open to foreign investment. Besides the manufacturing sector, the guidance also offers more foreign investment access to the services sector and the mining industry, and reduces the number of restrictive measures from 93 to 62.

- Ford Motor sold a record number of vehicles in China in November, helping the U.S. carmaker drive past the 1 million mark before the year ends. Ford attributed the sales growth to strong performance by its Chinese joint ventures, booming demand for premium and high-margin models like SUVs, and tax incentive policies. Monthly sales hit 124,113 vehicles in November, up 17% year-on-year. Changan Ford Automobile, Ford's passenger car joint venture in China, saw monthly sales above 96,000 vehicles, up 14% year-on-year. Jiangling Motor Corp, Ford's commercial vehicle investment in China, sold over 26,000 vehicles last month, up 29%.
- China's domestic car sales soared in November, ahead of the expiry of a government tax break on cars with engines below 1.6 liters. Geely Auto, owner of Volvo Cars and the London Taxi Company, has reported record sales for the month. Geely's November sales soared 99% year-on-year to a record 102,422 cars, of which only 1,721 were exports. Nearly 80% of Geely's cars have engines no larger than 1.6 liters. Great Wall Motors' November sales jumped 43% on-year to 129,087 units, while smaller rival Chery Automobile said its October sales rose 39% to 50,780 units. But Geely is viewed by analysts as the most vulnerable to a possible industry downturn in 2017.
- China has made no change to the controversial stake cap for foreign automakers in its latest investment guidance. The policy, which was first released in 1994, stipulates that all foreign automakers and spare-parts producers that want to localize production in China must establish joint ventures, in which their stake must not exceed 50%. In a pilot project, some kinds of auto-parts producers in several free trade zones (FTZs) are allowed to localize production without establishing joint ventures. Now the move has been extended nationwide in the new guidance issued on December 7 to seek public opinions, while the stake cap for automakers remains unchanged.

FINANCE

Chinese fintechs overtake Western rivals in innovation

China's financial technology (fintech) sector has leapfrogged competitors in the United Kingdom and the United States in terms of numbers, innovation and sophistication, a report by Ernst & Young (EY) and Singapore's DBS has found, by offering tailored services catering to strong consumer demand. However, the study also cautions China may still suffer a so-called "Galapagos Island effect" as the bigger players struggle to replicate their success overseas. The study revealed a high percentage of Chinese consumers still without access to loans or credit cards, the country's growing number of internet users, and the lack of regulatory barriers preventing technology firms from offering financial services, as key factors for the surge in growth of fintechs in China. James Lloyd, Asia-Pacific fintech leader for EY, said unique market conditions in China had allowed technology companies such as Alibaba and Tencent to develop huge user bases for their related payment services and ecosystems, Alipay and WeChat Wallet – but these services have been able to grow domestically without any protection from predators, much like species on the Galapagos Islands. "To replicate the Ant Financial ecosystem outside of China, for instance, is extremely difficult, to put it mildly, if that's their differentiator," Lloyd said. "Once they go to the U.S. or Europe, what is their competitive position relative to PayPal, relative to Visa, MasterCard?" However, Lloyd said there is a greater chance for companies such as Ant Financial to replicate their ecosystems in Asia, where conditions are similar to those in China. China is home to 8 of the 27 current fintech unicorns, a term used for start-ups valued at more than USD1 billion, the South China Morning Post reports.

China's local financing vehicles line up to issue U.S. dollar bonds overseas

At least 50 Chinese local government financing vehicles (LGFVs) are preparing to issue U.S.

dollar bonds offshore, according to Ivan Chung, head of Moody's Greater China credit research and analysis. Chinese developers are retreating from the U.S. dollar bond market because of the rising yield and the devaluation of the yuan. Most of the bonds are subscribed by Chinese institutions' overseas branches, which are more familiar with LGFVs' operating models, and are willing to accept a lower yield as it can be offset by an appreciating U.S. dollar. LGFVs are government-related entities engaged in building or operating public welfare and infrastructure projects, often on a non-profit basis. They have sold USD10.8 billion U.S. dollar bonds abroad so far this year, compared to USD6.85 billion in the whole of 2015, Bloomberg data showed. For LGFVs, there are many considerations beyond "cost" that have pushed them to go overseas. It gives them the opportunity to diversify their financing channels and boost their overseas profile, thereby attracting more foreign direct investment to their localities. A investment banker with a major securities firms in Hong Kong, who has led many such deals but declined to be identified, said proceeds raised from such bonds can be counted as "foreign" investment, providing a major incentive for LGFVs to sell bonds offshore.

