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



Newsletter
12 September 2017

FCCC/EUCBA ACTIVITIES

Roundtable Meeting with Weihai Development Zone – 21 September 2017 – Ghent



The Flanders-China Chamber of Commerce is organizing a roundtable meeting with a high-level delegation from the Weihai Economic and Technological Development Zone. This meeting will take place on September 21 at 16h00 at the City Hall, Botermarkt 1, Ghent.

Representatives from the Weihai Economic and Technological Development Zone will offer an insight into the economic environment and main sectors for investing in the Zone. Several of our members already have major investments in Weihai such as Bekaert, Beaulieu Technical Textiles and Beaulieu Fibers & Yarns.

Weihai City is a coastal city in Shandong. Located south of downtown Weihai, Weihai Economic and Technological Development Zone (Weihai ETDZ) was set up by the State Council in 1992. The pillar industries of Weihai ETDZ are new

materials, automobile parts, electronics, pharmaceuticals, textiles, machinery, food processing, ICT and new energy. The emerging industries of the Zone are medical & healthcare, senior care, information & outsourcing and intelligent manufacturing.

The City of Weihai and the City of Ghent have a sister city agreement, while the Flanders-China Chamber of Commerce and the City of Weihai have a longstanding cooperation agreement. The programme for this roundtable meeting is as follows:

PROGRAMME

15h30	Registration
16h00	Welcome the City of Ghent and the Flanders-China Chamber of Commerce
16h15	Presentation on the advantages of investing in Weihai Economic and Technological Development Zone and introduction to Weihai Software and Outsourcing Industrial Park and International Medical and Healthcare Park by delegation member.
16h30	Presentation on the experiences of investing in Weihai
17h00	Question and answer session Networking Reception

The delegates are as follows:

- Mr LU Xiaodong, Director General of the Administrative Committee of Weihai ETD Zone
- Mr YU Mingtao, Deputy Director of the Administrative Committee of Weihai ETD Zone; Director of Bureau of Commerce of Weihai ETD Zone
- Mr LIU Zhiwei, Party Secretary of Qiaotou Town, Weihai ETD Zone
- Mr WANG Dengpan, Party Secretary of Xiyuan Sub-District Administration Office, Weihai ETD Zone
- Ms SUN Ping, Chief of General Affairs Office, Bureau of Commerce of Weihai ETD Zone
- Mr YIN Zhiwei, Interpreter, Bureau of Commerce of Weihai ETD Zone

Practical Information

When: Thursday, 21 September 2017 - 15h30

Location: City Hall, Botermarkt 1, Gent

Deadline for subscription: 15th of September 2017

Participation fee:

- free for FCCC members
- for non-members € 45 (excl VAT)

If you are interested in attending this event, please [register here](#) by September 15, 2017.

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 11h30 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:

11h30	Registration
12h00	Introduction by Mr Stefaan Vanhooren, Chairman FCCC 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: 160 € (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

Seminar: 'Belgian Customs and its activities in China' – 27 September 2017 – Ghent



The Flanders-China Chamber of Commerce and the Province of East Flanders are organizing a seminar focused on 'Belgian Customs and its activities in China'. This event will take place at 16h00 on 27 September at the Provincial House, Gouvernementstraat 1, 9000 Ghent.

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

- Belgian Customs in China, can we help you?
- Import/export taxes
- Other related governmental services
- New Regulations for import of foodstuffs
- Practical examples

The programme is as follows:

15h30	Registration
16h00	Welcome by the Province of East-Flanders and the Flanders-China Chamber of Commerce
16h05	Presentation : 'Belgian customs and its activities in China' by Mr Eddy De Cuyper, Customs Attaché, Embassy of Belgium in China
17h00	Question and answer session followed by networking drink

If you are interested in attending, [register online here](#) before 21 September 2017. If you have specific questions on the topic, please mail your question to info@flanders-china.be. Participation fee for FCCC members: 45€, non-members: 75€ (Excl. 21% VAT)

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



JOIN THE FLANDERS-CHINA CHAMBER OF COMMERCE TO QINGDAO

The Flanders-China Chamber of Commerce will be represented at the Fair in Qingdao by Gwenn Sonck, Executive Director.

