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

NEWSLETTER | 6 MARCH 2017

FCCC/EUCBA ACTIVITIES

China Seminar: "Doing Business in China – The People Challenges" – Monday, 13 March 2017, 16h00 – Kortrijk

The Flanders-China Chamber of Commerce is organizing a seminar focused on: "Doing Business in China – The People Challenges". This event will take place on 13 March at 16h00 at Barco, Beneluxpark 21, 8500 Kortrijk.

According to survey of European companies based in China, one third mentioned that rising labour costs is their top HR challenge, while one quarter reports that talent shortage is their second biggest HR challenge.

During her visit to Belgium, Mrs Diana Lu, Vice-President Human Resource APAC at Barco, will speak about Chinese culture, its implications on Leadership and Talent and the HR challenges of Barco in China. She will also give valuable information about retaining talent in China.

15h00 – 16h00	Barco company tour (optional)
16h00 – 16h10	Introduction by Ms Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
16h10 – 16h40	Presentation: 'Doing Business in China – The People Challenges' by Mrs Diana Lu, Vice-President Human Resource APAC at Barco
16h40 – 17h30	Q&A
17h30	Networking drink

If you are interested in attending, please register via this link before 8 March 2017.
Participation fee for FCCC members: 65€, non-members: 95€ (Excl. 21% VAT)

Made in China 2025: where are the opportunities? – Tuesday, 21 March 2017 – Mechelen

The Flanders-China Chamber of Commerce (FCCC) is organizing a session on "Made in China 2025: where are the opportunities?" in cooperation with the Flemish Center for Quality Care on Tuesday 21 March 2017. We will examine the consequences of the new Chinese quality policy. What does it mean for Flemish companies in China? And the other way around: what consequences will the quality improvement have for the Flemish manufacturing industry?

Programme:

- Introduction by Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce (FCCC)
- China's quality policy by Dirk Laeremans, China expert and CEO of Orientas
- Three companies present their case study:
    - Koen Sonck, Quality Implementation Director & Senior Specialist Product Audit

Q&CS, Manufacturing Quality at Volvo Car Group
  - Hans Deprettere, Sales Export Manager Asia Pacific & Middle East at Orfit Industries
  - Paul Coppens, Manager TQM and Plate System Development and GS/Total Quality Management Consumables at Agfa Graphics

Date: Tuesday, 21 March 2017 at 16h, welcome at 15h30, the event is followed by a networking drink.
Place: Technopolis Mechelen
Registration by following this link.

"How to Succeed on the Chinese Market: 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: **"How to Succeed on the Chinese Market: Understanding China's Next Move"**. This programme will take place on Wednesday March 22, 2017 at the Provincial House, Gouvernementstraat 1, Ghent.

"How to Succeed on the Chinese Market: 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

09:00 – 09:30 Registration
09:30 – 09:45 Welcome by Mr Geert Versnick, Vice Governor in charge of European and International cooperation and economic affairs of the Province of East Flanders
Introduction by Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
09:45 - 10:55 Win in China: Formulas and Business Models
11:10 - 12:40 Chinese Consumer Behaviour and Digital Marketing in China
12:40 - 13:40 Networking Lunch
13:40 - 15:10 Cross-Cultural Management under Chinese Context
15:25 - 16:55 Negotiation with the Chinese
17:10 - 17:40 Award certificate from CKGSB, Flanders-China Chamber of Commerce & Province of East Flanders

LEARN MORE: https://goo.gl/rRABn7

Register here

If you prefer to pay through wire transfer, please contact lpwan@ckgsb.edu.cn for more payment details.

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

"China's Transformation & its Global Implications" – 29 March 2017 – Brussels

China represents 50% of global economic growth. The Economist Magazine forecasted that China will overtake America to be the largest economy in the world by 2024. China has 1.3 billion consumers and 680 million mobile internet users. There is no greater moment than right now to look to China for future growth. Of course, doing business with China isn't easy. Yet, the lucrative Chinese market is hard to resist. So, how can you expand to China successfully!?

On March 29, 2017, **Professor Xiang Bing, founding dean of China's top business school, Cheung Kong Graduate School of Business** will be at EUCBA to deliver a keynote speech on **"China's Transformation & its Global Implications"**. During the event, we will be tackling the opportunities and issues facing European companies as they look to expand their businesses into China. A number of distinguished guests will be speaking about their diverse and insightful understandings of China's diverse markets and how you can look towards China for future growth.

Where: EUCBA, 37, Boulevard Roi Albert II, 1030 Brussels
When: Wednesday, 29 March 2017

Programme:

14:30 – 15:00	Signup & networking
15:00 – 15:20	Opening address Mr Jochum Haakma, Chairman, EU-China Business Association; and an EU Commission official
15:20 – 15:50	Keynote **"China's transformation & its global implication"** by Dean Xiang Bing

15:50 – 16:50	Panel – Tapping into the Chinese market for growth Mr Bo Ji, CKGSB European Dean (moderator) Mr Bart De Smet, Chairman, Ageas Other panelists still to be determined
17:00	Networking drink

A subscription link will be available on the FCCC website shortly.
Subscription fee: 75 € (Excl. VAT)

About the Speakers:

Xiang Bing, Founding Dean, Cheung Kong Graduate School of Business
Dr. Xiang Bing is the Founding Dean and Professor of China Business and Globalization at Cheung Kong Graduate School of Business (CKGSB). CKGSB is China's first independent, non-profit business school that applies a management model common among most globally-leading business schools. CKGSB maintains a campus in Beijing and locations in Shanghai and Shenzhen, in addition to representative offices in Hong Kong, London and New York.

Dr. Xiang has played an important role in developing and innovating China's management education sector. Prior to joining CKGSB, Dr. Xiang was Professor of Accounting at Peking University's Guanghua School of Management, where he pioneered the school's Executive MBA program. He was also one of the seven founding faculty members of China Europe International Business School (CEIBS) in Shanghai. Previously, Dr. Xiang served on the faculty of the Hong Kong University of Science and Technology.

