法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 7 AUGUST 2017

Travel   Inner Mongolia joins high-speed rail network

China issues guidelines for bike-sharing

One-line news

FCCC/EUCBA ACTIVITIES

Save the date: East-Flanders – Hebei Trade & Investment Forum – 15 September 2017 – Ghent

On 15 September 2017, the Province of East-Flanders and the Flanders-China Chamber of Commerce (FCCC) will organize the East-Flanders-Hebei Trade & Investment Forum at the Provincial House in Ghent.

In the framework of the 25 years cooperation agreement between the provinces of East-Flanders and Hebei, an important business delegation, led by the Vice-Governor of Hebei, will visit East-Flanders. Their aim is to get a better understanding of the investment environment of East-Flanders and to discuss cooperation with potential business partners. At the same time, the Province of Hebei will represent China as Guest of Honor at the Ghent Fair, which is the largest consumer trade fair in Flanders.

Draft programme:

- Welcome by the Vice Governor of the Province of East-Flanders
- Speech and introduction on Hebei by the Vice Governor of the Province of Hebei
- Overview of Hebei as province for investment by the Departments Commerce, Development & Reform
- Testimonial of Chinese company in Flanders
- Testimonial of Flemish company in China and Chinese company in Belgium
- Networking lunch and matchmaking

Timing: 10h00 - 13h30
Location: Provincial House, Gouvernementstraat 1, 9000 Ghent

If you are interested in participating in this event, please register by following this link.

Lunch-meeting with Mr Bart De Smet, CEO Ageas and Manager of the Year – 28 September 2017 – Brussels

The Flanders-China Chamber of Commerce (FCCC) is organizing a lunch-meeting with Mr Bart De Smet, CEO Ageas, Vice-Chairman of the Flanders-China Chamber of Commerce and nominated Manager of the Year 2016 by Trends.

The luncheon will take place on Thursday 28 September at 12h00 at 'De Warande', Zinnerstraat 1, 1000 Brussels.

Mr Bart De Smet will deliver a keynote speech on: **"Ageas in China: History and Experiences"**.

The outlook for the insurance sector remains excellent. The insurance industry in China is forecast to grow at twice the rate of the economy as a whole until 2020.

Gary Crist, Ageas CEO Asia, will attend the lunch as well and will also be available to answer your questions.

Programme:

12h00	Registration
12h30	Introduction by Mr Stefaan Vanhooren, Chairman FCCC

13h00 Speech by Mr Bart De Smet, CEO Ageas and Vice-Chairman FCCC
Question & answer session

If you are interested in participating in this event, please register before September 20, 2017. Participation fee for members: 145 € (excl VAT). Non-members: 175 € (excl VAT). Access to the online ticketing system. If you prefer to pay by bank transfer, please send an e-mail to info@flanders-china.be

China Immersion Program for Health Industry – October 23-27, 2017 – China

The Cheung Kong Graduate School of Business (CKGSB) is organizing an immersion program for the health industry from October 23 to 27, 2017. The program is co-developed with the EU-China Business Association (EUCBA), the Flanders-China Chamber of Commerce (FCCC), the China-Britain Business Council, and Luso-Chinesa.

As your pathway to business with China, 2017 CKGSB's China Immersion Program for Health Industry will immerse participants into the true market realities. CKGSB helps explore the key elements of China's cultural and business environment. This 5-day blended learning program covers a concise and informative range of classroom learning, exposure to China's Food and Drug Administration (FDA) and Centre for Drug Evaluation and wide ranging visits to both Western and Eastern companies operating in China in: Pharmaceuticals, Biotechnology, Nutrition, Medical Insurance, Medical devices and applications, as well as Healthcare and its related products and services

PROGRAM DIRECTOR

"Many large European health related companies have benefited tremendously from the booming Chinese economy and its increasing desire for advanced health care products and services. However, SMEs in the European industry have generally missed out on the same opportunities. This is due to the lack of China knowledge, network and partners in China and investment opportunities. China Immersion Program for Health Industry aims to solve this problem by providing European SMEs with the life-changing opportunities to benefit from the lucrative and fast growing Chinese health market.

Through its world recognised faculty, alumni and programs, CKGSB provides an unprecedented level of support to aid Western health care companies in creating a brand and appropriate China stage where organisations are able to drive competitive advantage and distinguish their products. This includes advancements in product quality and packaging design adaptations to the Chinese market, as well as increased access to China's best distribution channels."

Bo Ji, Chief Representative of Europe & Assistant Dean, CKGSB

PROGRAM BENEFITS

Participants will have the opportunity to learn from CKGSB's world-class faculty and benefit from the rich experience of industry practitioners. The program provides the foundations for participants to immerse themselves in what it truly takes to operate a successful health care organization in the Chinese market. Through the use of business case studies, group discussions and company visits, Western executives will learn from and network with like-minded leaders and entrepreneurs from both China and Europe.

WHO SHOULD ATTEND?

This program is aimed at the senior executives who are responsible for creating the organisation's future strategy closely aligned with the high growth health industry in China. This program targets the following: Pharmaceuticals, Biotechnology, Nutrition, Medical Insurance, Medical device and applications, as well as Healthcare and its related products and services.