- Chinese conglomerate Fosun International has agreed to sell its insurance subsidiary Ironshore for USD3 billion in cash to United States-based insurer Liberty Mutual Group. Fosun said it intends to use the proceeds for repayment of existing loans and general corporate fund purposes, including new investments.
- The Ministry of Finance issued preferential tax policies for companies engaged in debt-reducing corporate restructuring, such as bankruptcy, mergers and acquisitions (M&As), and liquidation. Policies include deferred tax payments and tax payments in installments for non-monetary assets. Value-added tax (VAT) will not be imposed on transfers of fixed assets and land-use rights. The guideline stressed that the government would not provide free lunches to loss-making "zombie" companies and would not intervene in the companies' restructuring process.
- China's latest efforts to impose stricter control on capital outflows, especially on the yuan, are set to hurt its goals of creating an international currency and expanding the nation's global influence, analysts say. The regulations are seen as a response to the yuan's depreciation against the U.S. dollar. China will limit the amount of yuan that Chinese companies can remit outside the country, imposing a cap for the first time in more than two decades, according to an internal document obtained by the South China Morning Post.
- China's rising corporate leverage underscored the urgent need to accelerate market-oriented reforms, Nathan Sheets, U.S. Under Secretary of the Treasury for International Affairs, said, adding the removal of distortions in the state sector was crucial to rebalancing the Chinese economy. China's non-financial corporate sector debt, about 145% of gross domestic product (GDP), is among the highest for major economies.
- A platform to trade bills of exchange, supervised by the People's Bank of China (PBOC) has been launched. It will be the official platform for the trading of bills of exchange in China's interbank market. With an initial registered capital of CNY1.85 billion, the platform will allow the first batch of 43 financial institutions, mainly banks, to conduct a trial run until February 17.
- China's foreign exchange reserves fell to the lowest level since March 2011 in November, dropping by USD69.06 billion, or 2.2%, from October to USD3.05 trillion. It was the fifth straight monthly contraction and the largest month-on-month decline since January, the State Administration of Foreign Exchange (SAFE) said. The People's Bank of China (PBOC) used the reserves to maintain a balance between the supply and demand of foreign currencies in the past month, and a firmer U.S. dollar has also dragged down China's foreign exchange reserves. Since the reserves are calculated in U.S. dollars, the weakening of other currencies held by China against the dollar would result in a decline in the country's reserves.
- Qianhai Reinsurance Co started operations, becoming China's first reinsurer created under a public-private partnership. With a registered capital of CNY3 billion, the Shenzhen-based reinsurer will carry out business in property and casualty reinsurance as well as life and health reinsurance. Three state-owned companies – Shenzhen Qianhai Financial Holdings Co, China Post Group and Shenzhen Capital Investment Co – jointly own a 60% stake in the new reinsurer. The rest of the shares are owned

by four private companies, including Zhejiang Aishida Electric Co and Chinese fashion brand Fujian Septwolves Industry Co. The government has set the goal of expanding the Chinese reinsurance market to CNY330 billion of premiums by 2020.

- Shanghai is set to accelerate financial reforms in its free trade zone (FTZ), participants said at the 2016 Shanghai International Think Tank Summit. Shanghai needs to further cut the negative list piloted in the Shanghai FTZ and offer easier policies for businesses in areas such as visa application, they told the annual event organized by the Development Research Center of the Shanghai government. The Shanghai FTZ also aims to become a yuan settlement center to boost the Chinese currency's internationalization.
- China's state-owned steelmaker Sinosteel has agreed to terms for its debt-for-equity swap plan after two years of negotiations, marking the first such restructuring deal involving a central government-owned enterprise. Sinosteel has signed agreements with six Chinese state-owned banks including Bank of China (BOC) and Bank of Communications (BoCom) to restructure debt through a debt-for-equity swap. The plan will involve more than CNY60 billion of debt.

FOREIGN INVESTMENT

Foreign companies should abide by antitrust law

Foreign companies should carefully study the antitrust law while operating in China. Zhang Handong, Director of the Price Supervision Bureau of the National Development and Reform Commission (NDRC) announced the first penalty in the medical instrument manufacturing industry. The China unit of U.S. company Medtronic, a leading supplier of high-end medical devices such as an insulin pumping system, was fined CNY119 million, or 4% of the company's annual sales in China last year, for eliminating market competition in the medical industry. Investigations found that the company had fixed resale prices through monopoly agreements with its dealers. Penalties range from 1% to 10% of the sales of the investigated company in the previous fiscal year. The decision was made after nearly one year of investigation and after more than 10 visits for on-site evidence collection, according to Zhang. "Fixing the resale price is among the leading causes that drive up the prices of high-end medical devices to unusually high levels in China," said Zhang. "We hope the case can become a good example as we strive to promote fair market competition." Zhang said the commission treats all market players equally, without discrimination toward foreign or domestic companies, while conducting anti-monopoly enforcement actions, the China Daily reports.

- Another 33 multinational companies, including SAP, Capitaland and Shui'on, were awarded certificates for setting up their regional headquarters in Shanghai. Shanghai was home to the regional headquarters of 573 multinational companies (MNCs) at the end of October. The city also has 408 foreign-invested research and development (R&D) centers.
- The Chinese government is more strictly scrutinizing "irrational" outbound investment by Chinese companies in the sectors of real estate, hotels, film, entertainment and sports clubs, among others. Regulators are also keeping an eye on risks associated with certain types of overseas activities, such as large non-core business investments and outbound investments in the form of limited partnerships.
- Xinjiang Goldwind Science & Technology, the world's largest wind power turbine maker, has reached a joint venture agreement to supply clean energy to Apple's production partners in China. Goldwind's wholly-owned subsidiary Beijing Tianrun New Energy Investment has agreed to transfer its 30% stakes in four project companies to Apple, Goldwind said. The firms are located in Henan, Shandong, Shanxi and Yunnan provinces. China is the world's largest wind power market with 145 GW of wind farms installed by the end of last year.
- China Jushi, a global manufacturer of fiberglass products, broke ground for a USD300 million, 80,000-metric-ton fiberglass production line in Richland county, South Carolina, the United States, creating 400 jobs. The plant will anchor the Pineview Industrial Park, near Interstate 77. It would be the largest capital investment in Richland county since 1981. The project is expected to be completed in 2018.