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](#).

**Seminar – Negotiating with the Chinese: Cultural Roots & Practical Recommendations –
6 December 2017 – Ghent**



“Building a win-win partnership through the art of negotiation”

Overview

China has become the world's second largest economy and the sizeable market is non-ignored. Companies with the ambition of global expansion, especially those who are eager to enter into the Chinese market, should have a better understanding of how to negotiate with the Chinese. However, due to the cultural differences and the shifting dynamics of business context, it is not easy for all business leaders. This seminar offers guidance to business leaders on how to leverage cultural differences, complexity, uncertainty and conflicts during the negotiation process with their Chinese partners. “Negotiating with the Chinese” seminar delivers direct impacts on company’s bottom lines to support individuals who are doing business with a fast-changing China.

Benefits

- Gain a comparative understanding on the Chinese and Western negotiation practical approaches
- Identify the cultural roots behind business scenarios, equipping you with the knowledge to reshape your strategies & tactics
- Sharpen your negotiation skills through learning from multiple case studies and real-life context
- Optimize your approach to a win-win value creation through negotiating with the Chinese to achieve a sustainable partnership

Agenda

14:00-14:15 Opening Remarks

14:15-15:00 China vs West: different culture negotiating models
 15:00-15:15 Break
 15:15-16:00 Chinese culture roots and elements to shape the negotiating skills
 16:00-16:15 Break
 16:15-17:00 Strategies that lead you to a better negotiation outcome
 17:00-17:15 Break
 17:15-17:40 Group discussion
 17:40-18:00 Networking

Time: 2pm-6pm, 6th Dec 2017

Venue: Ghent, Belgium

Contact

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FCCC info@flanders-china.be

ACTIVITIES SUPPORTED BY FCCC

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 13th 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
19.15 – 19.45	Closing Plenary: Making Globalisation Work
19.45 – 21.30	Reception at Sheffield Cathedral 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

- phone: +41 79 305 3110

- fax: + 41 44 214 6502

- e-mail: visions@horasis.org

PAST EVENTS

Seminar with the Flemish Trade Commissioners in China – Wednesday 6 September 2017 – Brussels

The Flanders-China Chamber of Commerce (FCCC) and Flanders Investment & Trade organized a seminar with the Flemish Trade Commissioners based in China on 6 September at the premises of Flanders Investment & Trade in Brussels. The Flemish Trade Commissioners in China discussed “***A fast changing China and the impact on your business***”.

Following a word of welcome by Ms Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, the Flemish Economic Representatives Peter Christiaen (Beijing), Sara Deckmyn (Shanghai), Dirk Schamphelaere (Guangzhou), and Katrien Leinders (Hong Kong) took the floor. A question and answer session and a networking reception concluded the event.

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

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Hainan Airlines, nonstop flights from Brussels to Shanghai



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Shanghai, a city with limitless possibilities and endless opportunities. Come and see for yourself why global elites, young fashionistas and traditional craftsmen alike choose Shanghai as their go to destination and experience the most dynamic and exciting city in all of China.

Hainan Airlines is adding a direct flight between Shanghai Pudong Airport and Brussels Airport three times a week. The flights are scheduled on Monday, Wednesday, Friday and will be operated by a Dreamliner 787-9, with 30 seats available in business and 258 in economy class.

More details about the winter schedule:

Flight No.	Origin/Destination	Depart/Arrive	Schedule
HU7921	PVG-BRU	1:25-06:30	3 times a week – Monday, Wednesday, Friday
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

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INNOVATION

Who has the most unicorns – China or the U.S.?



More than one third of the world's unicorns were set up in China, as the country aggressively embraces technology to

spur growth. A report by Deloitte and China Venture recorded that **China has 98 unicorns** – companies that venture capitalists and private investors valued at USD1 billion or more but have held back from listing – in 2017, accounting for **38.9% of the world's** 252 unicorns that are collectively valued at USD879.5 billion. The U.S. topped the list with 106 unicorns, or 42.1% of the total number, while third-placed India has 10.

