法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 14 FEBRUARY 2017

China Seminar: Update on the Economic & Financial Landscape and the Internationalization of the RMB – 12h00, 14 February 2017 – Ghent

The Flanders-China Chamber of Commerce (FCCC) and the Province of East-Flanders are organizing a seminar focusing on 'An Update on the Economic & Financial Landscape and the Internationalization of the RMB'. This seminar will take place from 12h00 to 14h00 on 14 February 2017 at het Provinciehuis, Gouvernementstraat 1, 9000 Ghent.

Speakers: Jason Lee, General Manager KBC Bank NV Shanghai Branch
Bernard Van Hees, General Manager KBC Bank NV Hong Kong Branch

In the recent months, the growth of the Chinese economy appears to have stabilized, albeit that growth is not even across all sectors. Jason Lee will provide his views regarding the outlook for the China economy and how various sectors are affected differently. He will also provide an update of the financial landscape and the related impact for foreign companies active in China. To conclude, Bernard Van Hees will provide an update on the internationalization of the RMB and the related opportunities or threats.

Programme:

12h00	Registration & Sandwich lunch
12h30	Welcome by Ms Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
12h35	Update on the Economic & Financial Landscape and the Internationalization of the RMB by: Mr Jason Lee, General Manager KBC Bank BV Shanghai Branch Mr Bernard Van Hees, General Manager KBC Bank NV Hong Kong Branch Followed by question and answer session
14h00	End of seminar

If you are interested in attending this seminar, we kindly invite you to sign up here.

Participation fee (incl. 21% VAT):
Members: 66,55 €
Non-members: 90,75 €

Getting Your Food & Beverages into China – What it Takes – 22 February 2017 – Ghent

The Flanders-China Chamber of Commerce (FCCC) and the EU SME Center in Beijing are organizing a seminar on 'Getting Your Food & Beverages into China – What it Takes' on 22 February 2017 from 09h00 to 12h00 at Het Pand, Onderbergen 1, 9000 Ghent.

Get to grips with what it takes to prepare your market approach and start selling your food and beverage (F&B) products in China. Learn how to navigate China's import regulations and how to build and maintain a strong distribution network. Understand the regulations governing the food and drink market in China and the impact of the new Food Safety Law. Put into practice useful tips and work out your own cross-border strategy for China.

This half-day workshop will focus on:

- Consumer behaviour, trends in the F&B market.
- Distribution channels.
- How to develop a business plan to get your F&B products onto Chinese shelves.
- The New Food Safety Law – what this means for your business.

Tentative Agenda

08:30 – 09:00 Registration
09:00 – 09:10 Opening remarks by Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
09:10 – 09:30 Insights into the world's largest F&B market
- Chinese consumers and tastes
- Growing trends

09:30 – 10:20 Getting ready for export
- Preparing your market approach – the 10 steps you should follow
- Understanding the registration process
- On-trade vs. Off-trade
- Cross-border commerce

10:20 – 10:50 Coffee Break
10:50 – 11:15 How to find the right importer and distributor?
- The role of each player in the supply chain
- Expanding distribution networks in China

11:15 – 11:45 Food safety in China
- The new food safety law – status update
- The real impact for exporters

11:45 – 12:00 Case studies showing the do's and don'ts of selling F&B in China
- Q&A + wrap up

Registration fee
Members of the Flanders-China Chamber of Commerce: 180 € (excl. VAT)
Non-members: 240 € (excl. VAT)

Click here to sign up for this event.

About the Speaker

Rafael Jimenez, Business Development Advisor
China expertise: market entry strategy, start-ups, SME business planning, streamlining costs, new business channels and local partners. With more than six years' hands-on experience in managing businesses in China, Rafael offers advice for European SMEs in developing practical market entry strategies in the country. Following a career at a senior level within the F&B and ICT industry, he arrived in China in 2009 as Director of a Spanish F&B company involved in the restaurant and trade business. He helped the company set up a Wholly Foreign Owned Enterprise (WFOE) in China, ran operations for three years and led a team of more than 100 employees. More recently he was Shanghai Office Director at a Management Consultancy Firm. Born in Spain, Rafael holds a Bachelor of Physics and has three sons.

"Understanding China's Next Move" – One Day China Immersion Programme – Wednesday, 22 March 2017, 09h00 – 17h00 – Ghent

The Flanders-China Chamber of Commerce, the Cheung Kong Graduate School of Business and the Province of East Flanders are organizing the One Day China Immersion Programme: "Understanding China's Next Move". This programme will take place on Wednesday March 22, 2017 at the Provincial House, Gouvernementstraat 1, Ghent.

Understanding China's Next Move will give European executives the latest China market insights and explain how to do business with a changing China. The course contains the following 5 modules:

- Win in China - Formulas and Business Models (with case studies and group discussions): Analysis of multiple business models across a variety of industries will demonstrate exactly what it takes to establish your brand, grow your consumer base and 'win in China'

- Chinese Consumer Behaviour and Digital Marketing in China: This session will analyse the latest trend of Chinese consumer behaviours in the mobile internet era and how it differs from Western consumers. We will also study how to capitalise on the business opportunities that are presented by the unique consumer behaviours in China
- Cross-cultural Management under Chinese Context: It is essential to understand how to work with and manage a cross-cultural team that do business with China to ensure effectiveness and results
- Negotiation with the Chinese: Often viewed as difficult, mystical and unpredictable, with an in-depth understanding of Chinese negotiating philosophy, culture and tactics, Western executives could develop a complementary strategy to win

Schedule

08:30 - 09:00 Introduction by Gwenn Sonck, Executive Director
Flanders-China Chamber of Commerce
09:00 - 10:15 Win in China: Formulas and Business Models
10:30 - 12:00 Chinese Consumer Behaviour and Digital Marketing in China
12:00 - 13:00 Networking Lunch
13:00 - 14:30 Cross-Cultural Management under Chinese Context
14:45 - 16:15 Negotiation with the Chinese
16:30 - 17:00 Award certificate from CKGSB, Flanders-China Chamber of Commerce & Province of East Flanders

Register here

About the speaker

Bo Ji, Chief Representative of Europe & Assistant Dean of Global Executive Education

Bo is currently the Assistant Dean & Chief Representative for Europe at Cheung Kong Graduate School of Business (CKGSB), a top business school with more than 10,000 chairman/CEO level alumni in China. Bo had an over-20-year successful business career in Global Business Development, Innovation, Strategy, Supply Chain Management, M&A, etc. He served as the senior executive at the headquarters of many Fortune 500 companies such as Monsanto, Cargill, Pfizer, Wrigley and Mars. He is also a well sought conference speaker.

