Newsletter

19 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 by Karena Cancilleri,Vice President Beaulieu Engineered Products and Member of Beaulieu's Executive Committee
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 19, 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)

Exclusive dialogue with European Commission Vice President Jyrki Katainen – 28 September 2017 – Brussels

2017: A turning point for China.
An opportunity to promote openness and foreign investment?

BusinessEurope, the European Union Chamber of Commerce in China and the EU-China Business Association are organizing an exclusive dialogue with the European Commission Vice President for Jobs, Growth, Investment and Competitiveness, Jyrki Katainen and the newly elected President of the European Chamber of Commerce in China Mats Harborn.

The purpose of this event is to take stock of the most important current and upcoming developments in the EU-China relations and how these might affect EU businesses. Concurrently, this event will serve as an opportunity for the European Chamber to present its annual position paper on China.

This is a critical year for China. During the **1st Plenary Session of the 19th Central Committee of the Chinese Communist Party**, which will take place in autumn, the members of the party's more powerful organisations will be elected: the Politburo, the Standing Committee and the Chinese Military Commission. The government will therefore have a new composition, starting from March 2018.

Hopefully, these changes in the Party and the Government will bring a new push to the symbolic promises made in the past years, i.e. the **Third Plenum's Decision**, the **13th Five-Year Plan**, President **Xi's speech at the World Economic Forum** in Davos, and the **State Council Document No.5**, released in January 2017 to promote openness and the utilization of foreign investment.

China is aiming to become a high-income country by 2020, by increasing its capacity for innovation, reforming state-owned enterprises, addressing overcapacity and developing its environmental technology industry. The European business community in China monitors whether these announced changes will be achieved through market forces or whether the government will keep a foot into the economy.

The lack of reciprocity in the field of market access, with increased Chinese investments in Europe, coupled with a drop in European investment in China, is another challenge companies face. The absence of a level playing field in terms of market access in China also fuels the concern of certain Member States vis-à-vis the Chinese presence in key economic sectors in the EU. This also led certain Member States to take a position on screening investments from abroad, amid concerns about increasing investment and company takeovers by non-EU investors.

In this context, progress in the negotiations on **the EU-China Investment Agreement**, started in early 2014, may represent a landmark step in the relations between the EU and China. European businesses are hopeful that China will use these agreements to promote greater international competition and cooperation in its marketplace through meaningful liberalisation. The direction that these developments will take will be critical for Europe's mission for growth and the future success of European industry in both Europe and China.

During the event, European Commission Vice President for Jobs, Growth, Investment and Competitiveness, **Jyrki Katainen**, will deliver a keynote speech on the EU-China trade and investment relations.

Agenda

13h00 - 14h00 Registration and lunch reception

14h00 - 14h10 Introduction by **Ms Luisa Santos**, Director, BusinessEurope

14h10 - 14h20 Speech on EU-China trade and investment relations by **Mr Jyrki Katainen**, European Commission Vice-President for Jobs, Growth, Investment and Competitiveness

14h20 - 14h30 Speech by **Mr Mats Harborn**, President, European Union Chamber of Commerce in China
14h30 - 14h50 Moderated panel discussion and Q&A

14h50 - 15h00 Conclusions by **Mr. Philippe Van der Donckt**, Vice-Chairman of the EU-China Business Association

Practical information

Date: Thursday, 28 September 2017, 13:00 – 15:00
Location: BusinessEurope, Avenue de Cortenbergh 168, 1000 Brussels
Participation fee: €60

Registration

Please CLICK HERE to register. The cost of participation is **60 EUR** and you can pay online. If you would like to pay by wire transfer, please contact Alexandra Aivali at a.aivali@businesseurope.eu

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

Ms. Lijuan Yu - CKGSB lijuanyu-pt@ckgsb.edu.cn

FCCC info@flanders-china.be

PAST EVENTS

Meeting with Shanghai delegation – Minhang District – 15 September 2017

On 15 September, the Flanders-China Chamber of Commerce, represented by Mr Stefaan Vanhooren, Chairman and Ms Gwenn Sonck, Executive Director, received a Shanghai delegation with leaders from the Minhang District. The aim of the visit was to learn about

industry 4.0 in Flanders. Presentations were given by Agoria, Flanders Make and Ghent University and the Flanders-China Chamber of Commerce.