Day 1
Morning China's Transformation and its Global Implications
Afternoon Chinese Health Industry Overview

Evening Welcome Networking Dinner and Cultural Event with European Union Chamber of Commerce in China

Day 2
Morning China Entry Strategies
Afternoon Field Visit: Foreign Pharmaceutical Company in China: MNCs in China
A wholly state-owned hospital visit
Evening CEO & Executive Networking Dinner with MNCs

Day 3
Morning Policy, Regulation and Chinese Health Industry
Afternoon Field Visit: CFDA & CDE Speaker: Product Registration & Clinical Testing in China
Evening CEO & Executive Networking Dinner withRegulators, Industry Experts

Day 4
Morning Health Sales & Marketing in China
Afternoon Field Visit: Chinese Health Company: Strategic Alliances & Partnerships
A privately owned hospital visit
Evening CEO & Executive Networking Dinner with Selected Chinese Health Executives

Day 5
Morning GMP Certification and Manufacturing in China
Afternoon Field Visit: Big Health Industrial Park
Evening Networking and Pitch Session with Chinese Health Investors

PROGRAM INFORMATION

Upcoming session: October 23-27, 2017
Tuition: €6,500 EUCBA Members are eligible for a 10% discount. Tuition includes class materials as well as selected meals during the program.
Location: TBD
Travel and accommodation: TBD
Program language: all materials and lectures will be delivered in English.

APPLICATION

You can register for the 2017China Immersion Program for Health Industry by contacting the Program Director, Mr. Bo Ji at boji@ckgsb.edu.cn or by calling the London office on +44 (0)20 7766 8201. We will then issue you a registration form to book your place.

ABOUT CKGSB

As a world-class business school from China, Cheung Kong Graduate School of Business (CKGSB) aims to develop current and future leaders with a global vision, a humanitarian spirit and an innovative mind-set. Established in Beijing in November 2002 with generous support from the Li Ka Shing Foundation, CKGSB is China's first faculty-governed, non-profit, independent business school.

Over the past 13 years, CKGSB has developed into a prominent business school with 45 full-time professors, who have earned their PhDs or held tenured faculty positions at leading business schools such as Harvard, Wharton and Stanford. Their research have provided the basis for over 300 case studies of both China-specific and global issues. CKGSB also stands apart for its unmatched alumni network. More than half of the 10,000+ CKGSB alumni are at the CEO or Chairman level and, collectively, lead one-fifth of China's most valuable brands. Together, their companies shape over $1 trillion in annual revenue, demonstrating the school's impact and influence.

In addition to its main campus in the center of Beijing, CKGSB has campuses and teaching facilities in Shanghai, Shenzhen and New York, as well as offices in Hong Kong and London. The school offers innovative MBA, Finance MBA, Executive MBA, Dual-Degree EMBA with IMD, Korean EMBA, Finance EMBA, Doctor of Business Administration and Executive Education programs.

Horasis China Meeting – 5-6 November 2017 – Sheffield, United Kingdom

Horasis – The Global Visions Community – is organizing a China Meeting on 5 and 6 November 2017 in Sheffield, United Kingdom. Co-organizers are the EU-China Business Association (EUCBA), China-Europe Association for Technical and Economic Cooperation (CEATEC), China-Britain Business Council, China Council for the Promotion of International Trade (CCPIT), China Fortune Media, EU-China Business Association (EUCBA), EU-China Municipal Development Commission, and Global Innovator Conference.

The Horasis China Meeting will take place at the Mercure St. Pauls Hotel, 119 Norfolk St, Sheffield S1 2JE.

Registration of the participants will take place on November 5 between 11.00 and 19.00 at the Mercure St. Pauls Hotel. An optional programme will be offered during the day. The opening dinner on the theme of "China and the UK – Investing in the Future" will be held at the Cutlers Hall at 19.00, followed by a reception "Celebrating Sheffield City Region and the Northern Powerhouse" at the Mercure St. Pails Hotel.

Programme on November 6

07.30 – 08.45	Breakfast Sessions Reading China's 13the Five-Year plan Cultivating Entrepreneurship – The Role of Youth Navigating China's Geopolitics Making Sense of China's Booking Tourism
09.00 – 10.00	Opening Plenary: China and World Economic Outlook
10.30 – 12.00	Boardroom Dialogue Sessions Investing in the UK Reforming China's Capital Markets Rethinking "Made in China" Foreign firms in China
12.00 – 13.30	Networking Lunch
13.30 – 14.30	Plenary Session: Embracing China's New Normal
14.30 – 16.00	Boardroom Dialogue Sessions Gauging the Power of Chinese Innovation China's Global Expansion Making Green Economical Educating for a New Age
16.30 – 18.00	Boardroom Dialogue Sessions China's Grand Trade Strategy Boosting Venture Capital Reshaping Corporate Governance Chinese Brands – Creating Awareness of a Rich Variety Closing Plenary: Making Globalisation Work
19.15 – 19.45	Reception at Sheffield Cathedral
19.45 – 21.30	Closing Dinner: The New China Context

Fees & Payment: Swiss Francs CHF1000 per person (reduced fee for co-chairs, speakers and delegates coming through co-hosts and co-organizers. The standard fee is CHF2000). Participation will not be granted without payment. Please allow five working days for application to be processed. Participation is not confirmed until payment has been received in full. Cancellation Policy: 100% Non Refundable once registered.

Registration: registration form for reduced fee, payments details and cancellation policy can be found here.

For more information, please contact:
Communication & Public Affairs
Horasis. The Global Visions Community
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- fax: + 41 44 214 6502
- e-mail: visions@horasis.org

ACTIVITIES SUPPORTED BY FCCC

The 12th EU-China Business and Technology Cooperation Fair – 24-31 October 2017 – Chengdu – Qingdao

As an important platform for building ever closer relationship between 27 EU member states and China, the 12th EU-China Business and Technology Cooperation Fair, in the context of the importance of the land and marine Silk Roads linking China and Europe, will take place in Chengdu and Qingdao, two vital strategic cities of west and north China, the first phase in Chengdu from 24 till 27 October, 2017 and the second phase in Qingdao from 29 to 31 October, 2017. The fair will gather 1,500 participants of companies, state/regional governments, clusters, business associations, EU-China cooperation experts, universities, R&D institutions from west and north China, the European Commission, EEN partners, and European countries who are seeking potential collaboration and partnerships with their counterparts.