Dr. Xiang's research interests include state and business relations, the reform of state-owned enterprises, innovation and the role of the private sector in China. He is a leading authority on Chinese business, innovations in China, the globalization of Chinese companies and global implications of China's transformation. Dean Xiang is also a key advocator of 'New Business Civilization' (新商业文明). His writings and cases on these subjects are considered among the most influential in China.

He has been an independent board member of a number of companies listed in Hong Kong, mainland China and the US (including two Global Fortune 500 companies). He is also a member of the boards of trustees for The United Way Worldwide (US) and for Asia House (UK), as well as a member of the International Advisory Council of Fundação Dom Cabral (FDC) and a Counselor for the One Young World Summit in Dublin.

Dr. Xiang has served as keynote speaker or panelist at influential forums and conferences in China and around the world. Recent speaking appearances have included forums held by the World Economic Forum, Asia Society, Committee of 100 (US), Deutsche Bank, The Conference Board, Yale CEO Summit, Harvard Kennedy School, The Economist, Financial Times, Global Pension Forum, the Boao Forum, Asia House (UK) and the Saint Petersburg International Economic Forum (Russia). He has offered commentary for the Financial Times, the New York Times, Bloomberg, BBC, CNN, the Sunday Times, CCTV (China), Phoenix TV, El Mundo, El Pais and L'Agence France-Presse (AFP), among other global media.

He has worked with many leading companies to offer consulting and training in China and globally. These companies include China Mobile, China Telecom, Huawei Technologies, TCL, Midea, Petro China, CNOOC, Ernst & Young, IBM (China), GE (China), Siemens (China), Goldman Sachs (Asia), Clifford Chance, Cummins, DFS, Lenovo, Bank of China and China Railway Construction Corporation, among others.

Bo Ji, Assistant Dean for Europe, CKGSB; Inspiring TEDx speaker; Chinapreneur
Bo is the Chief Representative of Europe and Assistant Dean for Global Executive Education. Bo oversees CKGSB's office in London, with the goal of helping European businesses to understand China and successfully doing business in this dynamic market. His primary responsibilities are elite network management and conference speaking throughout Europe.

Bo's global professional experience has given him a unique perspective to essential factors of China-West relations. Innovation, leadership, management, marketing & sales and overseas study are all topics that Bo is able to deliver world-class, inspiring presentations on. The list of speeches he has made at global conferences is astounding and is sure to not only captivate, but educate the audience.

Bo has a strong background in both global business and executive education. He has led divisions at Fortune 500 companies including Monsanto, Cargill, Pfizer, Wrigley and Mars. He has also taught Executive MBA and MBA programs at top global business schools including MIT, NYU, INSEAD, HKUST and Tsinghua University.

About EUCBA
The EU–China Business Association (EUCBA) is the EU-wide federation of national non-profit business organisations in the European Union with specialization and particular expertise in exchange of knowledge on investments and trade with China. At current, EUCBA unites 20 members in 20 countries representing more than 20,000 companies – large, medium, and small, in all branches of industry, commerce and the service sector.

EUCBA promotes direct investment and trade between China and the EU through international exchange of information and joint projects of its members – providing European companies a stronger base for expanding trade cooperation with China.
About the Cheung Kong Graduate School of Business
Cheung Kong Graduate School of Business (CKGSB) is a world-class business school in China that aims to develop current and future leaders with a global vision, a humanitarian spirit and an innovative mind-set.

Over the past 15 years, CKGSB has developed into a prominent business school with 45 full-time professors, who have earned their PhDs or held tenured faculty positions at leading business schools such as Harvard, Wharton and Stanford.

More than half of the 10,000 CKGSB alumni are at the CEO or Chairman level and, collectively, lead one-fifth of China's most valuable brands. Together, their companies shape over $1 trillion in annual revenue, 14% of China's GDP, which demonstrates the school's impact and influence. CKGSB has a European office located at 11–12 St. James Square, London.

About Understanding China's Next Move
Understanding China's Next Move is a one-day immersion program in London that delivers the latest China insights to European executives and managers. The program will focus on concepts and practice of engagement with China, and may inspire you with answers to the most complex of cross-cultural puzzles.
Topics include:

- Win in China
- Chinese Consumer Behaviour and its Business Opportunities
- E-commerce & Digital Strategy in China
- Cross-Cultural Management under Chinese context
- Negotiation with the Chinese

ACTIVITIES SUPPORTED BY FCCC

2017 China (Henan) SMEs Cross-Border Investment and Trade Fair – 29 March 2017 – Zhengzhou

The China Council for the Promotion of International Trade (CCPIT), Bank of China (BOC) and the People's Government of Henan province are jointly hosting the 2017 China (Henan) SMEs Cross-Border Investment and Trade Fair in Zhengzhou, Henan province, on 29 March 2017. The event will coincide with the 11th China (Henan) International Investment & Trade Fair. The 2017 China (Henan) SMEs Cross-Border Investment and Trade Fair will focus on modern agriculture (breeding and farming), food processing, equipment manufacturing, bio-pharmaceuticals, information technology, elderly care & medical treatment, energy saving & environmental protection, tourism & education, new energies and new materials. The event is expected to attract more than 600 domestic enterprises and more than 200 overseas enterprises from over 20 countries and regions.

Expenditure on airport pick-up, conference registration, accommodation and meals for overseas participants during the Fair will all be borne by the organizers. It is suggested that every overseas company send no more than two participants.

Contact: Ms. Ma Yufei, +86-10-88075069, mayufei@ccpit.org

Weihai International Food Expo – 16-19 June 2017 – Weihai

Weihai International Food Expo
Date: 16th to 19th, June,2017
Venue: Weihai International Exhibition Center

Organisers: Department of Commerce of Shandong Province, Shandong Entry-Exit Inspection and Quarantine Bureau and Weihai Municipal Government

Supporting Sponsors :
Foreign Trade Development Bureau of Ministry of Commerce, China Chamber of Commerce, China Aquatic Products Processing and Marketing Alliance, Korea Trade-Investment Promotion Agency, Royal Thai Consulate-General in Qingdao, Japan C & Z Communication, Asian-International Trade and Investment Association, Malaysia China International Trade Link Association, Taiwan Cross Strait Exhibition Association.