Minhang district lies in the heart of the Greater Shanghai Area. It has Xuhui District and Pudong New Area on the east, the Huangpu River and Fengxian District to the South, Songjiang District and Qingpu District in the west, and Changning District and Jianing District to the North.

Strategic emerging industries are: new energy, advanced key equipment, bio-medicine, new generation of IT Technology, new materials, new energy, automobile and energy-saving and environment protection.

Interested companies can obtain the Minhang Investment Guide of the year 2017 by sending an e-mail to:

info@flanders-china.be

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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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

Chinese spending on innovation, technology growing fast

Corporate spending on innovation and technology has been growing **twice as fast in China than in the U.S.** over the past two years, fueled by accelerating migration to **cloud services**. In a latest research report by U.S. investment bank Morgan Stanley, information technology (IT) spending by Chinese companies is projected to grow 11.2% this year, more that double their American counterparts' 5.3% rise. The study, led by Equity Analyst Grace Chen, surveyed 126 chief information officers (CIO) in China and an undisclosed number of CIOs in the U.S.

Chinese companies spent 10.2% more on technology last year, against 4.4% in the U.S. The findings also show Chinese cloud and customer relationship management (CRM) software spending growing at its fastest pace in three years, and the winners of such acceleration are the "leading public cloud vendors, and select semiconductor suppliers".

Among Chinese cloud providers, **AliCloud and Tencent** are the industry leaders, while IBM, in partnership with Wanda, is the No 1 foreign supplier, ahead of Amazon Web Services (AWS) and Azure. Private-sector corporate investment will accelerate this year, recovering from the low levels of 2016. Lower real interest rates will stimulate investment in productivity-enhancing technologies, such as robots and cloud-based services, according to Gordon Orr, Senior Adviser at McKinsey China. "Our survey shows more than 30% of CIOs have adopted Alicloud, and that China will maintain a similar leading share over the next three years, echoing our positive view," Morgan Stanley Analysts said.

"What surprised us most, was CIO's optimism about Tencent and Huawei in public cloud: Tencent ranks second with a 15% share predicted to rise to 23% within three year," they added. Morgan Stanley also noted Huawei, which trails AliCloud and Tencent in public cloud, tops its competitors in private cloud, a result of Huawei's competitive advantage in having a hardware business. In China, companies interviewed said about 34% of their workload is handled using the cloud. The analysts said that figure will be bumped up to 53% by the end of 2020, and more specifically, the percentage of workload on the public cloud is expected to rise from 20% to 29%. The size of the public cloud as a service market in China is expected to be valued at USD2.4 billion this year, up from USD1.8 billion in 2015, and then to grow to USD3.8 billion by 2020, the South China Morning Post reports.

FINANCE

Chinese bitcoin exchanges closing down

One of the biggest Bitcoin exchanges in China and the world announced that it would stop all trading at the end of this month, following new Chinese government regulations clamping down on crypto-currencies, and its ban on initial coin offerings (ICO). **BTCC** – China's No. 2 Bitcoin platform by volume and the world's third-largest – said that "after carefully considering" the announcement by Chinese regulators, it will "stop all trading" on September 30. It has already stopped registering new users, but foreigners can still use its services in overseas markets, Shanghai-based BTCC said in a statement.

Bitcoin exchanges **OKCoin and Huobi** issued statements saying they would shutdown all trading between bitcoin and the yuan by October 31. At least 20 smaller exchanges in China followed suit. Besides Bitcoin, other crypto-currencies, such as Litecoin and Ethereum, are also affected.