Unicorn big names have not only come from the U.S. – sharing service providers Uber and Airbnb – but also from China such as Didi Chuxing, a Uber rival that bought Uber's China business in 2016, and Alibaba's finance arm Ant Financial, phone maker Xiaomi and drone producer DJI. In China, the finance sector has produced the biggest number of unicorns – 16, led by Ant Financial and JD Finance, a subsidiary of e-commerce JD.com. “**Fintech** will massively generate revenues and remain at a high growth pace in China,” said Zhong Yuntai, Senior Manager at Deloitte China, and the main author of the report.

In 2016, China's fintech revenue reached USD421.4 billion, and is expected to surge to USD1.97 trillion in 2020, according to iResearch. Besides the fintech sector, China's most valuable companies have also emerged in the e-commerce sector, which is driven by the rapidly expanding number of online shoppers, as well as in culture and entertainment, and auto industries. In the U.S. unicorn scene, almost one third of the 106 unicorns are corporation service providers, led by data analytics company Palantir Technologies and Infor, a provider of enterprise software and services. “But in China, the demand for corporation service, especially those offered by domestic companies, is weak,” said Zhong.

The report found U.S. venture capital firm Sequoia to be globally the most farseeing investor. It has invested in 40 of the 252 unicorns. In second place is China's **Tencent Holdings** which has invested in 30 unicorns, and followed by Google, with 25. China's e-commerce platform Alibaba has invested in 14, and search engine Baidu in 12. “Compared with U.S. companies, Chinese venture capitalists have become more aggressive, and they are more willing to bear high risks to seek high returns,” Zhong said.

Looking forward, the report projected that the unicorns would most likely come from artificial intelligence and the transport sector, on the back of the development of new energy vehicles and bike-sharing services, the South China Morning Post reports.

U.S. research firm CB Insights on the other hand, said that so far in 2017, 41 global technology companies have reached unicorn status. Most are in the U.S., but China has seen 15 new unicorns form this year while Europe has only five. Chinese tech giants Baidu, Alibaba, Tencent and JD.com, have invested in 46% of all China's unicorns, according to CB Insights.

"According to the latest report of the World Intellectual Property Organization, China ranks 22nd globally in terms of innovation in 2017, up three places year-on-year, and becomes the only middle-income country that has narrowed the gap with developed countries," said Shen Zhulin, Deputy Director General of the Department of High Technology Industry under the National Development and Reform Commission (NDRC). He made the comments at the news conference for the 2017 National Mass Entrepreneurship and Innovation Week, which will be held from September 15 to 21. Shanghai will be the main venue this year.

FINANCE

What is an ICO, and why is China's central bank banning it?



What is an ICO?

An initial coin offering (ICO) is a form of crowd-sourced fundraising that uses cryptocurrencies. Also known as digital currencies, or virtual currencies, cryptocurrencies work as a medium of exchange using encryption to secure transactions and for creating (known as mining) additional units. Cryptocurrencies, the best known of which is the bitcoin, use distributed ledgers known as block chains to track transactions. There are now hundreds in existence, as the currencies' independence make them attractive to some users. Cryptocurrencies can be designed to be widely used,

as with bitcoin, or to operate within an online network like the Ethereum network that uses ethers to make payments. When a new cryptocurrency is launched, the creators, as with any other project, need funds to make it work. ICOs have evolved to fill this need.

How does an ICO work?

In initial public offerings (IPOs), companies sell their equity, in the form of shares, for cash. Rules that govern IPOs usually require the companies selling equity to be backed by tangible assets. During ICOs, companies exchange their newly created cryptocurrencies -- called tokens -- for payment in an existing currency, which can be old-fashioned cash, or an established cryptocurrency, often bitcoin. ICO investors profit when their tokens gain in value at a faster rate than the currency they used to pay for them. The value, or "capital gains" of these appreciating tokens can only be realized if they are exchangeable for legal tender, or for goods or services. These fundraising ICOs are conducted online, and are usually announced on a cryptocurrency forum. Most projects have a white paper, a website, and active online forums as a way of building confidence.