FOREIGN TRADE

Lamy expects EU to grant China market economy status

The European Union will likely grant China recognition as a market economy soon, former World Trade Organization (WTO) Director General Pascal Lamy said. He made the prediction as the 15th anniversary of China's accession to the WTO approached on December 15. Lamy, who was WTO Director General from 2005 to 2013, said in Beijing that while the EU is likely to recognize China's market economy status, it will also probably change its anti-dumping regulations in a non-discriminatory way. As a condition for being admitted to the WTO, China agreed in 2001 that other members could treat it as a “non-market economy” for 15 years ending on December 11, 2016. This status has made it relatively easy for aggrieved parties to prosecute anti-dumping claims against China. Lamy said that changing anti-dumping regulations has long been a subject of debate in the EU, and changes that are made are likely to affect not only China but all other countries that trade with the EU. Lamy, who is now Honorary President of the Paris-based think tank Notre Europe, played a key role in negotiating China's admission to the WTO. Reviewing the past 15 years, he said China has fulfilled the commitments it made. As globalization has proceeded, it has also increased the value it adds to the goods it produces, and that has been important in the country's economic growth, he said, as reported by the China Daily.

Foreign trade grows above expectations

China’s foreign trade surged in yuan terms in November, indicating stronger external and domestic demand. Yuan-denominated exports rose 5.9% year-on-year in November. Imports continued to pick up by jumping 13% year-on-year. Both growth rates were above expectations. China’s foreign trade value totaled CNY2.35 trillion last month with the trade surplus narrowing to CNY298 billion. In U.S. dollar terms, exports broke a seven-month losing streak to edge up 0.1% while imports rose 6.7%, the most in over two years. “The improvement in exports is mainly driven by better shipments to developed markets such as the EU and the U.S.,” said HSBC Economist Li Jing. “Imports of commodities continued to improve in both value and volume terms, signaling accelerating industrial and construction activity. Customs data showed exports to the European Union, China’s largest trading partner, were up 8.1% year-on-year last month. Over the same period, shipments to the United States rose 5.6% and those to Japan were up 3.3%. Li said the data pointed to a modest recovery in both external and domestic demand, but the outlook remains more uncertain given the potential of a more protectionist U.S. trade policy, the Shanghai Daily reports.

China celebrates 15th anniversary of WTO membership

China will continue to push for globalization, and multilateral talks and promotion of trade, as it marked the 15th anniversary of joining the World Trade Organization (WTO), according to Tu Xinquan, Professor at the University of International Business and Economics in Beijing. Since China joined the WTO as its 143rd member on December 11, 2001, it has grown into the world's second-largest economy. China has been the world's biggest trader of goods by volume for three consecutive years. It has also become the largest trade partner of over 120 countries and regions. The country shipped USD2.28 trillion in goods to global markets in 2015, about 7.6 times higher than the volume in 2001. It bought USD1.68 trillion in foreign products, an almost six-fold increase from 2001. As the world's second biggest investor, the country's outbound direct investment (ODI) jumped 53.3% year-on-year to reach USD145.96 billion in the January-October period this year, exceeding the country's total ODI amount in 2015.

HEALTH

China’s health care reforms set to benefit domestic companies

China’s top pharmaceutical companies are expected to benefit from proposed national health care policy changes, aimed at addressing the overly fragmented market. The central government is working with provincial authorities on a new medical insurance payment scheme that would motivate hospitals to prescribe lower-priced drugs, in a plan set to be finalized this month, according to a JPMorgan report. The blueprint will allow medical institutions to pocket the difference between the sales prices of drugs and medical insurance payments, JPMorgan Analyst Isabella Zhao said. Insurers currently provide reimbursement to medical institutions and pharmacies based on a payment scheme, but the new plan would alleviate pressure on hospital reimbursement budgets, she said. The proposed shift is part of ongoing reforms of China's health care system, which have included the recent merger of its rural cooperative medical scheme with the basic medical insurance scheme for urban residents. China's health care industry was worth USD108 billion in 2015, and is expected to grow to USD167 billion by 2020, according to the International Trade Administration (ITA), the U.S. agency which promotes fair trade. Health care in China has been plagued by bribery scandals, involving underpaid doctors and hospitals largely reliant on drug sales as their main source of revenue, according to the Cheung Kong Graduate School of Business (CKGWB). The world's second largest pharmaceuticals market has seen drug sales growth fall from 20% in 2013 to 5% in 2015, the CKGWB said. The Chinese pharmaceutical market is dominated by generic drugs, which account for 85% of national sales, the South China Morning Post reports.

- China tops the world in almost all types of air pollution, including sulphur dioxide and nitrogen oxides, as well as carbon emissions, Chinese officials told a forum in Guangdong, adding that the Beijing-Tianjin-Hebei region's huge industrial output meant it was one of the most polluted areas in the world. Wang Jinnan, Chief Engineer of the Chinese Academy for Environmental Planning, said CNY1.75 trillion was needed to meet the country's pollution-reduction targets by next year, but an investment gap posed a huge obstacle to such efforts.