The EU-China Business Association (EUCBA) and the Flanders-China Chamber of Commerce (FCCC) are partners of the 12th EU-China Business and Technology Cooperation Fair.

Cooperation Fair China Tour 2017

Chengdu – Qingdao, 24-31 Oct., 2017

- One of the Largest Platforms for Investment, Trade and Technological Cooperation between the European Union and China
- Meet with Over 30 Most Competitive Clusters in China
- Matchmaking with over 1,000 Chinese Enterprises
- Learn the Favorable Policies for European Entrepreneurs to Start up Business in China

Chengdu, 24-27 Oct., 2017

- Centre of West China, Hometown to Giant Pandas
- Initial Station of Chengdu-Europe Express Railway Lodz, Poland
- Forbes listed Chengdu as one of “The Next Decade’s Fastest Growing Cities Globally”
- Chengdu Shuangliu International Airport: Ranked 1st in Mid & West China Direct, Flights to Amsterdam, London, Paris, Frankfurt, Moscow, etc.
- 14 Consulates General settled in Chengdu
- Leading Industries: ICT, Environment, Renewable Energy, New Materials, Life Sciences, Bio-Pharmaceuticals, Aviation, Modern Agriculture

Link to the Chengdu agenda.

Qingdao, 29-31 Oct., 2017

- Intersection of Two Silk Roads both through the Continent and over the Sea
- Converging Point for Asia Pacific Economic Integration
- 70% of China's Academicians and 30% of Senior Researchers on Maritime Sciences and Technologies are based in Qingdao
- EU Is Now the TOP 1 Trading Partner for Qingdao
- Leading Industries: Maritime Equipment, Maritime Bio-Pharmaceuticals, Renewable

Energy, New Materials, Maritime Environment, ICT, Home Appliances, Rolling Stock.

Link to the Qingdao agenda.

Official website: http://www.eu-china.org.cn/about.html

To register for the Chengdu or Qingdao program, follow this link.

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

HU7922	BRU-PVG	11:30-05:30+1	3 times a week – Monday, Wednesday, Friday

For more information, please contact Hainan Airlines Service Line: **00800 8768 9999** or visit www.hainanairlines.com

Coastair: We Fly Cargo

AUTOMOTIVE

Nvidia invests in autonomous truck firm Tusimple

Tusimple, a Beijing-based start-up focused on developing autonomous trucks, has received funding from U.S. firm Nvidia, which will own 3% of Tusimple following its investment. Previously, Tusimple received CNY50 million in angel investment from Chinese telecom company Sina, and the start-up also said it had secured financing from various investors in its latest Series-B funding round. A total of USD929 million was invested in driverless technology in China – including self-driving vehicles – in this year's first quarter, according to a report by research firm CB Insights, making it one of the most popular sectors for early-stage investment. Nvidia has already forged alliances with automakers Audi, Toyota and Volvo, and has a partnership with Baidu to bring artificial intelligence (AI) to cloud computing, self-driving vehicles and AI home assistants. Tusimple is now part of Nvidia's AI program for start-ups, which aims to encourage collaboration and promote the U.S. chip designer's technology, including the Drive PX 2 platform, an AI computing platform for self-driving cars. Tusimple has tested its autonomous trucks in Arizona, and in a port city in Hebei province. The company now plans to test self-driving trucks on a Chinese expressway next month, the South China Morning Post reports.

- China's sport-utility vehicle (SUV) market is expected to post slower growth this year, according to the China Association of Automobile Manufacturers (CAAM). China's sales of SUVs are set to hit 11 million this year, up 20% annually, a sharp slowdown from the 44% growth of the SUV sector last year. Sales of SUVs surged 16.8% to 4.53 million units in the first half of this year. The market share of domestic vehicle makers took up 59.6% of the total sector in the first six months.

FINANCE

Beijing leads in cashless payments

Beijing is China's "smartest" city for cashless payments with consumers using e-wallets everywhere from vegetable markets to hotels, according to a 34-city survey by tech firm Tencent, French market research firm Ipsos and Renmin University's Chongyang Institute for Financial Studies. The survey asked more than 6,500 people about their payments for a range of goods and services, including takeaway food, restaurant dining, telecommunications and transport. Beijing topped the list for penetration of cashless payments, followed by Shenzhen and Guangzhou in Guangdong province, and Shanghai. Two other Guangdong cities – Dongguan and Foshan – also made it into the top 10. About half of those surveyed used cash for about 20% of their monthly spending, and four in 10 carried less than CNY100 in cash when they left the house. About seven in 10 respondents said they could go for more than a week with just CNY100 in cash, and 84% were comfortable going out with just their mobile phone for payments. Convenience stores and even vegetable vendors accept WeChat or Alipay. Mobile apps can also be used to buy a subway card or a ride on a shared bicycle.

Time is right to loosen controls on yuan-dollar exchange rate

The time is now right to allow greater volatility in the Chinese currency's exchange rate with the dollar, according to a front-page commentary in the China Securities Journal, a newspaper run by the Xinhua News Agency. The Chinese government has been on the defensive over the value of the yuan for nearly two years after the abrupt 2% devaluation of the currency in August 2015. The Chinese government has taken a slew of measures, from draconian curbs on capital outflow to the adoption of opaque and complex changes to the yuan exchange regime, to keep the currency from weakening sharply. But the China Securities Journal now said that "the one-sided bet on yuan deprecation has been broken. Cross-border capital flow has been stabilized and improved in the first half, while supply and demand in the forex market has basically balanced – it is in the most balanced period for the past three years. It is good timing for China to boost yuan exchange rate flexibility in the short term." The yuan has already advanced to a nine-month high against the U.S. dollar. China's foreign exchange reserves have also been stabilized at a level of USD3 trillion over the past months. Zhang Xiaohui, Assistant Governor of the People's Bank of China (PBOC), wrote in an article that the authorities would "unswervingly" push ahead with yuan exchange rate liberalization to give the market a decisive role in deciding the yuan's value, the South China Morning Post reports.