Introduction
Weihai International Food Expo was founded in 2010,and it is China's first food exhibition focusing on exporting quality and safety of agricultural products. It is held by the Department of Commerce of Shandong Province, Shandong Entry-Exit Inspection and Quarantine Bureau and Weihai Municipal Government in June every year. It has been successfully held for 7 sessions, with in total 4228 international standard booths, 2266 exhibitors from home and abroad, 10,500 professional buyers from more than 40 countries and regions, and 11.07 billion yuan of trade intention. The exhibition area is 30,000 square meters. The Expo will invite about 3,000 purchasers from large domestic chain supermarkets and business associations, purchasers from South Korea, Japan, Russia, Malaysia, Thailand, Taiwan and other countries (regions). Exhibition scope will cover marine food, agricultural and sideline products, snack foods, imported food, alcohol and beverages, food packaging and processing machinery.

Advantages
Weihai is the largest fishing production base in northern China, China's largest frozen food export base, China's largest production and processing base for kelp, China's largest fish oil capsule production base and seafood canned production base, China's largest peanut exporting base, and the biggest base for aquatic products and concentrated fruit juice in China. As an important city for exporting agricultural products, Weihai has been the first city to construct quality and safety demonstration base in the country since 2008, and it has formed a reliable quality and safety supervision mode to enhance the quality of agricultural products including aquatic products. Weihai City has been awarded the Shandong Provincial Government and General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China first "Quality and Safety Demonstration City of Exporting Agricultural Products in Shandong Province" award and the first batch of Quality and Safety Demonstration City of Exporting Agricultural Products in China.

Preferential Policies
For all overseas exhibitors, we will provide free booth, for which business license copy would be required. For the team leader who organizes more than 10 overseas exhibitors (1 person for each delegation), we will provide preferential policies of airport pick-ups and seeing-offs (only for Weihai Airport and Yantai Airport). For overseas purchaser, after confirmed with identification, we will provide preferential policies, including airport pick-ups and seeing-offs (only for Weihai Airport and Yantai Airport), and 3 days (with 2 nights) free accommodation. For the team leader who organizes the purchaser delegation of more than 10 overseas excellent purchasers (1 person for each delegation), we will provide preferential policies of 3 days (with 2 nights) free accommodation.

Contact and registration:
Contact person: Chen Hui, chenhuich2003@aliyun.com

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

PAST EVENTS

Pictures New Year Reception available for download

The link to the pictures of the FCCC New Year Reception which took place on 6 February 2017 at KBC Bank in Brussels is now available.

The pictures can be downloaded from this link:
https://www.flanders-china.be/en/events/pictures#

website: www.hainanairlines.com

Coastair: We Fly Cargo

NPC & CPPCC SESSIONS

Economic growth and blue skies central themes in work report

The National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) started their yearly sessions at the Great Hall of the People in Beijing on March 5 and March 3 respectively. China faces "far more complicated and graver situations" both at home and abroad as it steps up economic development and seeks to play a greater international role, Premier Li Keqiang said in his report to the 5th session of the 12th NPC.

China aims for an economic growth of about 6.5% this year "or higher if possible in practice", according to the work report. The target compares with a 6.5% to 7% range in 2016 and an actual GDP growth of 6.7%. Premier Li also set the inflation target at 3%, unchanged from last year. China aims to create 11 million new urban jobs this year, more than last year's 10 million. Steel capacity will be cut by 50 million tons and coal by 150 million tons this year. Li stressed repeatedly in his speech that his government's top priority in 2017 would be to ensure the success of the upcoming Communist Party congress and to rally around President Xi Jinping's core leadership. It was the first of 17 major tasks Li listed for 2017.

On the exchange rate, Li said the government would stick to market-oriented reform and maintain the Chinese currency's importance in the global market. For the first time in an annual government report, the requirement to ensure the stable global status of the yuan was included as one of its major tasks, dropping the line "keeping a stable yuan at a reasonable and balanced level" that has been including in the report for the past three years. "The renminbi exchange rate will be further liberalized, and the currency's stable position in the global monetary system will be maintained," Premier Li told the National People's Congress delegates. The new wording may indicate that Beijing will be more tolerant of yuan exchange rate moves against the dollar and gradually reduce its intervention in the foreign exchange market this year. Beijing's efforts to make the yuan an international currency were largely shelved in the past year. In Hong Kong, the primary offshore yuan market, yuan deposits at the end of 2016 dropped 46% from a peak in December 2014.

Li Keqiang also said that "officials who do a poor job in enforcing the law, knowingly allow environmental violations, or respond inadequately to worsening air quality will be held accountable." He pledged to make the country's smoggy skies blue again and "work faster" to address pollution caused by burning of coal for heat and electricity. Li said "people are desperately hoping for" faster progress to improve air quality. "We will make our skies blue again," he declared to almost 3,000 delegates in the Great Hall of the People in Beijing.

China's military budget will rise by around 7% this year, a bit more than projected GDP growth, and down from 7.6% last year. But for the first time in decades the government did not reveal total defense spending, an attempt to downplay the sensitive figure. The total military budget has long been included in the Ministry of Finance's report but was omitted this year. The government deficit would be 3% of economic output, unchanged from last year, as stability remains the key and no new major economic initiatives are planned. In infrastructure, China will pump CNY800 billion into new railways, CNY1.8 trillion into roads and waterways and begin 15 major hydraulic projects. Monetary policy would be “prudent and neutral”, with the broad M2 money supply to grow 12%.

Zhang Yiping, Economist at China Merchants Securities, said Beijing was moving to reduce financial risks and reliance on debt-fueled growth – China’s total debt surged to 260% of its GDP last year, up from 125% in 2008, the South China Morning Post reports. Property and the stock market are two sources of risk that the government has been trying to address. Premier Li said that China must remain alert to “non-performing loans, bond defaults, shadow banking and internet finance”, vowing that China would erect a “firewall against financial risks”.