Combining his extensive business experiences and in-depth knowledge, 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 and Taiwan's National Chengchi University etc. In addition, Bo also offers advice to Chairmen and CEOs. He is also a frequent speaker at renowned international conferences, forums, TV media and annual corporate meetings.

For more information, contact
Liping Wan, CKGSB: lpwan@ckgsb.edu.cn
Gwenn Sonck, Flanders-China Chamber of Commerce: gwenn.sonck@flanders-china.be

Member price: €450/ticket
Non-member price: €500/ticket

ADVERTISEMENT AND SPONSORSHIP

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

Understanding China the Third Issue: Tackling a Changing China – EU SME Centre – 16-17 February 2017 – Brussels

Type: Training Workshop
Date: February 16-17, 2017, all day
Venue: Le Châtelain Boutique Hotel, 17 Rue du Châtelain, 1000 Brussels
Member Price: €850 Pay before the event

Purchase ticket and additional information

Insights to China Economy 2017, Technology Transfer in China, Cross-border E-commerce, SME Financing in China, Tips for Global Entrepreneurs and More

Join the latest edition of Understanding China to get ready for 2017. Aimed at EU-based partners and SME organisations, this two-day training programme will update your understanding of China and how to engage in the market. New topics covered include technology transfer, tips for global entrepreneurs looking to do business with or in China, and legal essentials for small businesses.

Refresh your China expertise, update your contacts network, and learn from experts and advisors supporting SMEs on a daily basis.

Understanding China is a training programme developed for organisations in Europe looking to increase their knowledge of the China market. The programme has been running since 2009 creating a new business dialogue on China-related issues.

Tentative Agenda

Day One - Understanding China
08:30-09:00 Registration
09:00-09:20 Opening Remarks by Officials from DG Grow, European Commission, Eurochambres Director of Operations, Dirk Vantyghem and EU SME Centre Director, Chris Cheung
09:20-10:30 Top Trends in 2017 to Look Out for in the Chinese Market, by Chris Cheung, EU SME Centre Director

- *Related reading: Dealing with Change - Business Opportunities and Challenges for European SMEs in China's Shifting Landscape*

10:30-11:00 Coffee Break
11:00 -12:30 Protecting Your Intellectual Property in China, by Valentin de le Court, China IPR SME Helpdesk Expert

- *Related reading: Trademark Litigation before Chinese Courts - What Evidence to Win Your Case?*

12:30-14:00 Lunch & Networking
14:00-17:00 China's Cross-Border E-commerce and Free Trade Zones: Regulation Updates and Impact on Your Business, by Rafael Jimenez, EU SME Centre Business Development Advisor

- *Related reading: How to Sell Your Food & Beverage Products Online in China*

17:45-19:00 Networking with Snacks and Drinks

Day Two - Engaging in China
09:00-9:30 Registration & networking
09:30-10:00 Updates on China's Trade and Investment Opportunities for EU Businesses, by

China Embassy in Belgium
10:00-11:00 Accessing Finance in China for Small Foreign Businesses, by Bank of China
11:00-12:00 Technology Transfer to China: How does it Work in Reality, by Xia Wenhuan, CCPIT

- *Related reading: Technology Transfer & Commercialization Practice in China - Health and Medical Sector*

12:00 - 13:00 Lunch
13:00 - 14:00 Doing Business with China: What Global Entrepreneurs Need to Look Out For, by Jay Xu, Chinese Entrepreneur

- *Related reading: Exporting Greek Soft Drinks to China*

14:00 – 15:30 China Legal Essentials: Sales Contract and New Foreign Investment Law, by Yang Yuhua, EU SME Centre Expert

- *Related reading: Practical China Legal Guides for Small Businesses: On Chinese Turnover Tax, Sales Contracts, Reporting Rules and Employee Handbook*

15:30-15:50 Coffee Break
15:50-16:50 How to Develop Government Relationships in China, by Professor Dr Jing Men

- *Related reading: Academic articles published by Dr Jing Men on EU-China Relations*

16:50 – 17:20 Group Discussion: Feedbacks, Key Takeaways and Suggestions for Future Training
Wrap Up

Registration
To sign up for the two days of the training, please click the “Add to Cart” button to pay the registration fee online and complete your sign-up for this event.
To sign up for one day of the training, please send an email to registration@eusmecentre.org.cn to indicate which day you would like to join.
The registration fee for one day is EUR 425.
If you have any questions regarding the event registration, please send an email to us at registration@eusmecentre.org.cn.

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

PAST EVENTS

FCCC Chinese New Year Reception – 6 February 2017 – Brussels

On 6 February 2017, the Flanders-China Chamber of Commerce celebrated Chinese New Year at KBC Bank in Brussels. Speakers at the reception included:

- 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 Jochum Haakma, Chairman, EU-China Business Association
- Mr Philippe Muyters, Flemish Minister for Work, Economy, Innovation and Sport

Special thanks to KBC Bank and Golden Sponsors: ZTE, Maasmechelen Village.

The reception was attended by more than 200 officials, businessmen and press.

Pictures of the event will soon be available at the FCCC website: www.flanders-china.be

Exclusive Dialogue with European Commissioner Malmström – 6 February 2017 – Brussels

BUSINESSEUROPE, the European Union Chamber of Commerce in China and the EU-China Business Association organized an exclusive dialogue with the European Commissioner for Trade Cecilia Malmström and the European Chamber of Commerce in China President Jörg Wuttke on 6 February 2017 at BusinessEurope in Brussels.

The purpose of this event was to take stock of the most important developments in the EU-China relations and how this affects EU businesses. Concurrently, this event served as an opportunity for the Chamber to present its annual position paper on China.

Following an introduction by Mr Markus J. Beyrer, Director General, BUSINESSEUROPE, Ms Cecilia Malmström, European Commissioner for Trade delivered a speech on EU-China trade and investment relations. Mr Jörg Wuttke, President, European Union Chamber of Commerce in China spoke about the Chamber's annual position paper. The speeches were followed by a moderated panel and Q&A session. Mr. Jochum Haakma, Chairman of the EU-China Business Association presented the conclusions of the event.

"China can demonstrate leadership when needed. We saw this during its G20 chairmanship, in China's support for the Paris Climate Agreement, and in President Xi's speech at Davos. Now we ask China to take charge of rebalancing its relationship with the EU, to reciprocate on market access and investment facilitation, and to play its part to uphold the multilateral trading system", Markus J. Beyrer, Director General of BusinessEurope, said. He welcomed Commissioner Malmström, who highlighted that Europe's offer to China is one of open trade, but free and fair trade based on values and reciprocal market access. She set out the opportunities from strengthening trade and investment relations with China, a market that accounts for one-fifth of EU goods imports and one-tenth of its exports. The Commissioner quoted with approval recent statements by President Xi of China – to develop free trade and investment, promote liberalization and facilitation, and say "no" to protectionism. However, she noted, the challenge for the year ahead will be to ensure that "the country walks the talk", with "rhetoric matched by reform". The Commissioner noted the opportunities for both sides of the bilateral investment agreement currently under negotiation; but also set out the importance of rule of law.