- UnionPay, China's largest card-payment network operator, is struggling to stay relevant in an increasingly cashless economy. Its recent tie-up with online retailer JD.com may not meaningfully help UnionPay regain traffic lost to QR-code-based platforms, dominated by WeChat Pay and Alipay, analysts say. In the first quarter, such transactions grew 113% from the same period a year ago to CNY2.27 billion. WeChat Pay and Alipay accounted for a combined market share of 94%, while JD Finance – the payment unit of JD.com – ranked sixth with a tiny market share of 0.8%.
- Yang Jiacai, former Assistant Chairman of the China Banking Regulatory Commission (CBRC), was sacked in June, after having been placed under investigation in May and is now facing corruption charges, the Central Commission for Discipline Inspection (CCDI) said. Yang had abused his position to help others with promotions and to help his son's business, besides taking bribes. Yang served at the central bank for six years before moving to the banking regulator in 2003.
- China Construction Bank (CCB), the country's second-largest bank, has nominated Tian Guoli, Chairman of Bank of China (BOC), as its next Chairman. CCB's current Chairman, Wang Hongzhang, 63, has reached the retirement age. Chen Siqing, BOC's current President, is expected to succeed Tian as Chairman. Tian's move from BOC to CCB was considered "surprising" by some observers as previous speculation was that he could be a potential candidate for a higher position at China's financial regulatory agencies.
- Chinese business owners say their profit margins have been "squeezed to the extreme" by rising rent and labor costs – and 80% want taxes and levies cut to ease their burden, according to a nationwide survey of 14,709 companies by the Chinese Academy of Fiscal Sciences, a think tank affiliated with the Ministry of Finance. As businesses complain about the tax burden in China – including 25% income tax and 17% value-added tax (VAT) – in several countries taxes are being cut. The average tax burden of respondents was 5.14% of total business turnover in 2016.
- China's Finance Ministry has created a new type of bond for local government fund raising in a bid to reduce borrowing risks. Unlike the current local government bond that will be repaid from general fiscal revenue, the new type of bond will only be covered by returns from the projects being funded. The new special bonds will be limited to two types of government projects: land and toll roads.
- Gross premium income at insurance companies in China rose more slowly in the first half of the year, but investment returns improved and new technologies were widely adopted, the China Insurance Regulatory Commission (CIRC) said. Gross premium

income rose 23% annually in the first half to CNY2.31 trillion, slower than the 37% gain in the same period last year. Business structure improved in the non-life sector as less profitable car insurance contributed 68% of total gross premium income, falling below the 70% mark for the first time.

- United Kingdom-registered funds investing in China delivered the best returns to British investors in the first half of 2017, according to investment research company Morningstar. They returned nearly 19% on average to investors over the six months ending on June 30.
- Chinese banks' assets will likely grow by around 10% and the non-performing loan (NPL) ratio will be below 2% this year, according to the China Banking Association (CBA). It said in a report that Chinese banks had total assets worth CNY181.7 trillion in 2016, up 16.6% year-on-year. Outstanding debts reached CNY168.6 trillion last year, up almost 17% year-on-year. Net profit in 2016 totaled CNY1.65 trillion, up 3.5% year-on-year.
- Yao Zhongmin, former Chairman of the Supervisory Board of the China Development Bank (CDB), was sentenced to 14 years in prison and fined CNY3.5 million, after being convicted on bribery and corruption charges. He was found guilty of taking bribes totaling CNY36 million between 2002 and 2013 in return for providing preferential treatment to his associates on lucrative property development projects and bank loans.

FOREIGN INVESTMENT

China's ODI nearly halves in first six months

China's outbound direct investment (ODI) nearly halved in the first half from a year ago amid efforts to contain irrational investment, the Ministry of Commerce (MOFCOM) said. Non-financial ODI in the first half fell 42.9% year-on-year to CNY331.1 billion as irrational outbound investment had been effectively controlled, Qian Keming, Vice Minister of Commerce, said. Government measures, including tighter verification of the authenticity and compliance of overseas investment projects, were introduced late last year to prevent illegal capital flow overseas disguised as investment. Last year, ODI surged 58.7% in the first half and 44.1% for the whole year. "ODI into offshore manufacturing industries fell less than that into the real estate, cultural, sports and entertainment sectors," Qian said. "We encourage authentic deals that are compliant with domestic rules and laws, international practices, and market principles. We especially encourage projects along the Belt and Road initiative," Qian added. Investment in countries along the Belt and Road initiative edged down only 3.6%. In addition, revenue from China's foreign engineering contracts rose 7.2% to CNY462.2 billion. But Long Guoqiang, Deputy Director of the State Council's Development Research Center, said that Chinese companies will continue to make overseas investments as they enter a more advanced stage of development, the Shanghai Daily reports.

- Overseas investors are more sanguine about China's economy and stock market than they have been for two years, their confidence bolstered by recent economic data that has beaten forecasts, analysts at Macquarie Capital say. But long-term concerns linger, among them tighter capital controls, doubts over the sustainability of China's investment-driven growth model, and what many see as the advance of the state sector at the expense of private firms.