The National Internet Finance Association of China said that there was "no legal basis for platforms which engage in the trading of various forms of 'virtual currencies.'" The Association, which was created by the People's Bank of China (PBOC), warned on its website that such currencies are "increasingly used as a tool in criminal activities such as money laundering, drug trafficking, smuggling and illegal fundraising." The **Bitcoin's price** crashed from a high of around USD4,359 to below USD3,000 before recovering.

Jiang Yang, Vice Chairman of the China Securities Regulatory Commission (CSRC), said at a forum in Beijing that China should be more cautious on innovation in the finance industry to prevent fiscal and systematic risks.

FOREIGN INVESTMENT

U.S. President Trump blocks Chinese takeover of U.S. chip maker

U.S. President Donald Trump has blocked the USD1.3 billion take-over of **Lattice Semiconductor Corp**, a publicly-traded Oregon company, by Chinese-owned **Canyon Bridge Fund** on national security concerns. The Committee on Foreign Investments in the United States (CFIUS) and President Trump determined that “the transaction poses a risk to the national security of the United States that cannot be resolved through mitigation,” prohibiting Canyon Bridge, its partner Yitai Capital and Yitai’s parent, the China Venture Capital Fund Corp (CVCF), from purchasing the U.S. firm, due to the importance of the semiconductor supply to the U.S. government, including Lattice’s programmable logic devices.

Other Chinese deals under review include MoneyGram International’s proposed sale to Ant Financial, the financial-services company of the Alibaba Group. The U.S. government is also examining an agreement by Chinese conglomerate HNA Group Co to buy a stake in SkyBridge Capital.

China’s **Ministry of Commerce** expressed “concern” over the decision. Spokesman Gao Feng said that while each country has a right to probe investments in “sensitive fields”, the power should not be used as “an instrument for implementing protectionism.” China “hopes relevant countries can treat Chinese companies’ overseas acquisitions objectively and impartially, give fair treatment to such normal business practices, and create a reasonable and transparent business environment to avoid impacting investors’ confidence,” he said.

Xinhua News Agency commented that “Chinese investment is not a Trojan horse” and that President Trump’s decision to block the deal was “penny wise and pound foolish”. “It is in the interests of the United States itself to focus on the bigger picture and have a long-term vision, instead of being preoccupied by immediate interests,” it added.

Trump’s predecessor, Barack Obama, had also intervened to prevent a similar deal involving semiconductors on security concerns last year. Chinese government-backed Grand Chip Investment scrapped plans to buy German semiconductor equipment maker **Aixtron** in December. Still, it is unusual for a U.S. President to block a business deal over national security concerns – Trump’s was just the fourth such order in the past 25 years.

“It is important to note that the U.S. government has been particularly concerned with foreign investment, particularly Chinese investment, into the U.S. semiconductor industry for years,” said Lawrence Ward, Partner at the international law firm Dorsey & Whitney.

In another setback for Chinese investment abroad, a court in the Ukraine has frozen the 41% stake of Beijing Skyrizon Aviation in one of the world’s largest aircraft and helicopter engine manufacturers **Motor Sich**. The Ukrainian security services allege that the purchase of the company’s stock by groups controlled by Beijing Skyrizon Aviation was an attempt to take its assets out of the country. Motor Sich's technologies could be valuable to Chinese scientists and engineers working on developing high-powered aircraft engines.

CHINA NEWS ROUND-UP

Inside China’s USD37 billion online food delivery services market

About 256 million people in China used online food ordering services in 2016, a number that is expected to grow to 346 million by next year – about a quarter of the country’s population. The services already cover 1,300 cities and **the market is estimated to be worth over CNY240 billion** next year. Food delivery services are taking off rapidly in line with the surge in all things online in China, but unlike many other sectors such as e-retailing, the market has come to be dominated by just two players: **Meituan Dianping**, backed by Tencent, and **Ele.me**, whose main investor is Tencent's rival Alibaba, with a 45.2% and 36.2% market share respectively in transaction value in the first six months this year.