Mr Jörg Wuttke said that hopes for further opening up were not met by reality as according to AmCham, 81% of American companies in China feel less welcome. The good news is that China has a big potential for reform as it is lagging in openness compared to all other major economies.The EUCCC President mentioned that at Davos Chinese President Xi Jinping reaffirmed the importance of globalization, which was beneficial to China. The State Council again emphasized that China has to open up more in 20 areas. Mr Wuttke joked that if this plan would be implemented, there wouldn't be any need anymore for a chamber of commerce. He further warned that China's economic development was adding to the debt burden, which has reached 270% of GDP. Chinese investment into Europe could have been much higher, but the Chinese government worried about capital flight and falling foreign exchange reserves, he added. The European Chamber plans to publish a new paper in March about China wanting to become a global champion in several sectors. Finally, Mr. Wuttke called on the European Commission and the member states to emphasize reciprocity in dealing with China.

Mr Jochum Haakma, Chairman of the EU-China Business Association (EUCBA) also emphasized the opportunities for European and Chinese companies offered by the One Belt One Road (OBOR) initiative and the EU-China investment agreement. He mentioned that China – although it has a challenging business environment – offers significant potential to European companies. One example is the infrastructure projects to be constructed in the framework of the Belt and Road initiative. "One Belt One Road" is linking China with Europe, facilitating and promoting trade and investment.

"The ongoing negotiations for an EU-China Comprehensive Agreement on Investment will liberalize investments and eliminate restrictions for investors in each other's markets," Mr. Haakma said. Like Mr. Wuttke, he emphasized that reciprocity is very important.

The EU-China Business Association is the EU-wide federation of business organisations in the EU promoting business relations with China. The Flanders-China Chamber of Commerce holds the secretariat-general and vice-chairmanship of the EUCBA.

ADVERTISEMENT

MEMBERS' NEWS

New Board Members Flanders-China Chamber of Commerce

On 6 February, the Board of Directors nominated Mr. Filip Pintelon, Senior Vice-President, GM Healthcare, Barco; and Mr. Christian Leysen, Executive Chairman, Ahlers, as Board Members of the Flanders-China Chamber of Commerce (FCCC). They replaced Mr. Carl Peeters, Chief Financial Officer, Barco; and Mr. Luc Maton, General Manager Asia Region, Ahlers, respectively.

AUTOMOTIVE

China to build 800,00 EV charging points

China plans to build 800,000 charging points, including 100,000 public ones, for electric vehicles this year to meet rising demand, the National Energy Administration (NEA) said. A total of 100,000 public charging points have been installed nationwide in 2016, bringing the total number to 150,000. A total of 14,000 kilometers of highway has also been equipped with intercity fast charging stations, with an average spacing of 48.6 km. Electric vehicles consumed more than 1.2 billion kilowatt-hours of electricity in China last year, saving about 400,000 tons of fuel. In Beijing and Shanghai, a charging facility can be found within a radius of less than 5 km, while other major cities such as Guangzhou and Shenzhen are working toward this goal. "For the new year, China will implement a unified national standard for charging ports of electric vehicles," said the NEA. Under China's 13th Five Year (2016-2020) Plan, the country will build a nationwide charging station network that will fulfill the power demand of 5 million electric vehicles by 2020, the Shanghai Daily reports.

- Xu Jianyi, former Chairman of FAW Group Corp, was sentenced to 11-and-a-half years' jail for accepting bribes. The Beijing No.1 Intermediate People's Court ordered that all of Xu's personal property listed in its verdict statement should be confiscated, and his illicit gains should be surrendered. From 2000 to 2013, Xu directly or indirectly accepted assets worth CNY12.2 million when he was Communist Party Secretary of Jilin city.
- China's passenger vehicles sales fell in January, the first year-on-year drop in almost a year. A total of 2.12 million passenger vehicles were sold in January, down 9.8%, according to the China Passenger Car Association (CPCA). The Association attributed the fall to the Spring Festival holiday and the effects of fewer preferential car purchase policies. China has been the world's largest car buying market for eight consecutive years. About 28 million cars were sold in China in 2016, up 13.7% year-on-year.
- Sales of new-energy vehicles (NEVs) are set to grow 57% from 2016 to 800,000 units in 2017. This year, 73 models are expected to be launched in the market, up 80% year-on-year, according to the China Association of Automobile Manufacturers (CAAM). About 507,000 NEVs were sold in China in 2016, up 53% year-on-year, the Ministry of Commerce (MOFCOM) said.

EXPAT CORNER

Green card applications to be made easier

China will update its "green card" policy this year to make life easier for foreign residents, a source at the Ministry of Public Security confirmed. With improved security features, the permanent resident permit is expected to guarantee more rights equal to those of Chinese citizens, such as for buying railway tickets, checking in at hotels and purchasing property. A meeting of the Central Leading Group for Comprehensively Deepening Reforms, presided over by President Xi Jinping, decided to further reform the permanent residency policy. "The current green card is designed for entry and exit at the borders," said a Ministry of Public Security Division Chief who requested anonymity. "However, the new card will be more commonly accepted in daily life. A foreign permanent resident could, for example, apply for a driver's license using only his or her green card." China began issuing permanent resident permits in 2004. The green card is among the most difficult to obtain in the world due to the high requirements. From 2004 to 2013, only 7,356 foreigners were granted the card. China has been easing its residence and entry policies for foreigners since September 2015. Last year, 1,576 foreigners became permanent Chinese residents, an increase of 163% over 2015, the China Daily reports.

FINANCE

Financial firms flock to Qianhai SEZ

The number of companies registered in the Qianhai special economic zone (SEZ) rose 68% to 124,000 last year. Almost half of them are financial firms, a trend that is likely to continue as Beijing promotes the zone as a financial services hub. Brokers and accountants urged Qianhai to further relax its rules to allow smaller players to operate. Witman Hung, Principal Liaison Officer for the Hong Kong office of the Qianhai Authority, said 53,088 companies were newly registered at the economic zone next to Shenzhen. The gross economic product of the area rose 38% year-on-year to CNY141 billion, while the total tax revenue from the companies operating there climbed 55% to CNY27 billion. 39% of the firms in Qianhai are from Hong

Kong, with the rest from the mainland and overseas. By sector, 47% of the companies are financial firms, 28% are in technology and professional services, 16% are modern logistic and 11% are in information services. Big players such as Ping An Insurance and Tencent are planning to move in, while HSBC and Hang Seng Bank have branches there. But Christopher Cheung, Hong Kong lawmaker for the financial services sector, criticized Qianhai for only focusing on big players. Qianhai plans to build a new 150,000 square meter Qianhai Shenzhen-Hong Kong Fund Town for 100 large fund companies to operate. Construction is scheduled to finish in October this year, the South China Morning Post reports.