IPR PROTECTION

Michael Jordan wins rights to his Chinese name

China's highest court has ruled in favor of former basketball star Michael Jordan in a long-running trademark case relating to a local sportswear firm using the Chinese version of his name, overturning earlier rulings against the athlete. The former Chicago Bulls player sued Qiaodan Sports in 2012, saying the company had built its business around his Chinese name and famous jersey number "23" without his permission. In 2015 a court ruled in favor of Qiaodan Sports over the trademark dispute, a ruling which was then upheld by the Beijing Municipal High People's Court. After that ruling, Jordan's legal team said they would take the case to the Supreme People's Court (SPC). The Chinese characters for Jordan's name read as "Qiaodan". Last week the Supreme People's Court overturned earlier rulings in favor of Qiaodan Sports using the characters for Jordan's Chinese name, although it upheld a ruling allowing the firm to use the romanized version "Qiaodan". "Chinese consumers deserve to know that Qiaodan Sports and its products have no connection to me," Michael Jordan said in a statement. Jordan, who has a net worth of USD1.24 billion according to Forbes, is the majority owner of the Charlotte Hornets basketball team and has a lucrative endorsement contract with Nike, which makes Air Jordan shoes, the South China Morning Post reports.

MACRO-ECONOMY

Services sector shows fastest growth ever

China's services sector expanded at its quickest rate in 16 months in November, as the Caixin China General Services Purchasing Managers' Index (PMI) hit 53.1, up from 52.4 in October. The surveyed companies said the expansion was due to increased new projects and orders, with job creation posting the fastest growth rate in one and a half years. In the first three quarters, services made up 58.5% of GDP growth, up 3.4 percentage points from a year earlier. The survey also saw a further marginal increase in prices charged for Chinese services in November. The Caixin service PMI is based on data compiled from monthly replies to questionnaires sent to purchasing executives at over 400 service companies. The Caixin China Composite Output index, which measures both service and manufacturing activity, was unchanged from October's 43-month record high of 52.9 in November. "The economy may remain stable in the fourth quarter, but it will still face significant downward pressure next year," said Zhong Zhengsheng, Director of macro-economic analysis at CEBM Group. Zhang Liqun, Researcher with the Development Research Center under the State Council, said continued expansion of manufacturing shows that the economy has stabilized after a protracted slowdown.

- Premier Li Keqiang called on small private business owners to build their brands and contribute to employment and the national economy. He made the remarks at an event marking the 30th anniversary of the China Privately Owned Business Association. Such businesses now provide 40% of the country's jobs and have played a vital role in boosting economic growth, vitalizing the market and meeting the public's diversified demands, the Premier said. According to the Ministry of Human Resources and Social Security, 10.67 million new jobs were created in the first nine months of the year, largely thanks to small private businesses.
- China will see the greatest decrease in working-age population between 2015 and 2025, according to analysts at Macquarie Research. In 2015, the number of older people in China (136.9 million) exceeded Japan's total population (126.9 million), and by 2050, China's projected older population (348.8 million) will be approximately equal to the combined total projected populations of Japan, Egypt, Germany, and Australia.
- China released its five-year plan for intelligent manufacturing in a bid to increase competitiveness in the "factory of the world." The Ministry of Industry and Information Technology (MIIT) published the blueprint for the 2016-2020 period at the World Intelligent Manufacturing Summit in Nanjing. Zhu Sendi, Counselor with the China Machinery Industry Federation, said Chinese manufacturers are at different productivity levels, and many low-cost factories need to catch up with the world in productivity.
- The Chinese government has issued a five-year guideline on invigorating development of its central region, aiming to build it into a key area for advanced manufacturing, modern agriculture, urbanization and ecological conservation. "It's necessary to improve development across regions so that the central region can truly play a supporting role in China's economy," Premier Li Keqiang said. The six provinces in central China – Henan, Shanxi, Hubei, Anhui, Hunan and Jiangxi – contribute 20.3% of China's total GDP, up from 18.8% in 2005.
- China's grain output dipped in 2016 as its planting area shrank and per unit yield fell. National grain output stood at about 616 million tons in 2016, down by about 5.2 million tons, or 0.8%, compared with last year. The grain planting area has shrunk by 315,000 hectares, while the per unit yield dropped by 30.7 kilograms per hectare.
- China will forge ahead with its supply-side structural reform aimed at cutting excessive capacity and lowering enterprises' costs, moderately expand demand, and promote innovation next year to achieve stable and healthy economic growth. "Seeking progress while maintaining stability will be the principle of economic work for China next year," according to a statement released after a meeting of the Political Bureau of the Communist Party of China.
- Tencent Holdings took the No 1 spot, while Alibaba Group ranked No 4 in the annual survey of the best Chinese employers, jointly conducted by recruitment platform Zhaopin and Peking University. Among the top 10 best employers were China Merchants Bank in second place and German carmaker BMW's China unit in third spot. Baidu dropped to the 12th place this year from last year's No 2 position. This year's findings also showed that "respect for staff" was the most important factor when people are choosing an ideal employer, while salary and benefits came in as second most important.
- Some local government officials in China have forged economic data and offenders will be severely punished, Ning Jizhe, Director of the National Bureau of Statistics (NBS), wrote in an article in the People's Daily. The authorities will show "zero tolerance" for such behavior, he said.
- The official Producer Price Index (PPI) jumped 3.3% in November, the first time factory gate inflation has outstripped general consumer inflation in five years. The Consumer Price Index (CPI) edged up 2.3% in November. This increases the chance that the authorities may have to raise interest rates to curb inflation.