China made good start in 13th Five Year Plan

Yu Zhengsheng, Chairman of the Chinese People's Political Consultative Conference (CPPCC) National Committee, delivered a work report to more than 2,000 political advisors who gathered to discuss major political, economic and social issues. Wang Guoqing, Spokesman for the annual CPPCC session, said China has made a good start in its 13th Five Year Plan (2016-20) and the country contributed about a third of world growth in 2016, more than any other country. “China's steady growth has brought in greater demand, investment and products to the world economy and created many opportunities for cooperation,” Wang said at a news conference. Political advisors submitted 5,769 proposals in 2016, focusing on poverty alleviation, industrial transformation and reform of the medical and healthcare system.

Download links to NPC reports

Premier Li Keqiang’s “Report on the Work of the Government”, the “Report on the Implementation of the 2016 Plan for National Economic and Social Development and on the 2017 Draft Plan for National Economic and Social Development” by the National Development and Reform Commission (NDRC), and the “Report on the Execution of the Central and Local Budgets for 2016 and the Draft Central and Local Budgets for 2017” by the Ministry of Finance can be downloaded from the website of The Wall Street Journal here.

- Li Shufu, Chairman of Chinese carmaker Geely Automobile, has urged Beijing to allow more companies to be involved in high-definition mapping, which he sees as the key barrier that may prevent the country from winning the global autonomous driving race. He made the suggestion in his capacity as a member of the National Committee of the CPPCC.
- China would “never” launch a currency war to devalue the yuan to boost exports, Yi Gang, Vice Governor of the People’s Bank of China (PBOC), said on the sidelines of the CPPCC meeting. “Our overall direction is to keep the exchange rate basically stable within a reasonable range,” Yi said. He added that there was no need at present for the PBOC to follow the U.S. Federal Reserve in tightening monetary policy by raising interest rates.
- China’s government has a selection of policy tools to respond to any potentially hostile trade or economic policies by U.S. President Donald Trump, Economist Li Daokui told the South China Morning Post outside the meeting of the National People’s Congress. “What’s important is not what Trump says, but what his team says. The government has regular communications” with officials of the Trump administration, he added.
- China has pledged to simplify the value-added tax (VAT) regime this year to level the playing field and shore up the real economy. Premier Li Keqiang said the government will trim the four-tier VAT regime to three levels. Li promised to cut the tax burden by CNY350 billion this year, and slash administrative fees by CNY200 billion. While tax revenues rose 4.3% to CNY13 trillion in 2016, revenue growth has declined annually since 2010.
- Beijing will press ahead with a controversial plan for greater integration between Hong Kong and the mainland, Chinese Premier Li Keqiang announced. The Guangdong-Hong Kong-Macao Greater Bay Area concept was mentioned for the first time in the Premier’s annual report. The concept dates back to 2011 when it was proposed in a study called “The Action Plan for the Bay Area of the Pearl River Estuary”.

AUTOMOTIVE

Dealers' profitability suffers from inventory

Despite the vastness of China's car market, the percentage of dealers who believe they will be profitable this year has fallen to less than half of last year's figure due to inventory concerns. A survey of more than 1,400 dealerships shows that only 17% think they will be profitable this year, while 77% believe they will make ends meet, and 6% say they will lose money. Last year, 34.2% were profitable, 50.4% made ends meet and 15.4% were in the red. The survey, conducted by the China Automobile Dealers Association (CADA), covered dealerships that sell cars from seven premium brands, 27 international volume car brands and 36 Chinese brands. Dealers had a good year in 2016 thanks to a sales surge resulting from China's 50% tax discount for cars with engines no larger than 1.6 liters and reasonable inventory levels, said Lang Xuehong, CADA Deputy Secretary General. The Association's statistics show that last year, more than 86% of dealerships had "acceptable" inventory levels – meaning less than 1.5 times their monthly sales – nearly four times the percentage in 2015, the China Daily reports. The inventory index, which hit a 14-month high last month at 61.5%, continued its climb to 66.6% in February, according to CADA, while a reasonable level should be no higher than 50%.

- Volkswagen's luxury division Audi is recalling 681,000 cars in China to fix coolant pumps that could overheat. The measure is part of a global recall affecting around 1.1 million units of the A4, A5, Q5, A6 and A8 hybrid models, whose engine control units will require software updates to resolve the problem.

FINANCE

China cracks down on underground bank network

China is facing huge pressure from capital outflows as investors attempt to move their cash overseas, sometimes illegally, as the yuan's exchange rate has been weakening against the U.S. dollar. The country's foreign exchange reserves have shrunk by USD1 trillion from their peak in June 2014. China's foreign exchange regulator, the State Administration of Foreign Exchange (SAFE), has tightened oversight of cash remittances overseas and suspended Chinese investments in overseas property projects. This has forced some businesses and people to turn to unlicensed banking operations to get money out of the country. A huge amount of cross-border transactions exist beyond the government's watch, creating a big 'black hole' in China's financial system. Police seized more than CNY900 billion during raids on underground banks last year, the Ministry of Public Security said. The 380 major cases involved more than 800 suspects. "For a long time, underground banks have become a fast channel to transfer money, for they are anonymous and hidden. Many criminals have taken advantage of the channel to transfer their illegal gains overseas," said Zhang Niannian, an official at the People's Bank of China (PBOC).

- Zhou Xiaochuan, 69, Governor of the People's Bank of China (PBOC), looks likely to remain in the post for a while as the central government needs his experience and expertise more than ever to navigate uncharted financial waters, analysts said. He was appointed to lead the PBOC in late 2002. U.S. President Donald Trump's threat to label China a currency manipulator has made it all the more important for Beijing to have a trusted voice that can be heard in Washington. He is already the longest-serving central bank chief in the world's top 20 economies.
- President Xi Jinping said China must "unswervingly" crack down on financial irregularities and illegal behavior, while improving shortcomings in market supervision. Such reforms must be specific and according to international standards, he added. The country's top leaders have criticized the flow of speculative funds into the property market, which recorded the fastest price gains last year since 2011, fueling a dangerous price bubble and inflating China's debt load.
- The National Development and Reform Commission (NDRC) has called for accelerated research on new tax regulations for the rapidly growing sharing economy sector. In 2016, the transaction volume of China's sharing economy reached CNY3.45 trillion, marking a 103% year-on-year growth. Employees working on sharing economy

platforms numbered 5.85 million, up 850,000 year-on-year. Among them, the number of service providers increased by 10 million to 60 million.