Central bank warns bitcoin exchanges

The People's Bank of China (PBOC) warned that it will close bitcoin exchanges which breach rules on money laundering and foreign exchange. The PBOC met with executives from nine bitcoin exchanges, including Huobi, OkCoin, BTCC and HaoBTC, in Beijing and ordered them to operate according to the law. "Trading platforms should not participate in unauthorized financing business, conduct money laundering, or violate regulations on foreign exchange, tax and business," the PBOC said in a statement. Platforms that breach the rules will be investigated and shut down, it warned. In response, OkCoin and Huobi said they've halted bitcoin trading and it will not resume until completing a system upgrade to prevent money laundering. Huobi also said it will "block accounts that are suspected of illegal practices." HaoBTC will limit investors to trade no more than 5 bitcoins within 48 hours, and will also raise the trading fee to 0.4% per transaction from 0.2%. "Investors should always remember that bitcoin lost more than 75% of its value in 2013," said Zhang Yufang, Investment Adviser with Shanghai Shangding Investment Consultancy. The price of the virtual currency was little changed around CNY7,500 after the PBOC statement was released, the Shanghai Daily reports.

- China's largest private conglomerate Fosun has raised its stake in Portugal's largest listed bank Millennium BCP to 23.92% as a result of the lender's €1.33 billion rights issue. Fosun bought an initial 16.7% stake in BCP in November for €175 million. It subscribed to last month's capital increase to raise its stake to up to 30%, but fell short of that mark after demand exceeded shares on offer by 23%. BCP's second-largest shareholder, Angola's state-owned oil company Sonangol, raised its stake slightly to 15.24% from 14.87%. Fosun already owns Portugal's leading insurer Fidelidade and the largest private health care provider Luz Saude.
- China still has ample foreign exchange reserves despite a decline in January for the seventh month to below USD3 trillion for the first time since February 2011, the State Administration of Foreign Exchange (SAFE) said. China's forex reserves fell USD12.3 billion from December to USD2.998 trillion last month. In January, the yuan firmed 1.3% against the U.S. dollar, according to the central parity rate published by the People's Bank of China (PBOC).
- Chinese insurers had initiated 651 investment projects with registered capital of CNY1.65 trillion in infrastructure and livelihood improvement by the end of 2016. The investment was made through equity and bond purchases, as well as asset support plans, which mostly went into transport, energy, real estate, health care and elderly care, according to the Insurance Asset Management Association of China.
- CitiGroup became the first U.S. bank to receive a bond settlement license from the People's Bank of China (PBOC) to allow it to participate in the country's interbank bond market. The Type A license will allow Citigroup's China unit to trade, settle and provide custody for interbank bond market products. Four other foreign banks – Deutsche Bank, BNP Paribas, Standard Chartered and HSBC – also have the license. "China's bond market is exciting and dynamic as China accelerates the internationalization of the yuan," Christine Lam, President and CEO of Citi China, said in a statement. China's bond market has grown more than six-fold since 2005 to become the third-largest globally by issuance.
- The Chinese government will work to further reduce business fees and charges nationwide through better supervision, including long-term measures to reduce administrative costs for enterprises, in addition to cutting out improperly charged fees, according to a statement after a government meeting presided over by Premier Li Keqiang. Auditing and inspections will be aimed at reducing improper fees and

charges.

- China's most valuable online finance company, Ant Financial, is in early stage talks with banks to raise USD2-3 billion in debt to fund acquisitions and foreign investments. Ant, an affiliate of Alibaba Group, dominates China's online payment market, but has been ramping up investment overseas amid fierce competition at home with peers like Tencent Holdings' popular WeChat Pay.
- The Year of the Rooster in the Chinese lunar calendar will also be the year of gold, said Haywood Cheung, President of the Chinese Gold & Silver Exchange Society —an umbrella organization of gold trading firms in Hong Kong. He forecast that the international gold price could potentially climb to USD1,600 per ounce and advised investors to allocate 20% to 30% of their assets to the gold market to hedge risks, including the depreciation of major currencies, the uncertainty over U.S. President Donald Trump's China policy and the sluggish economic situation in Europe.

FOREIGN INVESTMENT

Chinese ODI in North America and Europe soars

Combined Chinese direct investment in the advanced economies of North America and Europe more than doubled in 2016 as China's rapidly maturing economy continued its transition to a new growth model. China's outbound direct investment (ODI) in the two regions rose a combined total of 130% from 2015 to a new record of about USD94.2 billion, according to Baker McKenzie. For the first time since 2013, Chinese investors poured more money into North America than Europe, with the United States accounting for 94% of the North American total. "Well over half of all Chinese direct investment into Europe and North America since 2000 has taken place in the last three years," said Michael deFranco, global head of M&A at Baker McKenzie. Privately-owned Chinese firms outpaced investment by state-owned enterprises (SOEs), closing deals taking up 70% of the total, signaling the continued rise of corporate China in the global economy. In Europe, Chinese investors focused on Germany and the UK, which between them saw about half of all investment in the continent. In Europe, information and communications technology, transport, utilities and infrastructure and industrial machinery saw the most activity, while the main recipients in North America were real estate and hospitality, transport, utilities and infrastructure, consumer products and services and entertainment, the Shanghai Daily reports.

MOFCOM calls on companies to invest in Belt and Road Initiative

The Ministry of Commerce (MOFCOM) said that China's investment in countries and regions along the Belt and Road Initiative (OBOR) would pay off from a long-term perspective, and called on companies to jump on the bandwagon. The Ministry predicted that the value of outbound direct investment (ODI) this year would remain stable. The comments came after foreign media reported that some projects under construction along the trade routes might fail to be profitable. "In the long run, investment and projects in the countries and regions along the Belt and Road trading routes have a great significance in enhancing infrastructure interconnection, which will benefit local people," Ministry Spokesman Sun Jiwen said. China's direct investment in the 53 countries and regions along the routes exceeded USD14.53 billion in 2016, accounting for 8.5% of the country's total ODI. During the same period, the value of contracts that China signed with 61 countries and regions along the trading routes reached USD126.03 billion, making up 51.6% of the value of China's newly-signed overseas projects. Infrastructure projects along the routes include Pakistan's Karakoram highway, the Karachi-Lahore motorway, and the China-Laos railway. Turkey's Istanbul-Ankara high-speed railway and the Hungary-Serbia railway have also been progressing smoothly, the China Daily reports.