MERGERS & ACQUISITIONS

Regulator suspends several insurers' acquisitions

Shares of Chinese companies involved in leveraged acquisitions plunged after the China Securities Regulatory Commission (CSRC) condemned the "barbaric" buyouts of listed companies by speculative capital. Gree Electric Appliances, the country's biggest air conditioner producer, and the China State Construction Engineering Corp, the country's biggest construction company, have been among the targets of the latest stake-buying spree by aggressive and cash-rich insurance funds in the equity market. To rein in the risks associated with the surge of aggressive buyouts by insurance funds, China's insurance regulator suspended the sales of new universal life insurance policies by Foresea Life Insurance Co, the insurance arm of private conglomerate Baoneng Group, which is known for its aggressive purchase of China Vanke Co's shares in the public market, which resulted in a power struggle within the developer. The regulator said in a statement on its website that it has suspended online sales of insurance products from six major insurers, adding that it will closely follow developments in the market and will take additional regulatory measures if necessary. It was the latest move by the regulator to adopt tighter control of stock investment by insurance funds and to curb the risks in deals using capital raised from high-yielding and short-term insurance products. According to Chinese media, the regulator has collected evidence of illegal insurance funds used in some buyout deals. CSRC Chairman Liu Shiyu said the use of "improperly obtained" capital for leveraged trading is "unacceptable". The latest wave of controversial purchases of listed companies' stakes by insurance funds "have helped fan the speculative mood in the market, which is harmful for the capital market's long-term and healthy development", said Zheng Mingang, Analyst at Dongxing Securities, as reported by the China Daily.

U.S. Congress Members oppose take-over of Lattice Semiconductor by Canyon Bridge Capital

22 Members of the U.S. Congress have written to U.S. Treasury Secretary Jack Lew asking for the acquisition of U.S. chip maker Lattice Semiconductor by Canyon Bridge Capital Partners – funded partly by cash originating from China's central government – to be blocked over security concerns. The lawmakers wrote the deal could disrupt the U.S. military supply chain and possibly lead to a reliance on foreign-sourced technologies for many critical U.S. Defense Department programs. Lattice, based in Oregon, makes programmable chips known as "field programmable gate arrays" that allow companies to put their own software on silicon chips for different uses. It does not sell chips to the U.S. military, but its two biggest rivals – Xilinx and Intel's Altera – make chips that are used in military technology. The U.S. has been wary of Beijing's motives in semiconductor deals, as China develops its military and space programs.

HNA Group acquires Ingram Micro

China's aviation and shipping conglomerate HNA Group has closed a USD6 billion acquisition of the world's top IT products distributor Ingram Micro. Ingram Micro will be delisted from the New York Stock Exchange (NYSE) and become the largest member enterprise of HNA in terms of revenue. Shanghai-listed Tianjin Tianhai Investment Co, an arm of HNA, executed the all-cash deal on behalf of HNA Group. Ingram Micro reported USD43 billion revenue and USD215 million net profit in 2015, far above Tianjin Tianhai's CNY720 million revenue and CNY248 million net profit during the same period. However, Ingram Micro's revenue and net profit declined 7.4% and 19.3% in 2015, respectively. "This is a world-level deal for HNA, not only in terms of its success, but also the significance of the deal," said Li Lei, Industrial Analyst at Minzu Securities Co. Alain Monie, Ingram Micro CEO, said: "Ingram Micro will now be part of a larger organization that has complementary logistics capabilities and a strong presence in China that can further support the growth and profitability objectives of our vendor and customer partners," the China Daily reports.

- China Three Gorges Corp and SDIC Power Holdings Co are among companies bidding for Canadian renewable energy producer Northland Power. The company owns or has investments in power generation facilities in Canada, the U.S. and

Germany. Its facilities produce electricity from clean natural gas and other renewable sources, including solar, wind and biomass.

- China Hongqiao, the world's largest aluminum smelter, has announced it will spend CNY10 billion to take control of downstream operator Loften Environmental Technology. Shandong province-based Hongqiao, 81.1% controlled by tycoon Zhang Shiping, agreed to buy 1.6 billion new shares of Shenzhen-listed Loften at CNY6.23 each, for a 63.4% stake. Together with 261.1 million shares Hongqiao agreed in mid-August to buy from Loften's controlling shareholder Yu Rongqiang at CNY3.64 each, Hongqiao will own 73.7% of Loften after both deals are completed. Loften recorded a net loss of CNY118.4 million last year, as revenue slid 25% to CNY1.53 billion from 2014.
- China's biggest meat processor Shanghai Maling received regulatory approval to buy a 50% stake in New Zealand's biggest meat cooperative Silver Fern Farms (SFF) for NZD267 million. SFF, the largest livestock processing and marketing entity in New Zealand, owned around 1,769 hectares of sensitive land. Shanghai Maling would help SFF gain a greater presence in China through assistance with product development, market research, government approvals, access to e-commerce sites, and 2,000 retail stores over a period of three years.
- Fujian Grand Chip investment Fund has scrapped plans to buy German semiconductor equipment maker Aixtron after U.S. President Barack Obama blocked the inclusion of Aixtron's U.S. unit over fears it could put sensitive technology with potential military applications in Chinese hands. The company said the block meant that the conditions of the deal "no longer can be fulfilled." The troubled deal had also come under scrutiny in Germany. After initially giving the proposed Aixtron take-over its blessing, the German government withdrew its approval in late October.
- The Zhejiang-based Chint Group, China's leading industrial electrical equipment and new energy enterprise in the private sector, is pushing forward its overseas mergers and acquisitions. "We are going to do more acquisitions to complete a whole industrial chain," said Nan Cunhui, Chairman and Founder of Chint Group.