- Tibet and Xinjiang “have virtually become China’s version of the British Virgin Islands,” according to Shen Meng, Executive Director of boutique investment bank Chanson & Co. in Beijing. Thanks to a package of tax breaks, companies registered in Tibet are subject to a corporate tax rate of 15%, well below the national standard rate of 25%. The overall tax rate can drop to as low as 9% as a result of other incentives granted by local governments. The most favorable territory in terms of preferential taxes is Khorgos, a border city in Xinjiang.
- Bonds issued in China last year totaled CNY36.1 trillion, the People’s Bank of China (PBOC) said, a 54.2% rise on 2015. China’s debt-to-GDP ratio rose to 277% at the end of 2016 from 254% the previous year, with an increasing share of new credit being used to pay debt servicing costs.
- Dalian Wanda Group has signed a strategic partnership with China UnionPay. Wanda Group and its partner merchants plan to gradually accept UnionPay QuickPass. Meanwhile, they will also jointly expand customer service channels, carry out joint marketing campaigns, and explore offering value-added services to consumers both at home and abroad.
- The Dalian Commodity Exchange (DCE) is making preparations for the participation of foreign investors in iron ore futures trading, said Chairman Li Zhengqiang, as he addressed the two-day 2017 China Iron Ore Conference. The DCE launched China's first iron ore futures with physical delivery in October 2013.

FOREIGN INVESTMENT

New Commerce Minister promises to give foreign companies bigger role

China's newly appointed Minister of Commerce Zhong Shan vowed to further boost foreign direct investment (FDI) and let foreign companies play a bigger role driving local manufacturing and the service sector. He spoke of the importance of pilot free trade zones (FTZs) and supply-side reform at a national conference to attract FDI. “A total of 114 innovative ways to get things done have been duplicated as a result of experiments that have taken place in the country's four FTZs, including Shanghai and Guangdong,” he said. The experiments have included allowing foreign firms to run healthcare and educational businesses, and removing restrictions on foreign financial institutions like securities and fund management companies. Products such companies manufacture in China also will be treated fairly in government procurement, he said. Such measures will be promoted nationwide and are expected to further drive FDI, said Li Gang, Vice President of the Chinese Academy of International Trade and Economic Cooperation in Beijing. China attracted USD489.42 billion in foreign capital in the past four years, and annual FDI from high-tech enterprises rose by 11.7% year-on-year on average from 2013 to 2016. Foreign-invested businesses contributed almost half of China's foreign trade volume, even though they accounted for less than 3% of the total number of enterprises. Li said China must become an innovative economy and create new growth points to encourage foreign companies to invest in its high-end and service industries, the China Daily reports.

Repatriation of profits guaranteed, says PBOC

Profits of foreign-invested companies in China can be repatriated overseas normally even as authorities have beefed up efforts to monitor capital flows, the People’s Bank of China (PBOC) said. Genuine and legal international payments and transfers out of China are not restricted as convertibility is already allowed under the current account, the central bank said in a statement. International payment and transfers of dividend, and the trade of goods and services, can be made at commercial banks with proper documents, the statement said. The central bank also included e-mail addresses in the statement to help foreign-invested companies report problems they encountered when they transfer profits overseas. A month ago, the State Administration of Foreign Exchange (SAFE) released new rules to enhance inspection on the authenticity and compliance of foreign exchange operations, but it also said that curbs had not been placed on foreign-invested companies transferring profits overseas, the Shanghai Daily reports.

- China will continue to be the world's most attractive destination for global investment this year, with new materials, new technologies and the healthcare industries being the new focus, according to a report by the China Center for International Economic Exchanges (CCIEE). The growth rate of China's foreign direct investment (FDI) was expected to reach over 15% in 2017, up from 4.1% growth in 2016 to USD118 billion. Data also showed foreign-funded businesses, which account for less than 3% of the number of companies operating in China, generated nearly half of the nation's foreign trade and one-fifth of tax income over the past four years.
- Chinese companies looking to invest in Australian businesses should avoid bidding on “national icons” to prevent being rejected by the Australian government, Brian Wilson, Chairman of Australia’s Foreign Investment Review Board (FIRB) has said.
- Atlas Copco has opened two joint ventures with Chinese drilling equipment maker Hongwuhuan Group to produce and sell drilling rigs in China. One of the joint ventures is based in Quzhou, Zhejiang province, and will develop and produce surface drilling rigs and rock drilling tools. The other one, based in Shanghai, will focus on sales. The companies expect to achieve CNY200 million in sales this year.

FOREIGN TRADE

President Xi urges Shanghai to further liberalize free-trade zone

Chinese President Xi Jinping urged Shanghai to turn its free-trade zone (FTZ) into a bridgehead for the “One Belt, One Road” initiative and help domestic companies channel investment overseas. Speaking at a meeting of the Shanghai delegation to the National People’s Congress in Beijing, Xi said the city should turn the area in Pudong into a “comprehensive reform experiment zone” that integrates opening up and innovation. “Shanghai must take the advantage of an early start and be the first one to set up a system that is in line with international investment and trade rules,” Xi said. He added that through further innovations, the city would become a model for other free-trade zones within China. Shanghai’s FTZ was “a strategic move to deepen reform and expand opening up”, Xi said, adding it should make “breakthroughs to play an example role”. “We will stick to overall opening up and continue to advance free and convenient trade and investment,” he said. China launched the free-trade zone in Shanghai in late 2013 as a test bed for full convertibility of China’s currency and a market-based interest rate mechanism. Two years later, three more zones – in Guangdong, Fujian and Tianjin – were approved. The number of FTZs expanded again last year with seven inland provinces receiving approval to set up FTZs, the South China Morning Post reports.