- Chinese companies operating in Britain, especially in the financial sector or whose European headquarters are in Britain, need to take "precautions" owing to uncertainty over Brexit, China's Ambassador to Britain Liu Xiaoming said. He added that China respected Britain's choice and hoped for an early arrangement between Britain and the EU that was acceptable to both.

FOREIGN TRADE

U.S. trade deficit with China could lead to trade war

The U.S. trade deficit with China decreased by USD20.1 billion to USD347 billion in 2016, but it is still significantly higher than that of other U.S. trade partners. The deficit is USD69 billion with Japan, USD65 billion with Germany and USD63 billion with Mexico. Chen Fengying, Researcher at the China Institute of Contemporary International Relations, said the large trade deficit could be a source of tension, but that a trade war would "be a double-edged sword and could end in a draw". Harrison Hu, Chief Greater China Economist with NatWest Markets in Singapore, said the fact that U.S. President Donald Trump still had not taken action against China over trade might mean his administration was divided on its China policy. "President Trump's ultimate goal is to regain jobs in the U.S. manufacturing sector, he probably considers trade protectionist measures as a handy tool to encourage companies to shift production back onshore," a research report by the Bank of American Merrill Lynch said. This could lower the likelihood of a blanket U.S. tariff on Chinese imports, it said, in favor of ones confined to a few industries like metals, chemicals and auto parts.

China facing more trade remedy probes

Chinese exporters faced 20 trade remedy probes initiated by the United States in 2016, an 81.1% increase year-on-year, the Ministry of Commerce (MOFCOM) said. The 11 anti-dumping and nine anti-subsidy investigations involved USD3.7 billion, up 131% from 2015. Recently, the U.S. published a series of trade remedy rulings involving Chinese products, including truck and bus tires as well as imports of Chinese stainless steel sheet and strip. China faced 140 trade remedy measures from the U.S. as of the end of 2016, including 102 anti-dumping and 38 anti-subsidy measures. "Given that the trade scale between China and the U.S. is huge, it is normal that trade frictions will occur," said Wang Hejun, Director of the Ministry's Trade Remedy and Investigation Bureau. "However, it is noticeable that the U.S. is imposing high taxes on Chinese imports and many of its measures are against WTO rules." Last year, Chinese exporters suffered a record 119 trade remedy probes, initiated by 27 countries and regions, up 36.8% year-on-year.

- China has formally complained to U.S. authorities over newly-imposed sanctions against Iran which it says will severely affect Chinese businesses. Chinese Foreign Ministry Spokesman Lu Kang said that China opposes "unilateral sanctions". The U.S. imposed sanctions against 25 groups and people after Iran carried out a ballistic missile test. The sanctions imposed include two Chinese companies and three Chinese citizens.
- The European Union said it aimed to phase out anti-dumping duties on Chinese solar panel imports after 18 months. The EU imposed the duties in 2013 after European panel makers complained they were being forced out of business by Chinese imports. European Commission Vice President Frans Timmermans said: "There is no doubt we have the right to protect our industry, but at the same time we have to take into account other companies who import these products." These companies, he said, provided thousands of jobs and were a key element in the renewable energy industry.
- The European Union has ended 13 years of trade remedy measures on polyethylene terephthalate (PET) originating in China. The measures were supposed to expire in November 2015, but some PET manufacturers asked for an expiry review in June 2015 to see whether the expiry of these measures would result in a recurrence of dumping and injury to the EU industry. The applicant, the Committee of Polyethylene Terephthalate Manufacturers in Europe, has formally withdrawn its request for the expiry review.
- China's exports in yuan-denominated terms rose 15.9% year-on-year to CNY1.26 trillion in January, faster than the 0.6% gain in December. Imports jumped 25.2%, more than double the 10.8% rise in December. The volume of foreign trade was CNY2.18 trillion in January, up 19.6% year-on-year, resulting in a monthly trade surplus of CNY354.53 billion, down 2.7% from a year earlier. In U.S. dollar terms, exports rose 7.9% and imports grew 16.7%. China's trade with the European Union rose 14.1% year-on-year, while that with the U.S. jumped 21.9%.

HEALTH

A third of Guangzhou's live poultry markets are contaminated with bird flu

Guangzhou officials have advised residents to avoid contact with live poultry after one-third of poultry markets in the city were found to be contaminated with H7N9 bird flu. Live poultry markets are a major source of human infection. Guangzhou announced last month that it would halt live poultry trading in all markets three days a month in the first quarter of the year. The city has had 35 people diagnosed with the virus in the past three years, more than half of whom died. The China Center for Disease Control and Prevention warned last month that the peak season for bird flu would occur one month earlier this year, and it expected to see a larger number of cases and a wider region of infection than in previous years. The Center for Health Protection of the Department of Health in Hong Kong received notification from its mainland counterpart that 45 new human cases of H7N9 bird flu had been recorded from January 30 to February 5, with four of those in Guangdong province. More than 130 cases of bird flu were reported in China in January, resulting in 24 deaths. No human-to-human transmissions have been confirmed, the South China Morning Post reports. Meanwhile, Beijing authorities have also reported the city's first human case of H7N9 bird flu infection. A 68-year-old man is in critical condition after seeking medical attention on January 29.

- Health technology start-up CXA Group plans to collaborate with Chinese conglomerate Fosun International to launch a new insurance platform that automates employee health care programs and creates a marketplace for so-called wellness providers. Rosaline Chow Koo, Founder and Chief Executive of Singapore-based CXA, said the alliance will see its operations expand into Beijing, Shanghai, Guangzhou and Shenzhen this year. The company will directly work with Shanghai Zhongheng Insurance Brokers, a part of the Fosun group. CXA has concluded a successful Series B investment round worth USD25 million, led by B Capital Group and the Singapore government's Economic Development Board Investments.
- China's trade in medical products grew by 7% in 2016. The China Chamber of Commerce for Import and Export of Medicines and Health Products said higher imports show robust demand in the domestic market, suggesting significant growth potential. Although China's exports of medicines and health products in 2016 fell 2% from the 2015 level to USD55.4 billion, imports were worth USD48 billion, up nearly 4%. The export of traditional Chinese medicine (TCM) products saw an overall decline.