REAL ESTATE

Stable 2017 expected for developers

China's developers will ride out challenging market conditions like slowing sales growth, debt pressure and fewer financing channels, and see a stable 2017 marked by slower yet positive growth, industry analysts said. Debt management will improve, demand for housing in key cities will be sustained, and the "develop-and-manage" model will find acceptance, which will help developers to explore new paths for development, they said. More developers are using financial tools to hedge risks, according to a research note from Ping An Securities. China's real estate developers have been clearing their U.S. dollar-denominated debts to prevent losses as the currency was strengthening against the Chinese yuan in recent months, a situation that may pile on more pressure on smaller players than bigger ones. Developers' financial condition worsened recently after the market saw sales growth slowing due to policymakers' moves against potential overheating in the residential market in key cities, and speculative buying, said analysts. Dollar-debt issuers are reducing losses caused by exchange rate fluctuations through swap transactions or by retiring debts well before maturity. Issuing U.S.-denominated bonds in overseas market used to be a major financing channel for many developers in the past three years, as interest rates were lower. But now, this low-cost financing option is no longer economical for developers as the dollar has gained more than 3% against the yuan in the past two months. China's real estate developers have been retiring dollar-denominated debts before maturity since the beginning of November of more than USD1 billion. Only two out of 50 rated developers are facing considerable pressure of re-financing, said Moody's. A research note from CICC said that about 100 million residents will be migrating to urban areas in the next few years, creating a leasing market whose size will exceed CNY1 trillion, the China Daily reports.

- Shanghai was ranked sixth for real estate investment opportunities and seventh for development prospects in 2017, up from this year's ninth and 10th spots, respectively, the Emerging Trends in Real Estate Asia Pacific 2017 report by the Urban Land

Institute and PricewaterhouseCoopers (PwC) showed. Shanghai is a core market for international investors, or a regional gateway with less exposure to short-term cycles, according to the report. Shenzhen, meanwhile, jumped to fifth for both real estate investment and development prospects, ranking the highest among all Chinese cities.

- The authorities in Wuhan, the capital of Hubei province, called off a prime city-center land auction, fearing its price was likely to hit a record high – the latest move by officials across the country to clamp down on surging home costs. The 102,240 square meter residential and commercial site is located on the city's historic Han Zheng Street – famous for small commodity markets – which is currently undergoing urban renewal. The starting price would have been CNY12.6 billion, making it possibly the most expensive ever plot sold in the city.

RETAIL

Consumer confidence on the rise

The China Wealth index, which is compiled every two months by Bank of Communications (BoCom) and research firm Nielsen, rallied to 140 in November – a record in the survey's history as it rose 5 points from September. A reading above 100 reflects optimism among nearly 2,000 households interviewed. The component indexes showed people's confidence in the broader economy shot to 136 in November from 128 two months earlier, while the household income gauge rose to 150 from 148. Also, people's willingness to invest added 6 points to 131. Another index that measures people's willingness to buy property rose to 125 from 115. A separate survey by recruitment consultancy firm Michael Page found nearly half of the 1,000 companies interviewed across various sectors in China plan to hire staff next year, while 45% expect to offer a 6% to 10% salary rise – a sign of confidence from businesses. "We see steady recruitment," said Andy Bentote, Senior Managing Director for China at Michael Page. "Professionals are in demand and receive multiple job offers."

SCIENCE & TECHNOLOGY

Chinese scientists make progress in fusion energy research

Scientists in Hefei, Anhui province, recently created hydrogen plasma hotter than the core of the sun, that burned steadily for more than a minute, thereby setting a world record. Professor Luo Guangnan, deputy director of the Experimental Advanced Superconducting Tokamak (EAST) facility said some previous fusion experiments had lasted for more than 100 seconds, but they were like "riding a bucking bronco", with plasma that was volatile and difficult to control. It is considered a milestone on the way to harness energy from fusion. China is the only nation in the world increasing its budget for fusion research.