Examples of ICOs?

Karmacoin held the first ICO with its April 2014 sale of karmashares. Ethereum sold USD18 million of ether units in July-August of 2014, valuing each ether at less than USD1. As of June this year, each ether unit was valued at USD378. As many as 65 ICOs were completed in China in the first seven months of 2017, raising a combined CNY2.6 billion, according to the Beijing Internet Finance Association. According to the People's Bank of China (PBOC), 90% of the ICOs that have been launched were fraudulent.

Regulation?

In July, the U.S. Securities & Exchanges Commission (SEC) determined that the virtual currency DAO Tokens were securities, and said that those who offer and sell securities in the U.S. were required to comply with federal securities laws, regardless of whether those securities were bought with virtual currencies or distributed with block chain technology. The People's Bank of China (PBOC) has now banned ICOs outright, calling them illegal and fraudulent. The PBOC also ordered banks and payment companies to stop opening accounts for digital coin fundraising platforms and to restrict payments into and out of related individual accounts. The clean-up efforts are likely to force hundreds

of P2P platforms out of the market because they won't be able to secure a custodian bank or convince regulators that the deposits are being used appropriately. Analysts expect the ban to be temporary, until new regulations can be issued.

Bitcoin and other cryptocurrencies have been legally accepted as money in Japan since 2014, the South China Morning Post reports.

FINANCE

China's top consumer credit firm fined USD1.37 million for malpractice



China's first consumer credit company has become the latest financial firm to be hit by scandal after the banking regulator fined it for malpractice, and handed out individual punishments to its four Executives. **Bank of Beijing Consumer Finance Company**, which was established in 2010 with the hope of finding a business model for consumer credit in China, was fined CNY9 million for "seriously violating prudent operating principles", including running unauthorized businesses, filing false documents, and hiding important facts from the regulator, the Beijing branch of the China Banking Regulatory Commission (CBRC) said in a statement. Two executives were fined CNY500,000 and CNY200,000 and two others were barred from working in China's banking industry for 12 years and two years.

"The biggest difficulty for consumer finance in China is the **lack of credit records**," Felix Yang, Analyst from consultancy Kapronasia, wrote in a report. More than 900 million Chinese, or 65% of the population, have no credit records, compared to just 11% in the U.S., he said. "The

development of a credit rating system in China has been slow. As a result, many players in consumer finance are running with few risk controls," Yang wrote. "They may look fine while the market is growing, but when their business expands to a certain level, the accumulated risk will be a huge concern."

As Bank of Beijing Consumer Finance, which has registered capital of CNY850 million, is not required to release annual figures, its financial situation cannot be fully assessed. However, Bank of Beijing – its biggest shareholder with a 35% stake – said in its 2016 annual report that it booked a loss of CNY476 million from its holdings in the consumer finance firm for the whole of last year. Spanish lender Banco Santander also holds a 20% stake.

Bank of Beijing Consumer Finance was once lauded as a model business in China. By providing collateral-free loans to pay for such things as home appliances and outbound travel it encouraged consumer spending, which is exactly what the government wanted as it sought to rebalance the economy away from fixed-asset investments, the South China Morning Post reports.

CHINA NEWS ROUND-UP

China's services sector continues healthy growth

China's **service sector growth** accelerated in August, hitting a three-month high, as measured by the Caixin Services Purchasing Managers' Index (PMI), which rose to 52.7 in August, up from 51.5 in July. Officials and economists said the country's third-quarter growth is expected to remain stable. A reading above 50 indicates expansion and one below it indicates contraction.

The Caixin PMI for manufacturing and services combined stood at 52.4 last month, the highest in six months, up from 51.9 in July. Caixin said that increases in the sub-index for new orders registered the fastest growth in three months, and respondents said that improving market conditions contributed to the growth. "The recovery in both manufacturing and services has led the economic outlook to continue to improve," said Zhong Zhengsheng, Director of macroeconomic analysis at CEBM Group, a subsidiary of Caixin Insight Group. Analysts said that economic growth may slow slightly in the second half.