FOREIGN TRADE

Logistics companies experiment with wine shipment by rail to China

China is set to receive its second rail shipment of French wine this month as European logistics companies work to ensure they can deliver the product unaffected by railroad conditions. The second shipment has left the transportation hub of Duisburg, Germany, and is expected to arrive in Shanghai around August 21. The shipment was jointly made by JF Hillebrand, which specializes in the transportation of wine, beer and spirits, and the InterRail Group. The rail journey is about 13 days shorter than sea freight. The main challenge for such wine shipments is the varied temperatures during the journey, which range from -2º C to 58º C. The container is fitted with a protective foil liner system, called the VinLiner, which regulates the temperature and humidity of the contents. It keeps the temperature between 9º C to 32º C, and the temperature of the wine under 29º C. No bottles or labels were damaged during the first shipment. "We are pretty confident that we can work out a solution for wine transports for at least spring and autumn," said Jannson Chan, JF Hillebrand Group's Area Director for Greater China. G-force data loggers found the maximum force exerted on the containers was 2G, the equivalent of a rollercoaster, which did not damage the bottles.

- China's Vice Minister of Commerce Qian Keming called on the U.S. to keep China's trade ties with the U.S. separate from the Korean nuclear crisis. "We believe that the North Korean nuclear issue and China-U.S. trade are two issues that are in two completely different domains," he told a press briefing, adding that the issues "are not related, and should not be discussed together".

HEALTH

Deloitte says impact of capital outflow controls on healthcare limited

Despite recent controls on capital outflows, Chinese healthcare and life science companies will continue to find ample opportunities for mergers and acquisitions (M&As) abroad, according to a report by Deloitte Touche Tohmatsu. The recent slowdown in health-related M&A notwithstanding, Chinese overseas investments will accelerate, especially in medical equipment and related services, given the inadequate research and development capabilities at home, expectations of the renminbi's depreciation, and overvalued domestic M&A targets, according to the report. Simon Li, Counselor at Anjie Law, said controls on capital outflows are meant to rein in irrational or speculative overseas investments in real estate, hotels, entertainment and sports clubs. Such policies won't affect the healthcare industry much. The Chinese government is keen on implementing the "Healthy China 2030" program, he said. "Through overseas investments, Chinese companies can rapidly obtain sophisticated technology and equipment, thus improving the level of China's medical industry," Li said. Overseas investments by Chinese companies in the medical sector fell to just 10 deals worth USD1 billion in the fourth quarter of last year, and to nine deals worth USD1.26 billion in the first quarter of this year. In 2016, 29 Chinese pharmaceutical companies clinched outbound M&A deals worth USD56.67 billion, significantly surpassing USD34.42 billion in 2015.

MACRO-ECONOMY

Liaoning posts slowest growth in first half

China's northeastern region continued to underperform in the first half of the year, official data showed, with the rustbelt province of Liaoning by far the country's worst performer with a GDP growth rate of 2.1% in the first half of the year, far slower than the national rate of 6.9%. Heilongjiang was China's third-worst performer, with growth of 6.3%, while Jilin saw a 6.5% expansion over the period. "We expect headline growth in Northeast-China to remain weak over the coming quarters as the three provinces in the region will continue to suffer from structural problems such as overcapacity and the depletion of natural resources," said BMI Research in a recent note. Liaoning reported a 31.4% year-on-year decline in fixed asset investment (FAI) in the first half of 2017. Its economy shrank by 2.5% over the whole of last year. Liaoning and the rest of the Northeast face mass layoffs as a result of various state campaigns to slim down state firms, curb industrial overcapacity and ease pollution. With birth rates still low, the region is also facing a spiraling pension and social security burden as young workers leave and the number of people retiring multiplies. China launched a "rejuvenate the Northeast" campaign in 2003 in a bid to provide new forms of growth for the region, but critics say the program failed to handle the root causes of decline, with heavy infrastructure spending serving to bolster the state sector rather than reducing it. Local governments are now under pressure to stimulate the private economy, the South China Morning Post reports.

Gavekal Research expects China to abandon GDP growth targets

The Chinese government will likely drop its annual gross domestic product (GDP) target after the Communist Party of China's 19th Party Congress this autumn, Louis-Vincent Gave, Co-founder of Gavekal Research, told a Hong Kong briefing, because it is increasingly costly for

China to pursue a headline growth rate at the cost of delaying much-needed structural reforms. Although the move could slow down short-term growth, it could promote longer-term sustainable growth, he said. “The 6.5% growth target, you can still achieve it, but at a higher and higher cost. So why would they want to keep doing that?” Gave said. Debates have been going on for years over whether China should keep its annual growth target. Many economists have said the yearly practice of setting a growth target is a legacy from the era of the planned economy and should be scrapped. Others have argued in favor of maintaining targets, pointing out that China must maintain annual average growth of 6.5% through 2020 if it is to achieve its strategic goal of doubling per capita GDP over 10 years starting in 2010. Under the current practice, the Premier announces a yearly growth rate at the yearly session of the National People’s Congress in early March. The 2017 rate was set at “about 6.5%”, and China’s actual economic growth in the first half was 6.9%, the South China Morning Post reports.