STOCK MARKETS

Slow start of Shenzhen-Hong Kong stock connect

On December 5, the first day of trading on the Shenzhen-Hong Kong stock connect, only 21% of the Northbound trade permitted under the scheme was taken up, while a little more than 8% of the Southbound daily quota was used up. At the close, both markets ended lower. Hong Kong was down 0.26%, while Shenzhen's composite index fell 0.78%. The link is similar to the existing Shanghai-Hong Kong Stock Connect, which was launched in 2014. The lackluster start to the scheme did not take industry experts by surprise. "Investors were not expecting a spectacular opening anyway, because investor sentiment is a little bit on the quiet side," Hong Kong-based Huarong International Analyst Jackson Wong said. That was mainly due to the weak yuan, said Wong. The yuan is at an eight-year low against the U.S. dollar. Liu Shiyu, Chairman of the China Securities Regulatory Commission (CSRC), also condemned hostile corporate takeover attempts by Chinese firms. Some analysts said subdued market sentiment was due to the comments. But Liu praised the new stock connect, saying it would "inject positive energy and instill confidence and trust in the international and domestic financial markets." Institutional investors will be the main beneficiaries of the new stock connect. Despite the thin trade on the first day, Charles Li, CEO of Hong Kong Stock Exchanges & Clearing (HKEx), remained optimistic. "If Shanghai connect was our baby step, Shenzhen connect is our second step: now we can walk and then we can begin to run," said Li. Neil

Mclean of brokerage Instinet said the long-term significance of the stock connect should not be underestimated, the Shanghai Daily reports.

Gree Electric Appliances, China's largest air conditioner maker, which is facing a potential hostile takeover from insurance conglomerate Baoneng Group, continued to be the top draw for foreign funds in the Shenzhen-Hong Kong stock connect. The Zhuhai-based white goods maker became the "favorite" Shenzhen-listed stock for foreign investors buying through the new stock connect and recorded Northbound money inflows amounting to over CNY240 million on December 5. Keith Pogson, Senior Partner at EY, said there are far fewer index constituent stocks in Shenzhen and hence a smaller "immediate" attraction for investors who track indices.

First pension fund management institutions approved

The first batch of 21 Chinese pension-fund management institutions were approved by the National Council for Social Security Fund (NCSSF), including 14 fund management companies, six insurance companies and one securities firm. Among these are China Asset Management Co, China Life Pension Co and CITIC Securities. Pension funds previously stayed in bank deposits or treasury bonds, with low yields. "It shows confidence in the investment institutions' performances, and the release is positive for boosting the A-share market," said Wang Guojun, Insurance Professor with the University of International Business and Economics. Hong Hao, Chief Strategist at BOCOM International, said it does not mean that now is the best time to invest in the A-share market, because these qualified pension managers will start to open positions in the next six months to one year. China's pension fund assets totaled CNY3.99 trillion at the end of 2015, according to the Ministry of Human Resources and Social Security. On May 1, the national guideline to regulate the management of the pension funds took effect.The guideline allows the country's pension funds to invest in more diversified products with higher risks, such as stocks and private equity funds, the China Daily reports.

- Xu Xiang, 38, the billionaire hedge fund manager dubbed "China's Carl Icahn", went on trial in the Qingdao Intermediate People's Court in Shandong province, a year after his dramatic arrest on the Hangzhou Bay Bridge in the aftermath of a stock market rout. Xinhua reported earlier that Xu was detained for "obtaining stock market inside information by illegal means, inside trading and manipulating stock prices". Xu allegedly reaped billions of yuan illegally during last year's stock market turmoil. Standing on trial alongside Xu are executives of 13 listed firms.
- Three of China's stock exchanges – the Shanghai Stock Exchange, the Shenzhen Stock Exchange, and the Shanghai-based China Financial Futures Exchange – intend to buy jointly a combined stake of up to 40% in the Pakistan Stock Exchange (PSX). The acquisition, if successful, would be the first by Chinese bourses of a foreign stock exchange. The PSX was formed in January by consolidating the Lahore, Karachi and Islamabad stock exchanges.
- The China Insurance Regulatory Commission (CIRC) has banned Evergrande Life Insurance Co from trading in stocks. Evergrande Life is the insurance arm of Evergrande Group, China's biggest property developer. The CIRC said the insurer does not have a clear asset allocation plan and its trading practice involves "improper use of capital". Authorities fear that insurers may be making highly leveraged investments using proceeds from sales of risky insurance products. The two insurers concerned are also involved in a hostile takeover bid for China Vanke.

TRAVEL

Hainan Airlines launches direct Beijing-Las Vegas flight

A new direct flight between Las Vegas and Beijing was launched on December 2 by Hainan Airlines, using a Boeing 787-9 Dreamliner. The airline will make the trip three times a week, on Mondays, Wednesdays and Fridays. The flights depart McCarran International Airport in Las Vegas at 1:10 pm Pacific time and arrive at Beijing Capital International Airport at 6:10 pm the subsequent day. The return flights depart Beijing at 2:40 pm and arrive in Las Vegas at 10:50

am the same day. Flying times are approximately 13 hours westbound and 12 hours eastbound. The new air route marks Hainan Airlines' 10th destination in North America since the Beijing-Seattle service was launched in 2008.

- Nearly 3 billion trips are estimated to be made by Chinese during the upcoming Spring Festival travel period from January 13 to February 21. The first day of the Year of the Rooster is January 28. Every year the stress on the country's transportation systems increases, despite improvements in infrastructure over the past few years.
- Beijing's 7th ring road of about 1,000 km has been completed, connecting the capital with neighboring Tianjin and Hebei, creating a sprawling urban zone of 270,000 sq km, dwarfing Tokyo, at 35,000 sq km, and New York, at 138,000 sq km. The ring road and connecting highways would not only ease traffic pressure but also prompt the establishment of satellite communities around Beijing. Most of the ring is in Hebei and only 38 km is located in Beijing and Tianjin, but it was officially named the Circling Capital Highway and is dubbed Beijing’s seventh ring road.