Pan Jiancheng, Deputy Director of the Economic Monitoring Center of the National Bureau of Statistics (NBS), said that there is no doubt China will meet its **GDP growth target** of around 6.5% for this year. The IMF predicted last month that China's growth could reach 6.7% this year, the China Daily reports.

Listed companies report rapid profit growth

Listed companies in China reported rapid profit growth in the first half of this year, as the country's structural reform began to bear results. A total of 3,341 listed companies on the country's two major exchanges reported combined revenue of CNY18.12 trillion, **up 24.1% year-on-year**, according to eastmoney.com, a financial data provider. Combined profits attributable to shareholders totaled CNY1.67 trillion, up 21.12% year-on-year. More than 600 companies saw their profit growth double, while 362 companies saw their profits rise 50% to 100%.

The country's four biggest commercial banks all posted faster profit growth in the first half, attributed to improved services and strengthened risk control. When excluding non-recurring items, sectors such as **mining and steel** were among the most profitable industries in the first half year. The mining sector, as classified by SWS Research, saw profits surge 442.92% year-on-year, while the steel sector went up 302.56%. Nanjing Iron and Steel witnessed a net profit surge of 730%, as China continues to slash excess steel capacity causing product prices to increase.

Companies in the **artificial intelligence (AI)** sector reported strong performance, with half of them posting a rise of over 30% in net profits attributable to equity holders. "Emerging industries such as AI are where global investors are now putting their money, as these industries will replace many existing industries in the future," said Yang Zhonghua, Fund Manager at Fortunate Capital Management, the China Daily reports.

China's export growth slows

Data from the General Administration of Customs shows China's exports surged by 6.9% to CNY1.35 trillion in August from the same period last year, a sharp drop from the 11.2% growth seen in the previous month. China's imports surged by 14.4% in August. Overall, the country's trade increased 10.1% on a yearly basis, customs data showed. The monthly trade surplus was CNY286.5 billion, down by 14% year-on-year. In the first eight months, exports rose by 13% year-on-year, while the growth rate of imports was 22.5%.

Zhou Yu, Director of the Research Center of International Finance at the Shanghai Academy of Social Sciences, said that the **strengthening yuan** affected exports growth. The yuan's central parity exchange rate reached 6.5032 on August 8, up 237 basis points. The rate was the highest since May 12, 2016. The yuan had been depreciating since mid-2015, when the government launched reforms to the central parity exchange rate mechanism. But the trend reversed this year, and the currency has risen by about 6.4% so far in 2017. "The yuan has been surging too fast. It's bad for the domestic economy," Zhou noted.

The government has taken measures to curb the yuan's rise, as shown by the rising foreign currency reserves, which have reached USD3.09 trillion. "The government took measures to reduce the range of the yuan's fluctuations, but not to completely reverse the currency's trend," Zhou said, adding that the yuan's appreciation shows that China's previous measures to control capital outflow have worked.

China Merchants Securities said it is highly probable that exports will pick up in September and October, the Global Times reports.

China's chocolate market expected to become huge

Up to now, chocolate consumption in China has been negligible, but a new generation of chocolate lovers is emerging, and with a population of 1.3 billion, that is likely to have a big impact on the industry globally, the South China Morning Post reports. The potential profits are also significant. The market for chocolate in China is expected to **grow to CNY40 billion by 2020**, as chocolate consumption

nearly doubles, according to market research firm Ebrun. Sales of chocolate in China were valued at about CNY20 billion in 2015. On a per-capita basis, Chinese consumption of chocolate is still less than 1 kilogram a year, a mere tenth of the figure in Europe. That means there is plenty of room for growth. According to Ebrun, Ferrero Rocher and Dove have a combined 40% share of the Chinese market.

Zurich-based **Barry Callebaut**, is now firmly set on expanding its production in China. Ben De Schryver, President of Barry Callebaut Asia Pacific, said the company planned to build two new plants over the next five years. The company presently supplies chocolate to retail brands, bakeries and restaurants in China through its factory in Suzhou, and is planning to increase the plant's annual capacity of 250,000 tons.