- Eleven shipping companies will cut terminal handling costs in China, saving CNY3.5 billion a year for domestic trading companies, the National Development and Reform Commission (NDRC) said. Cosco has promised to cut the charge to CNY596 per TEU from CNY717, while Maersk will lower it to CNY566 per TEU from CNY681.
- The European Commission announced its final ruling to impose anti-dumping taxes on Chinese steel plate for a five-year period, with duties ranging between 65.1% and 73.7%. Wang Hejun, Director of the Ministry of Commerce’s Trade Remedy and Investigation Bureau, said China has grave doubts about the ruling and is highly concerned about the EU’s protectionist tendencies regarding Chinese steel products.
- China called on the European Union to put an end to punitive duties imposed on Chinese solar panels as soon as possible following a decision by the EU to extend the tax for 18 months with a gradual phase-out.China’s Ministry of Commerce regrets that the EU has extended the duties, disregarding the opposition of Chinese firms, although the extension period has been cut.
- Chinese telecom equipment maker ZTE Corp is nearing an agreement to plead guilty to U.S. criminal charges and pay hundreds of millions of dollars in penalties over allegations it violated the International Emergency Economic Powers Act that restricts the sale of U.S. technology to Iran. ZTE received U.S. sanctions relief till March 29. An agreement would cap a year of uncertainty for the Shenzhen-based company.
- Trading turnover at the East China Fair edged up 0.28% from last year while the number of overseas buyers rose slightly, the Shanghai Commission of Commerce

said. The turnover at the five-day event, which closed in Shanghai on March 5, amounted to USD2.3 billion. The number of foreign professional visitors rose 3.2% from last year to 22,140. Japan remained the largest source of foreign buyers, accounting for 42% of the total.

IPR PROTECTION

Alibaba calls for more efforts against counterfeiting

Alibaba Group has called for stricter laws and heavier penalties against product counterfeiting. The company said such illegal activities have caused damage to the manufacturing and business environment, and hurt the interest of consumers and merchants. “To date, many of those involved in counterfeiting have escaped sanction, shown by an extremely low conviction rate,” the company said in a statement. “Ambiguities in the law have meant that enforcement officers have found it difficult to classify and quantify cases of counterfeiting let alone commence legal proceedings.” Alibaba said it has identified 4,495 leads on possible counterfeiting cases in 2016, each involving a value of goods exceeding the statutory minimum of CNY50,000 for criminal investigation. Of these, only 1,184 cases were taken on by the relevant authorities, which resulted in just 33 convictions, or 0.7% of the total. Some 37 out of the 47 convicted individuals involved in counterfeiting crimes were granted probation, it added. “The current regulations are no longer able to cope with the need to fight counterfeiting,” Jessie Zheng, Chief Platform Governance Officer of Alibaba, said. “A clear message was sent to society that there will be serious legal consequence to drunk-driving, creating an effective deterrent to this criminal behavior. The same should apply to counterfeiting,” she said.

- Businesses in Shanghai can now apply to register a trademark in the city at the first trademark registration window in Xuhui district. “It will significantly improve the efficiency of trademark application and save time and cost for businesses that want to register trademarks in Shanghai,” said Lin Haihan, Director of the Trademark Department at the Shanghai Administration for Industry and Commerce. The review of a trademark will take nine months. In the past, businesses in Shanghai had to visit the Beijing office of the SAIC for the trademark application process.

MACRO-ECONOMY

Industrial SOEs back in the black

China's state-owned industrial enterprises, which account for the majority of China's SOEs, ended two years of losses in 2016 following structural optimization. In 2016, their profits rose 6.7%, the highest growth rate since 2012, according to the State-owned Assets Supervision and Administration Commission (SASAC). “SOEs are making steady progress benefiting from the supply-side structural reform,” said Shen Ying, Chief Accountant of the SASAC. SOEs under central government control reported CNY1.9 trillion in revenue in January, an 8.7% year-on-year increase. Total profit reached CNY89.12 billion, 24.5% higher than the same period last year. Compared with the past, when SOE's profits were limited to a few sectors including oil, power and coal, the profits are more balanced and well distributed, with profits from electronic equipment, electrical machinery, medicine and wine, beverages and refined tea reaching CNY165.6 billion, accounting for 14.1% of the total, up 2.5% year-on-year. SOEs in coal, power, oil exploration and processing accounted for 35.3% of the total profits, an 8.3% decrease year-on-year, as well as the fourth consecutive year of decrease. Manufacturing has become the major profit source, earning CNY839.3 billion in 2016, a year-on-year increase of 36.2%, the fourth consecutive year of growth since 2013. In 2016 the number of enterprises supervised by SASAC has been reduced to 102. Locally-administered SOEs also reported growing profit, the government said.

- China’s coal consumption fell for the third straight year in 2016. It declined by 4.7% annually in 2016, and the share of coal in the country’s energy mix slipped to 62%, down 2 percentage points year-on-year, the National Bureau of Statistics (NBS) said. Coal production also fell, down 9% to 3.41 billion tons in 2016.
- Talks between Russian gas supplier Gazprom and Chinese officials on a deal that

would channel gas from Siberia to northwest China have slowed because of uncertainty amid ongoing energy industry reform and weaker demand. Gazprom Deputy Chairman Andrey Kruglov told the South China Morning Post that China's slowing economy was a factor in the gas-supply negotiations, which are considered a follow up to a 30-year gas export deal, worth USD400 billion, that was agreed in 2014.

- The official Purchasing Managers' Index (PMI) rose to a three-month high of 51.6 in February, compared with the previous month's 51.3. Analysts had predicted a reading of 51.1, pointing to a modest expansion as China's industrial firms continued to benefit from higher sales prices and a recovery in demand fueled by a construction boom. The official non-manufacturing PMI rose 0.1 points to 54.6 last month.
- Chinese business executives are more optimistic about their companies' revenue growth amid a global recovery and opportunities emerging from the Belt and Road initiative, PricewaterhouseCoopers (PwC) said. PwC found 33% of 182 business executives, covered by the China part of its global CEO survey, said they are "very confident" about the outlook of their companies' income in the next 12 months, up from 25% last year. Meanwhile, 31% of China's executives said they believe the global economy will improve over the next 12 months, higher than the global level of 29%.