IPR PROTECTION

Convictions in fake branded chocolate case

Eight people have been sentenced to between one and five years in prison and face a total of CNY6.21 million in penalties for producing and selling fake branded chocolate. The Xinwu District People's Court in Wuxi, Jiangsu province, handed down the ruling in mid-January, having heard the trademark case three times. The court's decision reflects equal protection for trademark owners, Jiang Shaowen, Vice President of the court, told Chinese media. "Trademark protection shows respect for a company's branding efforts and helps to maintain a fair environment for market competition," Jiang said. Soon after Valentine's Day in 2015, a shop owner in Changzhou received many complaints from his customers that Dove-branded chocolate they had bought from his shop tasted strange, but his supplier told him the chocolate was authentic. After the shop owner sent some samples to Dove chocolate manufacturer Mars China, test results showed they were all fake. Mars reported the case to the police in Wuxi in March 2015. From January to February 2016, the police discovered three illegal production and sales sites in Anhui and Jiangsu provinces and seized more than 300,000 fake Dove and Ferrero chocolates, as well as stockpiles of counterfeit trademarks, which amounted to millions of yuan in potential sales, the China Daily reports.

MACRO-ECONOMY

Top Chinese companies increase their brand value

Fifty-five Chinese companies made the list of the world's 500 most valuable brands this year.

Three tech companies – Alibaba Group Holding, Huawei Technologies and Tencent Holdings – realized double-digit growth in their brand value, according to a study conducted by United Kingdom-based consulting firm Brand Finance. Alibaba reached a peak brand value of USD34.8 billion, up 94% year-on-year, making it the world's 23rd most valuable brand. Huawei and Tencent also grew impressively in brand value, rising 27.8% and 123%, respectively. In the financial sector, the study showed that Chinese banks' brand value growth has been rapidly outpacing that of European and North American competitors. Industrial and Commercial Bank of China (ICBC) now ranks 10th, ousting U.S. bank Wells Fargo as the most valuable bank in the world. Ping An Insurance is the world's most valuable insurance brand, increasing 11% in value to USD6.2 billion. Globally, Google overtook Apple as the most valuable brand across all industries, with a value of USD109 billion, the China Daily reports.

- China's services sector expanded at a slower pace in January. The Caixin China General Services PMI dipped to 53.1 points in January from a 17-month high of 53.4 in December. The Caixin General Manufacturing PMI dipped by 0.9 points month-on-month to 51 in January. China's official manufacturing PMI, released by the National Bureau of Statistics (NBS) and the China Federation of Logistics and Purchasing (CFLP) dipped 0.1 points from December to 51.3 points last month. The official non-manufacturing PMI added 0.1 points to 54.6.
- China will complete ownership reforms at more than 100 central government-run enterprises by the end of the year through introducing more private capital to state sectors, the State-Owned Asset Supervision and Administration Commission (SASAC) announced. Mixed ownership reform aims at boosting the efficiency of the SOEs. The electricity, petroleum, natural gas, railways, civil aviation, telecommunications and defense industries will be the focus of the reforms.
- China's population is expected to reach 1.42 billion by 2020, according to a development plan by the National Health and Family Planning Commission (NFHPC). The annual natural population growth rate will be around six per thousand while China's gender ratio at birth is expected to be reduced to 112 boys for every 100 girls by 2020.
- Coal-fired power accounted for 64% of the China's energy consumption capacity last year, which is required by the central government to fall to 58% by 2020, while that of cleaner-burning natural gas and non-fossil fuels must increase to 25% from 18%. China's coal-fired power industry is forecasted by the China Electricity Council to see plant utilization fall by another 4% to 4,000 hours, after it fell to its lowest in 53 years last year.
- China raised its target for urban job creation in its latest five-year plan to 2020, aiming to create at least 50 million new urban jobs, compared to 45 million targeted in the previous five years. The plan calls for the registered urban unemployment rate to be kept at or below 5%. Another priority is ensuring a steady stream of employment for graduates. The number of graduates continues to climb to record heights with 8 million expected this year, compared with 1.14 million in 2001.
- China has ordered all its provinces and regions to establish "ecological red lines" that will put large parts of the country off-limits to development to conserve resources and improve the environment. All regions were under instruction to decide on their "red lines" before 2020. The heavily industrialized region of Beijing-Tianjin-Hebei in Northern China, as well as the Yangtze River delta manufacturing hub near Shanghai, have been ordered to demarcate their protected zones by the end of 2018.
- The Chinese government has launched a nationwide probe to curb pollution by phasing out inefficient cement and glassmaking processes. Eight inspection groups will be sent to 31 provinces and regions. Companies failing to meet environmental protection rules will be closed. Cement production annually generates 15% to 20% of the nation's dust pollution, while low-efficient glass plants are the main sources of sulfur dioxide and dust pollution.
- ChIna's logistics activity remained stable in January. The logistics performance index for January came in at 52.5, down 3.5 points from a month earlier, but still showing expansion, the China Federation of Logistics and Purchasing (CFLP) said.

MERGERS & ACQUISITIONS

Rise in canceled M&As last year

A Financial Times report said that USD75 billion in overseas mergers and acquisitions (M&As) involving Chinese enterprises were called off last year. The United States led, with USD59 billion in deals scrapped. More than 30 M&As in the U.S. and Europe were halted as a result of regulatory clampdowns. The total value of the canceled deals increased more than seven-fold from 2015, the report said. The Ministry of Commerce's Department of Outward Investment and Economic Cooperation said that the USD75 billion cited by the Financial Times was much too high. The amount of China's outbound M&As rose globally by 114% to USD208.6 billion last year compared with 2015.

- Carlsberg is considering to purchase a 20% stake in China's Tsingtao Brewery Co which is being sold by Asahi Group Holdings. Tsingtao rose as much as 5.9% in Hong Kong trading on February 9, hitting its highest level in more than a year. Carlsberg already owns about 60% of rival Chinese beer maker Chongqing Brewery Co, in addition to selling its own brands.

REAL ESTATE

Shanghai world's fourth most dynamic real estate market

Shanghai ranked the highest of five Chinese mainland cities at no. 4 in the list of the world's 30 most dynamic cities, according to the Global City Momentum Index by real estate services provider JLL. Beijing, Shenzhen, Hangzhou and Nanjing are the other four Chinese cities that appeared in the fourth annual list, ranking 15th, 22nd, 26th and 29th, respectively, according to the index, which monitors 134 major business hubs across the world and tracks the rate of change of a city's economy and commercial real estate market. "For now, Shanghai's real estate market remains one of the world's most dynamic markets, with strong demand being driven by the growth of domestic firms, " said Joe Zhou, Research Manager for JLL China. Asian cities made up half of the top 10, with Bangalore in India replacing London to take the top spot for the first time. "Our research showed that the Asia-Pacific region is home to more than half of the globe's 30 most dynamic cities and real estate markets, highlighting the rise of commercial cities such as Bangalore and Ho Chi Minh City as major hubs of commerce," said Megan Walters at JLL.