The top 20 global chocolate brands are all looking to expand in the Chinese market. Godiva had about 100 retail outlets at the end of last year, and plans to triple that number by 2020. Ferrero Rocher started to build a factory in Hangzhou, Zhejiang province, in 2014 with the first phase due to start operating next year. On top of that, local manufacturers are also revving up expansion plans to increase their market shares. Shanghai-based Ahme Food, for example, acquired Belgian chocolate brand Pralinor last year to help it explore the high-end segment of the country's chocolate market.

President Xi Jinping calls for closer cooperation among BRICS countries

Chinese President Xi Jinping called on the business leaders of BRICS countries to make contributions to the economic development and people-to-people exchanges as he addressed the **BRICS Business Council**, as well as the BRICS-led New Development Bank (NDB). About 300 people attended the dialogue. He called on businesspeople to inject new impetus for the development of the emerging markets. Xi also highlighted the important role that the business leaders are playing in boosting people-to-people exchanges, as "there are thousands of employees and their families behind each enterprise".

The BRICS Business Council has made great efforts in such areas as e-commerce, technological capacity development, standard-setting and experience-sharing in digital economies, while the New Development Bank has pushed forward its new projects steadily and opened its

Africa regional center recently, Xi said. During the meeting, the BRICS countries' leaders were also briefed by Xu Lirong, Chairman of the China BRICS Business Council, and K.V. Kamath, President of the BRICS-led New Development Bank. Brazilian President Michel Temer, Russian President Vladimir Putin, Indian Prime Minister Narendra Modi and South African President Jacob Zuma also delivered speeches at the meeting.

Ning Jizhe, Director of the National Bureau of Statistics (NBS), told the Ninth Meeting of Directors of National Statistical Offices of the BRICS countries in Hangzhou, that China has started compiling a **New Growth Driver Index**, which weighs the role of economic vitality, digital economy, restructuring, knowledge capacity and innovation. It shows that China's new growth drivers are expanding at a fast pace.

China considering ban on fossil-fuel vehicles

China is working on a national smart cars strategy and considering a ban on the production and sale of fossil-fuel vehicles, according to policy-makers at a forum on automotive industry development. It joins Britain and France in looking to end the production of vehicles using diesel or gasoline.

The global auto industry is leaning toward intelligent and electric vehicles, Xin Guobin, Vice Minister of Industry and Information Technology, told the forum in Tianjin. He said the Ministry would work out a timetable for automakers to adjust their strategies by elevating new energy vehicles (NEVs) to a new level.

Last year, China passed the United States as the biggest electric car market. There are more than a million new energy vehicles on China's roads, or half the world's total. China has supported electric vehicle development with billions of dollars in research subsidies and incentives to buyers, but is switching to a quota system that will shift the financial burden to manufacturers. Electric and hybrid gasoline-electric vehicles would have to make up 8% of each maker's output next year, 10% in 2019 and 12% in 2020. Automakers failing to meet their target could buy credits from competitors that have a surplus.

The government has also ordered state-owned Chinese power companies to speed up installation of charging stations to increase the appeal of electric vehicles.

ANNOUNCEMENT

Moore Stephens: Profit repatriation in China White Paper

One of the most common challenges facing foreign companies active in China is how to repatriate successfully their profits outside of China. Since China's policies regarding foreign exchange are strictly regulated, repatriating funds is generally considered to be a difficult task. Issuing (1) dividends to the parent company, (2) making payments for service fees, royalties and reimbursements, and (3) making outward intercompany loans can quickly become complicated and very time-consuming.

To provide a better understanding how these procedures work in China, Moore Stephens has prepared a detailed white paper explaining all the different steps, considerations and procedures involved. In order to receive your copy, please click on the link '[Read More](#)' to send us your request.

We are also happy to share with you our latest article on [Transfer Pricing in China](#) and what are the 5 things every foreign business certainly should take in mind when doing business in China.

We also prepared in cooperation with [CBI Consulting](#) the article [Why should foreign companies in China be ready to expect the unexpected?](#)

If you have any further questions or would like to get in touch with us, please do not hesitate to contact us at info@msadvisory.com

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