- China’s domestic manufacturing activity expanded by the most in four months in July, indicating sustained economic momentum. The Caixin China General Manufacturing Purchasing Managers’ index (PMI) rose to 51.1 from June’s 50.4. It was the second consecutive month for the PMI to stay above the 50-point mark that separates growth from contraction. “Operating conditions in the manufacturing sector improved further in July, suggesting the economy’s growth momentum will be sustained, ”said Zhong Zhengsheng, Director of macro-economic analysis at CEBM Group. The Caixin readings diverged from an official PMI survey which showed that growth in the manufacturing sector cooled slightly last month to 51.4 in July from June’s 51.7.
- The Chinese government has announced more measures to promote and facilitate private investment, which has contributed about 60% of the country’s total investment and created 80% of employment opportunities. It increased by 7.2% during the first half of this year, 4.4 percentage points higher than in the first half of last year. The measures include a mechanism to ensure the returns on public-private partnership (PPP) projects, which are used to connect China’s massive infrastructure building with private investments. By the end of March, the country had announced 700 PPP projects that attracted investment of CNY1.7 trillion.
- China’s services industries expanded in July at the slowest pace in more than a year, indicating possible downward pressure on the economy. The Caixin China General Services Purchasing Managers’ Index (PMI) fell to 51.5 in July from June’s 51.6. The reading was on par with that of April this year, both months the slowest since May 2016.

MERGERS & ACQUISITIONS

China cuts red tape for foreign firms buying into Chinese ones

China has revamped one of its regulations to cut red tape for foreign firms buying into Chinese businesses, a move expected to ease the way for more mergers and acquisitions (M&As) as Beijing tries to expand inflows of foreign investment. Under updated regulations, foreign investors will only need to complete one set of standard forms and notify the Ministry of Commerce (MOFCOM) if it takes a stake in a local company – as long as the deal does not involve a monopoly or national security. The revisions are designed to eliminate some of the costly and labyrinthine administrative reviews that have held back foreign direct investment (FDI) in China. Conditions have deteriorated to such an extent that German Ambassador to China Michael Clauss said last year it was “more or less impossible” for a German firm to invest in China through acquisition. As a result FDI inflows into China have stagnated, amounting to CNY441.5 billion in the first half, down 0.5% from a year earlier. Vice Commerce Minister Qian Keming said that international competition to attract foreign investment was fierce but the latest data showed that the FDI inflows to China were basically “stable”. In June, China changed its investment guidelines to open up more sectors to foreign funds, and Premier Li Keqiang said that China would roll out its “free trade zone” policies across the country to open the domestic market wider to foreign investment by the end of September.

Regulators deny crackdown on overseas deals

Two of China’s financial regulators have stepped in to calm market jitters about the government’s crackdown on overseas deals, denying reports that they would further discourage and scrutinize the overseas acquisitions by several of the country's biggest asset buyers. The China Insurance Regulatory Commission (CIRC) denied a Bloomberg report that it had pressed Anbang Group to dispose of its offshore assets, including New York's landmark Waldorf Astoria hotel Bank Nagelmackers, to repatriate the sales proceeds. There was "no related demand, plan or arrangement" to do so, the regulator said at a press briefing in Beijing. The State Administration of Foreign Exchange (SAFE) said it actively supports banks and companies engaged in "real and compliant" businesses to use their onshore assets as collateral for offshore loans, rebutting Bloomberg's report that quoted unnamed sources saying SAFE was scrutinizing the borrowing practice. Several Chinese asset buyers, including Anbang, Dalian Wanda Group, Fosun Group and HNA Group, were reported to be under pressure to sell some of their assets abroad. "It's clear the authorities don't want people to panic," said Brock Silvers, Managing Director of Kaiyuan Capital, an investment advisory in Shanghai. "They also need to avoid spoiling the market for companies like Anbang" and not be seen to be making demands or requests for them to exit from the overseas market, and "to remain rational to ensure good pricing", the South China Morning Post reports.

- The sacking of White House Communications Director Anthony Scaramucci will have no impact on the pending sale of SkyBridge Capital, the New York-based hedge fund investment firm he founded, to HNA Group, insiders said. The transaction is expected to close by the end of the summer, said Robert Rendine, Spokesman for HNA Capital U.S., a subsidiary of HNA Group. HNA plans to buy a majority stake together with holding company Ron Transatlantic. Woomi Yun, Spokeswoman for SkyBridge, also said the deal was proceeding as planned. The sale of SkyBridge is under review by the Committee on Foreign Investment in the United States (CFIUS).
- At least two of HNA Group's overseas deals have hit a hurdle as the Chinese conglomerate struggles to take money out of China: the acquisition of the London-based International Currency Exchange (ICE) for about GBP200 million and a mandatory tender offer to buy a larger stake in a Swedish hotel group.
- China Guodian Corp, one of the nation's five largest power groups, has submitted its merger plan with China Shenhua Energy Co to the Chinese government. The merger would create China's largest power company, to be called the State Power Investment Corp. The new group will have a generation capacity of 226 gigawatt (GW), with assets exceeding CNY1.8 trillion. The merger is part of China's thermal power reform plans. Over the first seven months, 16 of the 17 thermal power companies which have unveiled half-year reports predicted losses.

REAL ESTATE

Rare auction of prime land in the center of Beijing

A consortium comprising China Resources Land, Country Garden Holdings and China Merchants Industrial Zone Holdings bought the first piece of prime land near the center of Beijing at an auction at a rock bottom price. The consortium paid CNY3.84 billion for the parcel just outside Beijing's southern second ring road, with 73,598 square meters of gross floor space. That translates to a price of CNY52,175 per sq m, which provides little room for profit once other costs are factored in. The result is a remarkable outcome in the first auction in five years in Dongcheng, one of two districts within the capital's former city walls, considered prime land. Auctions within the second ring road have been very rare in recent years, while most new land sales had occurred outside the fifth ring road. Three bidders had been in negotiations with each other before bidding began, but two backed away, leaving the consortium to win with little effort, according to anonymous sources. Bidders had to put down a cash deposit of CNY1.15 billion, which may also have deterred some companies from taking part in the auction. The fact that the parcel must be developed separately into residences and commercial space instead of en bloc may also have been a deterrent. Dongcheng's authorities imposed stringent conditions on the land before the auction: at least 70% of homes built on the land must be smaller than 90 sq m in size, selling for no more than CNY89,068 per sq m on average. At least half of the commercial space should also be held for lease for 20 years. The last time Dongcheng district put residential plots up for sale was in 2012, when a site near Dongzhimen was sold at CNY25,750 per sq m. Prices on that same site have soared to CNY140,000 per sq m.