ONE-LINE NEWS

- China has announced a three-year nationwide inspection of the handling of dangerous chemicals following a series of deadly accidents that claimed hundreds of lives. The survey will evaluate the risks of dangerous chemicals during their production, storage, transport, use and disposal and draw up a risk distribution map before March 2018.
- China’s advertising expenditure is set to grow 7.9% to USD80 billion this year. Annual advertising spending in 2017 is estimated to grow 7.8% to USD86.3 billion, WPP’s media investment arm GroupM said in a report. The report cited continuing urbanization and solid consumer confidence for the continued growth. GroupM expects digital advertising in China to grow 29.5% this year and slow to 21.5% next year.
- A new cargo freight route between Xian and Moscow started operating last week, becoming the third China-Europe freight train service from Xian following those to Warsaw and Hamburg. The train will pass through Kazakhstan before reaching Moscow. The trip will take 11 days, compared with the traditional land/sea route, which takes over 45 days.
- Chinese President Xi Jinping may attend the World Economic Forum meeting in Davos from January 17 to 20, analysts said. It would be a first for a Chinese President. Xi is trying to promote himself as an important global leader who can contribute new ideas, even as he attempts to consolidate his power at home, the South China Morning Post reports. China’s Foreign Ministry said it would release related information once it had details.
- U.S. President-elect Donald Trump has nominated Terry Branstad, Republican Governor of Iowa, to the post of U.S. Ambassador to China. Branstad is reported to be a friend of Chinese President Xi Jinping, whom he first met in 1985 when Xi was a county-level official in Hebei province and visited the U.S. for the first time.
- Ai Baojun, former Vice Mayor of Shanghai, is to stand trial for embezzlement and taking bribes. Pan Yiyang, former Vice Chairman of the Inner Mongolia Autonomous Region government, has been charged in Tianjin with accepting and giving bribes. Song Lin, former China Resources Group Chairman, and Deng Qilin, former Wuhan Iron and Steel (Group) Corp Chairman, were also charged with taking bribes.
- While China is seeing an increasing number of fugitives suspected of corruption being returned from overseas, the country is also beefing up efforts to recover their ill-gotten assets. Between January 2014 and November this year, 2,442 Chinese fugitives suspected of economic crimes, including 397 officials, were brought back from more than 70 countries and regions. In the same period, CNY8.54 billion in illegal assets was recovered, according to the Central Commission for Discipline Inspection (CCDI).
- New measures to further ease green card rules for foreign professionals in Shanghai was announced. People working for companies and universities at the Shanghai Zhangjiang National Innovation Demonstration Zone and Shanghai Free Trade Zone

will be the main beneficiaries. The new measures will give foreigners working in these zones a fast track to apply for the Chinese green card.

- Guo Shengkun, State Councillor and Minister of Public Security, said China was willing to work with the Trump administration on cyber security. He made the remark when meeting U.S. Secretary of Homeland Security Jeb Johnson and Attorney General Loretta Lynch for the third round of cybercrime talks, a dialogue agreed by President Xi Jinping and U.S. President Barrack Obama in September last year.

FOUNDING MEMBERS

STRUCTURAL PARTNERS

WITH THE SUPPORT OF

<u>Your banner at the FCCC website or newsletter</u>
Companies interested in posting a banner/an advertisement on the FCCC website, FCCC weekly newsletter or bi-weekly sectoral newsletters are kindly invited to contact the FCCC at: info@flanders-china.be

<u>Organisation and founding members FCCC</u>
Chairman: Mr. Stefaan Vanhooren, President Agfa Graphics, Member of the Executive Committee of the Agfa Gevaert Group, NV THE AGFA-GEVAERT GROUP SA
Vice-Chairmen:
Mr. Bart De Smet, Chief Executive Officer, NV AGEAS SA
Mr. Philippe Van Der Donckt, Business Development Director, NV UMICORE SA
Secretary and Treasurer: Wim Eraly, Senior General Manager, NV KBC Bank SA
Executive Director: Ms. Gwenn Sonck
Members of the Board of Directors and Founding Members:
Mr. Stefaan Vanhooren, President Agfa Graphics, Member of the Executive Committee of the Agfa Gevaert Group, NV THE AGFA-GEVAERT GROUP SA
Mr. Luc Maton, General Manager Asia Region, NV AHLERS SA
Mr. Carl Peeters, Chief Financial Officer, NV BARCO SA
Mr. Philip Eyskens, Senior Vice President Legal, IT and M&A, NV BEKAERT SA
Mr. Philip Hermans, General Manager, NV DEME SA
Mr. Bart De Smet, Chief Executive Officer, NV AGEAS SA
Mr Philippe Vandeuren, Legal & Corporate Affairs Director Benelux & France, NV AB INBEV
Mr. Wim Eraly, Senior General Manager, KBC Bank SA
Mr. Johan Verstraete, Vice-President Marketing, Sales & Services Weaving Solutions, NV PICANOL SA

Mr. Philippe Van Der Donckt, Business Development Director, NV UMICORE SA

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

Membership rates for 2017 (excl. VAT):
- 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

Share your story:
To send your input for publication in a future newsletter mail to: info@flanders-china.be

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

FLANDERS
INVESTMENT &
TRADE

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.