MERGERS & ACQUISITIONS

China's outbound M&As expected to decline

China's outbound mergers and acquisitions (M&As) are likely to decline slightly this year, due to the changing global environment, experts said. Chinese companies' interest in going overseas or acquiring companies outside of China is still very high, but the overall number and value of deals will be reduced, due to Western countries' changing attitudes toward Chinese investment, said Edward Tse, CEO of Gao Feng Advisory Co, a global strategy and management consultant. "Chinese companies' overseas investment will certainly be lower than the peak level in 2016, but I don't think there is going to be a dramatic drop," he said. Last year, China's outbound M&A surged by 142% in volume and by 246% in value, to a record USD221 billion, according to a recent report by PricewaterhouseCoopers (PwC). A report by the Rhodium Group said the European Union continues to be a favorite destination of Chinese investors, with more than €35 billion of outward direct investment transactions last year, an increase of 77% from 2015. Germany and the United Kingdom accounted for more than half of total incoming Chinese investment last year. The United States was the largest recipient of Chinese ODI last year, with USD45.6 billion in completed acquisitions and greenfield investments.

- Chinese chemical company Lianhetech has bought UK-based chemical manufacturer Fine Industries in a GBP103 million deal, providing Lianhetech with its first European base. Shenzhen-listed Lianhetech snapped up Fine Industries, based near Middlesbrough, from private equity firm NorthEdge Capital. Lianhetech is one of China's leading contract chemical manufacturers. It has a market value of USD2 billion and operates seven chemical factories, two machinery plants and two research and development centers in China.

REAL ESTATE

Bond issuance by property developers grinds to a halt

Chinese developers continue to face hurdles in domestic bond sales amid government efforts to tighten credit to curb the speculative fervor in the property market. No debt was issued by a company in the sector last month, according to Haitong Securities. State-owned Beijing Capital Land suspended its CNY10 billion corporate bond offering on February 22, according to a filing to the Shanghai Stock Exchange. "Policy tightening is the main reason," said Bryan Feng, head of investor relations at Beijing Capital Land. Since October, Beijing has tightened rules ranging from home purchases to land auctions in an effort to help cool house prices amid concerns of an emerging property bubble. Bond issuance by real estate developers has also cooled since austerity measures were introduced in October. Only six property companies issued corporate debt in January, down from the over 50 property companies which issued debt each month on average in 2016. Bond sales by the property sector raised CNY121 billion during the fourth quarter, or roughly one-third of funds raised in the third quarter. Haitong Securities Bond Analyst Jiang Chao said that the six property companies that issued bonds in January had received approvals long in advance. “In fact, there have been no bond applications from developers since November that have obtained approval from regulators,” Jiang said. There are no signs the austerity measures will be loosened any time soon, the South China Morning Post reports.

- Chinese investors spent GBP805 million on property in London's West End in January, around 80% of the amount spent by Chinese investors in that market during the whole of 2016. Four out of six deals involved Chinese buyers, according to Savills. A single massive transaction involving CC Land Holdings acquiring One Kingdom Street in Paddington accounted for GBP292 million. It was the second-biggest transaction ever by a Chinese investor in the West End market.
- The area of new homes sold in Shanghai, excluding government-subsidized affordable housing, fell 6.7% month-on-month to 363,000 square meters in February, Shanghai Centaline Property Consultants Co said. The volume, a 49.1% plunge from the same month a year ago, was also the lowest February data recorded in six years. Around 286,000 sq m of new houses were released locally last month, down 23% from January. New homes sold for an average CNY47,201 per sq m last month, little changed from January.

RETAIL

South Korea’s Lotte faces boycott movement

Several Chinese companies say they will no longer do business with South Korea’s Lotte Group, after it agreed to provide land in South Korea to host the U.S. anti-missile system THAAD, which China opposes. Authorities have also taken law enforcement action over the past few days against South Korea’s fifth-largest conglomerate. “We have completely scrubbed the name of Lotte from our website,” Chen Ou, Chief Executive of China’s biggest cosmetics group-purchasing platform Jumei Youpin, said. “We’d rather die than carry its goods in future.” Lotte operates five department stores and as many as 100 supermarkets in a dozen Chinese provinces since it extended its footprint into the country in 1994. An estimated 29% of Lotte’s global sales come from China, and Chinese tourists contributed 70% of sales at the group’s duty-free shops in Korea last year. JD.com, China’s second-largest e-commerce platform, closed its Lotte online site selling South Korea-made confectionery, without giving a reason. The anti-Lotte campaign now comes with a blacklist of Lotte’s subsidiaries in China, spanning beverages, chemical companies, cafés, cinemas and logistics operators.

- China Mobile retained its ranking this year as the world’s third most valuable telecommunications brand, behind U.S. network operators AT&T and Verizon Communications. Hong Kong-listed China Mobile, the world’s largest wireless network operator, had a brand value of USD46.8 billion, according to the latest industry survey published by London-based consultancy Brand Finance. China Telecom was ranked No 11, with a brand value of USD17.6 billion, and China Unicom No 20, with a brand value of USD9.3 billion.