Decline in China’s outbound property investment affecting prices abroad

Tighter capital controls imposed by Beijing are slashing China’s outbound property investment, affecting property prices from London to Hong Kong, Morgan Stanley said in a recent report. Outbound property investment by Chinese firms was already down 82% from a year ago, and is expected to plummet 84% to USD1.7 billion for the whole 2017, and down another 15% to USD1.4 billion next year. That trend will create headwinds for prices in Hong Kong, the U.S., Britain and Australia over the medium term. “Property developers are now struggling to transfer capital offshore and regulators are tightening offshore financing,” Morgan Stanley analysts wrote in the report. Late last year, policymakers spoke out against “irrational” overseas investment in sectors such as real estate, hotels, cinema, media and sports club businesses, which are perceived as a means of moving wealth offshore. These sectors are on Beijing’s so-called “negative list”, which are considered no-go areas for Chinese investors. Morgan Stanley said overseas property investment is the largest and fastest growing sector on the negative list, accounting for 6.3% of China’s outbound direct investment (ODI) in 2016, larger than the combined share of the remaining four sectors on the negative list. Real Capital Analytics, a .-.based private data provider tracking global property deals by both onshore and offshore China investors, observed that the number of pending deals has surged in the first-half. These are deals where a purchase agreement has been made but the buyer has not yet paid the money. Morgan Stanley said the slump would hit Hong Kong, the U.S., Britain and Australia. The office property sector is the most exposed, with Manhattan in New York City, central London and Hong Kong “markets of focus”, the report said.

- Tightening measures coupled with scorching heat has dragged Shanghai’s housing sales to a seven-year low in July, while average home prices also fell to this year’s lowest due to a structural shift. The area of new homes sold, excluding government-subsidized affordable housing, fell 2% from June to 672,000 square meter last month, Shanghai Centaline Property Consultants Co said, marking a year-on-year plunge of 45.1% to the lowest July figure since 2011. July is a traditional low season for property sales. The average cost of new homes fell 2.9% month-on-month to CNY45,925 per sq m, the lowest since January.
- Transactions in residential properties continued to decline in July as a result of tightened housing policies and financing for homebuyers, particularly in key cities in China. The combined space of transacted residential properties in Beijing, Shanghai, Guangzhou and Shenzhen was 2.4 million square meters, down 17% month-on-month, or 46% year-on-year, according to the China Real Estate Index System. In 16 second-tier cities the combined space of transacted residential properties in July declined 4% month-on-month and 23% year-on-year to 12.28 million sq m. Policies encouraging the leasing market have also led some potential buyers to become tenants.
- The Chinese government is taking measures to promote the rental market, such as assuring that some social services are available to renters as well as home-owners. China’s rental business makes up only 2% of the property market, compared with 20% to 30% in developed economies. Guangzhou is the first city of 12 cities to issue policy details for the pilot scheme.
- The niece of fugitive Chinese billionaire Guo Wengui and one of his employees at a real estate firm have been convicted and sentenced for fraud to a 1½-year and two year sentence respectively. Guo’s real estate firm Henan Yuda Real Estate was also fined CNY150 million, in a ruling by the Kaifeng Intermediate People’s Court. Guo, who is living in the United States and wanted by Beijing, has made a series of corruption allegations via social media against top Chinese leaders and company executives.
- In a new measure to stabilize the housing market, Beijing is planning to introduce homes with joint property rights shared between the government and buyers, while the buyers will have the full “right of use.” The measure should allow more people to buy their own homes. Buyers and their families cannot already own homes in their name, and single buyers must be at least 30 years old. Five years after purchase, owners can sell their shares based on the market price. At least 30% of the homes would be offered to “new Beijingers”, referring to people without a Beijing household registration (hukou), but with stable jobs in the city.

RETAIL

More Chinese favor domestic apparel brands

More Chinese are starting to favor Chinese apparel brands now according to a survey, although top international brands are still the frontrunners. The proportion of Chinese consumers who like Chinese apparel brands has more than doubled to 46% compared to two years ago, said the survey covering 2,450 respondents in 22 domestic cities by consulting firm OC&C Strategy. China's apparel market has grown by double digits for decades and overtook the U.S. to be the biggest apparel market in the world in 2015 and is now worth close to USD300 billion, according to market research firm Euromonitor International. Although negativity toward domestic labels has dropped to a record low of 10% from 24% two years ago, the research also suggests Chinese brands still suffer from a less competitive marketing strategy and product design. Respondents said they chose "value for money" and "Chinese elements" as the top reasons for buying Chinese apparel brands while they focused on "better quality"and "better design" when they bought international apparel brands. Frontrunners are predominantly international brands, with Uniqlo, Adidas and Jack & Jones occupying three of the top five spots, the Shanghai Daily reports.

STOCK MARKETS

Search engine Sogou aiming for U.S. listing

Sogou, China's second largest mobile search engine, has taken the first step to launch an initial public offering (IPO) in the United States as early as market conditions permit. The number and dollar amount of American depositary receipts (ADRs) proposed to be offered and sold have not yet been determined, but the IPO's value could reach as much as USD5 billion. Sogou plans to keep investing in artificial intelligence (AI), big data, and the internet of things (IoT). Baidu is still the No 1 search engine operator in China.