- China Vanke, which has been embroiled in a high-profile corporate power struggle for more than a year, filed a lawsuit to invalidate the shares held by its largest shareholder Baoneng Group. Vanke alleges that Baoneng violated securities laws while it accumulated a 25.4% holding in Vanke because it borrowed funds through shadow banks without proper disclosure. The lawsuit was filed with the Shenzhen Luohu District People's Court.
- Sales of pre-owned homes continued to fall in Shanghai last month with no signs for a significant recovery anytime soon. About 9,420 units of pre-occupied houses changed hands in January in the city, a month-on-month decline of 30.6% and a plunge of 78.8% from the same month a year ago, according to Shanghai Centaline Property Consultants Co. That followed a 32.4% drop in December and a 21.7% fall in November. "The weakness could extend for another six months at least amid an increasingly prevalent wait-and-see sentiment among home seekers," said Lu Wenxi, Senior Manager of Research at Centaline.
- The Beijing municipal government has shortened the mortgage terms of second-home borrowers domiciled in the city, taking another step to clamp down on speculative home buying and control runaway prices. Buyers who already own one residential property are now only eligible to take out a mortgage on a second home for no more than 25 years, cutting back the loan period from the previous 30 years. The monthly repayment on a CNY3 million mortgage loan will increase to CNY18,226 over a 25 year period, from CNY16,827 over a 30-year period.

RETAIL

Starbucks launches gift feature on WeChat

Tencent Holdings has partnered with Starbucks to launch a gifting feature on its mobile social media platform WeChat. It will allow WeChat users to purchase a Starbucks beverage or digital gift card for their friends or family. Starbucks is the first retail brand to tap into WeChat's 846 million global monthly active users to offer such a gift service in China. The launch follows the December announcement of a strategic partnership between the two companies, which allowed Starbucks customers to use WeChat Pay to make purchases at up to 2,500 Starbucks stores in China. Tencent said the social gifting feature will gradually be opened to more "qualified" retailers in the future. "WeChat is huge in term of gifting cash," said Pang Yiming, Analyst with Beijing-based internet consultancy Analysys. "During the seven-day Chinese Lunar New Year holiday, 46 billion cash-filled red packets were gifted via WeChat. It shouldn't be too difficult for Chinese to embrace the new model of WeChat-enabled coffee gifting or other kinds of gifting in the future," she said. Starbucks aspires to become the most "gifted brand" digitally in China via the WeChat-enabled service, the South China Morning Post reports.

- China saw robust consumption during the Chinese Lunar New Year holiday week from January 27 to February 2. Sales revenue topped CNY840 billion in the retail and catering industries, an 11.4% increase from last year. Apart from the continuously growing sales of folk culture products, home appliances, digital products and jewelry, the entertainment and leisure sectors also saw growth. "Online grocery shopping, online meal take-away, personally tailored tours and shared services have also seen significant boosts," said Gao Hucheng, Minister of Commerce.
- China's smartphone sales jumped almost 9% year-on-year in 2016, said research firm IDC. Top Chinese vendors gained market share last year, indicating a growing acceptance of homemade brands. The four Chinese vendors – Oppo, Huawei, Vivo and Xiaomi – gained a combined share of 57% in 2016, up from 46% in 2015. Apple, which ranked no. 4 in the domestic smartphone market in 2016, suffered a 23% year-on-year drop in sales. In 2016, global smartphone sales reached 1.5 billion units, with 58% contributed by Chinese vendors, according to Counterpoint.
- Swire Pacific plans to almost double the size of the retail outlets of its bakery business by 2020, making it one of the biggest bakery chains in China. It will increase the number of its bakery shops in Chongqing, Chengdu and Guiyang to 1,000 within three years, through Swire Foods. Last year, Swire Foods completed a HKD1.39 billion deal to take full ownership of Qinyuan, a leading bakery chain selling Chinese and Western-style pastries, with over 500 retail outlets in Southwest China. The average expenditure on bakery goods in China is only around CNY140 per person per year. In Singapore, it is double, in Hong Kong three times, and in Japan it is close to seven times as much.

SCIENCE & TECHNOLOGY

Cambridge University established two partnerships in China

The University of Cambridge has established two partnerships in China, the first of their kind in the university's more than 800-year history. It signed a memorandum of understanding (MOU) with Qingdao and Shandong University. The University of Cambridge aims to take advantage of its research strength to help facilitate technology transfer and encourage entrepreneurship in China. "We will set up a team in Qingdao and share our experience and knowledge to help businesses innovate and thrive, improve the university campus and support the city's development," said Tony Raven, Chief Executive of Cambridge Enterprise. The company was established in 2006 to support members of the university in licensing their inventions, providing consultancy services, and creating companies based on university research. To date, 28 universities and institutions have decided to establish new campuses, or build branches or co-developed facilities in Qingdao. Shandong University, in Jinan, last year opened a new campus in North Qingdao, where high-tech industries and marine sectors have been growing quickly, the Shanghai Daily reports.

- Chinese scientists have identified a plant gene which can help fight rice blast – a harmful fungus – and reduce the use of pesticides. Scientists estimate rice blast destroys global crops by an amount of rice sufficient to feed 85 million people annually. Over 30 domestic companies have used the discovery to breed new rice varieties with better disease resistance.
- Covestro, one of the world’s largest makers of polymer, has developed a new material to make wind turbine blades stronger and cheaper to build, and enhance wind power’s cost competitiveness. The first polyurethane rotor blade for wind turbines was developed in Shanghai. Covestro has accumulatively invested around €3 billion in China.
- China will this year launch the country's first remote-sensing satellite dedicated to observing ground light at night. The Luojia-1A, a 10-kilogram mini satellite, is being developed by scientists at Wuhan University in Hubei province and will carry a highly sensitive night light camera with a 100-meter ground image resolution, Li Deren, Chief Scientist of the project, said. Wuhan University is also working with China Aerospace Science and Industry Corp to design the Luojia-1B, a remote-sensing radar satellite, and plans to send it into orbit in 2019.

STOCK MARKETS

Number of IPOs expected to double this year

The number of China's Initial Public Offerings (IPOs) is expected to total CNY300 billion in 2017 – compared to CNY150.4 billion last year – as a result of several official initiatives. Hu Xiaohui, Chief Strategist at LC Securities, said China's securities regulator had released a series of documents supporting companies in China's less-developed regions and in industries such as energy conservation and environmental protection and agriculture, to go public. “Because of these important documents, I expect the total IPO amount this year will be far more than last year and total CNY300 billion,” Hu said, adding that the stock market would be able to handle the pressure. China's securities regulator last week said that the energy conservation and environmental protection industry was important for China's economic transformation, and it would support companies in the industry to secure financing by going public. The CSRC is also supporting companies in poorer regions to go public.