STOCK MARKETS

CSRC declaring war on stock market ‘crocodiles’

The China Securities Regulatory Commission (CSRC) has declared war on what it calls stock market crocodiles following the collapse of a highly leveraged, CNY3 billion take-over bid for Shanghai-listed animation company Zhejiang People Culture (ZPC). The bidding vehicle, Longwei Culture and Media, was set up in Tibet in November 2016 by actress Zhao Wei and her husband Huang Youlong with a registered capital of just CNY2 million. A month later, it offered CNY3.06 billion for a controlling 29% stake in ZPC, a former property developer that now produces cartoons. The Shanghai Stock Exchange asked the two companies to explain where the funding was coming from. Longwei said Zhao and Huang were proposing to pay CNY60 million from their own pockets, with CNY1.5 billion borrowed, with no collateral, from Yinbixin, a trust investment firm based in Tibet, and another CNY1.5 billion borrowed from an unidentified bank, using ZPC shares as collateral. Chinese law is silent on leveraged takeovers – even ones with a sky-high leverage ratio of 50, as in the proposed ZPC deal – and there are no rules preventing trust companies from funding them. That has made such opaquely financed deals quite common, leading to big price swings, increased market volatility, massive profits for a few and big losses for retail investors. The Chinese government is now determined to bring the tycoons pulling the strings behind such deals to account and root out potential sources of financial instability, the South China Morning Post reports. ZPC announced on February 14 that Longwei had scaled back the bid to CNY529 million for a 5% stake because it was unsure it could secure the funds needed to complete the original deal. Upon further inquiry from the stock exchange, Longwei and ZPC said Yinbixin was still willing to lend, but the unidentified bank's risk control department had vetoed its CNY1.5 billion loan.

- Following the debut of the Shanghai-Hong Kong Stock Connect in 2014 and the Shenzhen-Hong Kong Stock Connect in 2016, financial regulators are exploring whether mutual market access can be extended to exchange traded funds (ETFs). But due to the difference between trading systems, the much-anticipated ETF Connect may not be rolled out this year, HKEX Chief Executive Charles Li said, adding that the Bond Connect was currently under discussion.

TRAVEL

Competition in bike-sharing sector intensifies

Competition in China's bike-sharing sector is set to intensify as the startup Ofo announced it had raised CNY3.1 billion from investors including Digital Sky Technology, while rival Mobile Bike said it had received a strategic investment from Singapore's Temasek Holdings, bringing the total funds it received in 2017 to more than USD300 million. Three-year-old Ofo has so far accumulated more than 20 million subscribers and has provided more than 300 million bike-sharing rides. Its services are currently available in China, the U.S., the UK and Singapore. In 2016, Ofo accounted for 51.2% of China's bike-sharing sector, and Mobike accounted for 40.1%.

- IHG, one of the world's largest hotel groups by room numbers, is banking on vibrant growth in China in the years ahead. "Last year saw a record number of signings in China, where 82 hotels, or 19,000 rooms, have been added to our pipeline," said Kenneth Macpherson, CEO of IHG China. "The average revenue per available room climbed 2.2% year-on-year at our hotels in China, with even stronger growth of 3.9% for hotels in the Chinese mainland and 6.3% for those in first-tier cities," he added. IHG operates 292 hotels spread over six brands in 100 Chinese cities at the end of last year.
- HNA Group has acquired a majority 82.5% stake in Hahn airport in western Germany, its owner, the state government of Rheinland-Pfalz, said. This is the first acquisition of an overseas airport by HNA, the parent of Hainan Airlines. Hahn is a former military base now mainly used by budget carrier Ryanair. A source familiar with the matter said the purchase price was around €15 million.

VIP VISITS

State Councilor Yang meets U.S. leaders

Chinese State Councilor Yang Jiechi – the country's No 1 diplomat – met in Washington with U.S. President Donald Trump, Secretary of State Rex Tillerson, White House Advisors Jared Kushner and Stephen Bannon, and other U.S. leaders, raising hopes for additional high-level contacts and better coordination on global issues. Yang and Trump both stated the need to strengthen high-level contacts and promote coordination on international and regional affairs, according to a Chinese Foreign Ministry statement. China is willing to "respect each other's core interests and major concerns" and achieve the healthy, stable development of ties, Yang told Trump. In an article published by People's Daily, Yang Jiechi said that "a confrontation between China and the U.S. would be a disaster for the world". Yang said thorny issues that could sabotage China-U.S. ties include the Taiwan question, Tibet independence, human rights and maritime issues. Details about specific topics discussed were not released.

ONE-LINE NEWS

- DJI Innovation Technology Co, China's largest commercial drone manufacturer, has unveiled the Matrice 200 drone series (M200), designed for professional use, such as aerial inspections and data collection from offshore oil rigs, wind turbines, power lines, telecommunications towers and bridges. The market for China's civil drone industry is expected to reach CNY11.1 billion next year, according to Analysys.
- China Unicom has become the country's first mobile network operator to offer unlimited data plans for nationwide use. It launched two nationwide unlimited 4G data plans, called "Ice Cream Packages", for CNY198 and CNY398 per month with no contract requirement. The landmark initiative comes four weeks after Unicom warned that its net profit for 2016 would fall by 94% on an annual basis from 2015.
- Former China Resources Group Chairman Song Lin has pleaded guilty to corruption and embezzlement involving more than CNY33 million at a hearing in the Guangzhou Intermediate People's Court. Song is one of the most senior Hong Kong-based executives of a state firm to be prosecuted by mainland authorities since Hong Kong's handover to Chinese sovereignty in 1997.
- A total ban on smoking in indoor public places came into force in Shanghai. By the end of last year, 23.3% of Shanghai residents between 15 and 69 smoked, down 3.6 percentage points from 2010. The survey found 46.8% of men smoked, compared with just 2% of women.
- Shanghai authorities have ordered 137 officials' relatives to withdraw from private businesses. A total of 11 officials had their positions adjusted, 10 were removed from their posts, while one resigned. An article on the front page of the People's Daily could imply that the policy to force the relatives of officials out of businesses may be implemented nationwide.

QUOTES OF THE WEEK

"There are many uncertainties about the direction of the major economies' policies and their spillover effects, and the factors that could cause instability and uncertainty are visibly increasing. In the face of profound changes in the international political and economic landscape, China will always stand on the side of peace and stability, will forever be committed to equity and justice, and will always work for world peace, contribute to global development, and uphold the international order."

Chinese Premier Li Keqiang, in his Report on the Work of the Government to the 5th session of the 12th National People's congress in Beijing on March 5, 2017.

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