- Hong Kong stocks closed out July on an upbeat note, extending their winning streak to a seventh straight month – the longest stretch of monthly gains since 2007 – as heavyweights Tencent, HSBC, and AIA Group set new multi-year highs on robust earnings and corporate deals. China's Shanghai Composite Index also closed higher, logging the best month since February.
- ChIna's dollar-denominated Qualified Foreign Institutional Investors (QFII) program rose to USD93.27 billion at the end of July. A total of 284 overseas institutions have received quotas under the QFII program to move money into the country's capital account, the State Administration of Foreign Exchange (SAFE) said.

TRAVEL

Inner Mongolia joins high-speed rail network

The first high-speed railway in the Inner Mongolia autonomous region was opened on August 3. The new rail service reduces the journey between Ulanqab and Hohhot from 56 minutes to 39 minutes. The bullet train runs at 250 kilometers per hour. Ten services are scheduled daily. The new 126-km line will be part of a 286.8-km high-speed railway that will connect Hohhot with Zhangjiakou, co-host of the 2022 Olympic Winter Games, in Hebei province, and will be connected to the Beijing-Zhangjiakou railway, reducing travel time between Hohhot and Beijing from an average nine hours to less than three hours. Last year, China's high-speed network reached 22,000 km, accounting for 65% of the world's total high-speed rail. According to a plan released by the National Development and Reform Commission (NDRC), China will expand high-speed rail to 30,000 km by 2020, linking 80% of its major cities. By 2030, the network is planned to link all cities with populations of more than 500,000.

China issues guidelines for bike-sharing

China has issued national guidelines governing bike-sharing operations to address mounting complaints over an accumulation of millions of bikes on city streets. Users of bike-sharing services should register under their real names, controls on the parking of bikes will be tightened, offenders will be punished, and the use of the bikes by children under 12 is prohibited. China has around 70 bike-sharing brands, which have put more than 16 million bicycles on the streets and attracted more than 130 million users. By the end of June, the industry had registered 106 million customers, just a year after Mobike launched its services in Shanghai in April 2016. Around 14% of China's 751 million internet users have now used smartphones to rent a bike. The industry has attracted billions in investment from the likes of Warburg Pincus, DST Global, Tencent and Alibaba.

Beijing-based bike-sharing firm Mobike announced the launch of bike-rental services in London, with a plan to operate 750 bikes in September. The company plans to expand to 200 cities globally. As Mobike is set to cover more countries, the company will explore more payment methods. The bikes are produced in China and then exported to overseas markets. Rival Ofo said it plans to operate a total of 6,000 shared bikes in Bangkok by the end of September. Now Mobike has rolled out more than 6 million bikes in over 150 cities globally, while Ofo said it has over 100 million users.

- Passengers taking China Eastern and Shanghai Airlines domestic flights out of Hongqiao International airport have to check-in earlier than usual. Check-in desks now close 40 minutes before departure – up from 30 minutes – for domestic flights at both terminals. Check-in deadlines for international flights remain unchanged at 45 minutes before takeoff for Hongqiao, and 50 minutes at Pudong airport.
- China's tourism trade surplus is expected to increase as the country takes in more cash from inbound visitors than its outbound travelers spend overseas. The inbound tourism market has grown continuously in the past few years, the China National Tourism Administration (CNTA) said, while the outbound tourism industry has entered a stage of slower growth. Inbound tourism revenue rose 5.6% year-on-year to USD120 billion in 2016, exceeding outbound tourism spending by USD10.2 billion, according to administration figures. In the first half of this year, inbound tourists made 69.5 million trips; while 62 million Chinese tourists went abroad. CNTA predicted that direct investment in tourism this year will jump by more than 20% from last year to CNY1.5 trillion.

ONE-LINE NEWS

- Shanghai Tiandihui Supply Chain Management, China's's largest online road transportation operator, is looking to raise fresh capital to expand into supply chain finance. Shanghai-based Tiandihui has reported soaring growth for its online platform, which matches trucks with cargo, and connects more than 50 cities. In 2016, the platform handled more than CNY64 billion worth of transactions. In the first half of 2017, transaction value had topped CNY50 billion.
- China United Network Communications Group Co, the country's second-largest mobile carrier by subscribers, has set up two operating centers to deepen cooperation with Alibaba Group Holding and Tencent Holdings. The move signals that Alibaba and Tencent are almost certain to become shareholders of China Unicom, analysts said.
- Chinese brands accounted for nearly half of global smartphone shipments in the second quarter of 2017 as they continued to expand aggressively beyond their home market, according to Counterpoint Research. Shipments increased at 3% year-on-year, reaching 365 million units in the quarter, but the growth of key Chinese smartphone brands significantly outpaced the entire industry, leading to a record 48% share of shipments worldwide, a 39 percentage point jump from two years ago.
- Westinghouse's bankruptcy would have no substantial impact on the ongoing AP1000 nuclear reactor construction in China at projects in Sanman and Haiyang, Gavin Liu, President of Westinghouse Asia said. Westinghouse, which is part of Toshiba, is committed to work closely with contractors to deliver the final commercial operation. China increased its nuclear power capacity last year by another 8 GW, boosting its installed capacity to around 34 GW.
- The China Internet Network Information Center said China had 751 million netizens by the end of June, 19.92 million more than in December. 514 million of them made online purchases, a 10.2% increase compared with the end of last year. By the end of June, 295 million netizens had ordered takeout meals online, 86.78 million more than

in December.

- Wang Min, former Party Secretary and Governor of Jilin and Liaoning provinces, was sentenced to life imprisonment for corruption, taking bribes and negligence of duty. He was also deprived of his political rights for life, with all his personal assets confiscated. He had illegally amassed a fortune of CNY146 million.

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