- Chongqing-based China Express Air is on course to be the first listed Chinese regional airline with a proposed initial public offering (IPO) on the Shenzhen Stock Exchange later this year. It plans to raise nearly CNY1.68 billion.The funds will be used to purchase aircraft and engines and establish an aviation training school. Founded in 2006, the airline operates a fleet of 28 CRJ-900ER planes on scheduled passenger flights to more than 70 destinations in China. China Express is set to become the eighth domestically-listed airline if it receives regulatory approval for the IPO.
- Shanghai shares posted the best week for two and half months. The Shanghai Composite index added 0.42% to 3,196.7 points, generating its biggest weekly gain of 1.8% since November 25.
- The China Securities Regulatory Commission (CSRC) has vowed to “capture big crocodiles” in the country's stock market, suggesting that a tougher regulatory stance against stock speculation and manipulation will be a priority for the regulator. CSRC Chairman Liu Shiyu implied that the “big crocodiles” were tycoons who wield capital power to manipulate stock prices and disrupt fair market play. “No one will be allowed to create winds and waves in the stock market,” he said.
- Trading firm Li & Fung will be replaced by car maker Geely Automobile Holdings as a constituent stock in the Hang Seng Index from next month, according to index complier Hang Seng Indexes Company. Separately, Tsingtao Brewery – the first H share listed in Hong Kong in July 1993 – will be removed from the H-share index and be replaced by Postal Savings Bank of China (PSBC) which had the largest initial public offering (IPO) in Hong Kong last year. The changes will come into effect from March 6. The number of constituent stocks that make up the Hang Seng Index and H-share index remain unchanged at 50 and 40 respectively.

- The amount of money mainland Chinese investors poured into Hong Kong stocks via the stock connect schemes last week soared by 66% as they took advantage of the narrowing price gap between A and H shares to conduct arbitrage. Mainlanders can trade Hong Kong stocks via the two stock connect schemes that have linked the bourses of Hong Kong and Shanghai since November 2014 and Shenzhen and Hong Kong since December last year.

TRAVEL

Foreigners to be fingerprinted at China's borders

China began taking fingerprints of all foreign visitors as it steps up its border security, the Ministry of Public Security said. Fingerprinting of foreigners started at Shenzhen airport on February 10, and will then be gradually rolled out across the country. All foreign passport holders aged from 14 to 70 will have to give their fingerprints. It is not known whether the information would be shared across ministries and other government agencies. Foreigners using diplomatic passports and visas will not have to provide their fingerprints. Chinese citizens from Hong Kong, Macao and Taiwan were not considered foreigners. Other countries that already collect biometric data from visiting foreigners include the United States, Britain, France, Japan and Australia. Foreign passport holders exited and entered China 76.3 million times last year, an increase of 47% from 2015. About 14.2 million who entered gave the reason as tourism, up by 72% from the previous year.

- China is expected to supply next-generation bullet trains capable of traveling at 400 km per hour for Russia's Moscow-Kazan line by 2020. The line is expected to be about 770 kilometers long and will run through seven Russian regions with a total population of more than 25 million.
- China's first domestically produced large passenger aircraft – the C919 – is expected to make its maiden flight in the first half of this year. Commercial Aircraft Corp of China (COMAC), the Shanghai-based developer of the aircraft, has almost completed the onboard systems installation as well as major static and system integration tests. The C919, with more than 150 seats and a standard range of 4,075 kilometers, is expected to compete with upgraded versions of the Airbus 320 and Boeing 737, which currently dominate the market. By the end of 2016, a total of 21 customers had placed orders for more than 500 C919 aircraft, and COMAC expects to sell at least 2,000.
- Qantas Airlines launched a new service from Sydney to Beijing on January 26. Beijing is Qantas' third destination in China, in addition to Shanghai and Hong Kong. Using 235-seat Airbus A330-200 aircraft, the service adds 3,300 seats to the market per week. Together with its partners China Eastern and China Southern, Qantas customers can now choose from 130 weekly return flights between Australia and China.

VIP VISITS

China and Australia consolidate ties as FM visits

China and Australia pledged deeper ties on everything from trade to tourism, as Chinese Foreign Minister Wang Yi visited Canberra for talks with his Australian counterpart Julie Bishop. "It is important to steer economic globalization toward greater inclusiveness, broader shared benefits and in a more sustainable way," Wang said. Bishop urged China to consider joining the Trans-Pacific Partnership (TPP) abandoned last month by U.S. President Donald Trump, who has said he prefers bilateral deals. Wang said Beijing would link its "One Belt, One Road" policy with Australia's plan to develop its remote northern region.

- Huang Jiefu, former Vice Minister of Health and the current head of the China Human Organ Donation and Transplant Committee, attended a conference at the Vatican on organ trafficking last week, in a sign of improving relations. China and the Holy See do not have diplomatic relations. Huang denied that China was still using organs of executed convicts for transplants.

- China has invited British Prime Minister Theresa May to attend a major summit in May on its “One Belt, One Road” initiative. China has so far given few details about who will attend the summit, to be held in Beijing, but it has been announced that Russian President Vladimir Putin would also attend. Leaders from about 20 Asian, European, African and Latin American countries had also confirmed their participation. Since becoming President in 2013, Xi has met Putin more often that any other world leader.
- Chinese Foreign Minister Wang Yi met his New Zealand counterpart Murray McCully and Prime Minister Bill English in Auckland and agreed to continue talks to upgrade the two countries’ bilateral free trade agreement (FTA) and New Zealand's role in China's “One Belt, One Road” initiative (OBOR).

ONE-LINE NEWS

- Sales of excavators in China surged 54% in January from a year ago as infrastructure investment grew, signaling a rebound in the heavy machinery sector, the China Construction Machinery Association said. Over 4,500 excavators were sold in January, in line with a 17.4% rise in infrastructure investment totaling CNY11.9 trillion last year.
- Former Minister of Civil Affairs Li Liguo was punished for failing to tackle graft in the Ministry. He was demoted to the position of a Deputy Director at the Ministry. Millions of yuan raised each year through state lotteries overseen by the Ministry were spent by officials on properties and cars rather than on social welfare projects. Li has also been placed on probation within the Communist Party for two years.
- U.S.-China relations were boosted by U.S. President Donald Trump's letter to President Xi Jinping on the occasion of the Lantern Festival and a subsequent phone call in which Trump reasserted the U.S. adherence to the one-China policy.

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