A third operator, **Baidu Waimai**, backed by online search firm Baidu, was sold to Ele.me last month after failing to make a profit and lagging far behind in market share. The failure highlights the tough competition in the market that is likely to mean the new duopoly will be in place for some time. Neither of the two market leaders are profitable. Foreign companies in particular, such as U.S.-based UberEats, Germany's Foodpanda or Britain's Deliveroo, would find it very difficult to compete with Ele.me and Meituan, analysts said.

"The development of the Chinese online food delivery market has proved that as long as a company has users and funds in China, it has opportunities in the market," said Xue Yu, Senior Analyst with research company IDC in Beijing. "However, the costs for companies to acquire users are high so this will act as a brake on interest in the market by newcomers," he said. The services work through apps, which show lists of food providers near the users' location and allow them to search for specific restaurants that may not be on the list. Clicking on the restaurant brings up the menu and the ordering system, which uses online payments or bank credit cards. The apps also show the location of the delivery driver, so an order can be tracked, and allow users to rate the food and service.

About 35% of app users said they ordered food one to three times a week and another 35% said they used them four to six times a week, according to a report by iMedia Research. "Aside from food delivery from restaurants, cake and flower delivery, delivery from supermarkets and even medicine delivery are now options on both the platforms," said Yang Xu, Analyst with Beijing-based internet consultancy Analysys, as reported by the South China Morning Post.

French President urges to grab chances in Belt and Road Initiative

French President Emmanuel Macron has urged Europe to "grasp the chance the China-proposed Belt and Road Initiative" presents to better achieve connectivity and common prosperity in Eurasia, said former French Prime Minister **Jean-Pierre Raffarin** at a conference in Paris organized by the Boao Forum for Asia. "President Macron is highly aware of the significance of the Belt and Road Initiative and has been urging Europe to grasp the chance to cooperate with China", Raffarin said, as Macron was scheduled to meet a Chinese delegation led by former Vice Premier Zeng Peiyan, Chairman of the China Center for International Economic Exchanges and Vice Chairman of the Board of Directors of the Boao Forum for Asia, who called at a conference in Paris for closer cooperation between China and Europe. Raffarin confirmed the European Union has great interest in the Belt and Road Initiative. Gerard Larcher, President of the French Senate, urged European countries to offer their own development plans to match the Belt and Road Initiative.

In a related development, a new report – **EU-China Economic Relations to 2025: Building a Common Future** – identifies key trends and areas of potential economic collaboration, with scope for an "enormous increase" in investment. The Belt and Road Initiative is seen by the report's authors as a platform for further expanding bilateral trade and economic cooperation, with the EU potentially becoming its Western anchor.

China's economy loses steam in August

China's economy lost momentum in August, with industrial output and retail sales both seeing slower growth, though the weaker figures are unlikely to have come as a surprise to Beijing as it continues to implement supply side reforms. An emphasis on **environmental protection** also had an impact on economic growth. For officials in many parts of the country the environment has now overtaken economic expansion as their top priority. President Xi Jinping has made cleaning up the environment one of his top priorities. Thanks to the stronger-than-expected 6.9% growth achieved in first half of 2017, the government was able to shut down unwanted and polluting industrial plants without endangering its economic growth target of 6.5% for 2017, even if the economy slows further in the coming months.

China's **industrial output** in August rose 6% from the same month of 2016, the National Bureau of Statistics (NBS) said. The figure was below analysts' estimates of 6.6% and the 6.4% recorded in July. "Production restrictions and severe crackdowns on polluters have led to output declines from cement to non-ferrous metals," said Wang Tao, Chief China Economist with UBS.

Retail sales in August expanded 10.1% from a year ago, their slowest monthly rate this year, while fixed-asset investment (FAI) in urban areas rose 7.8% in the first eight months of 2017, its slowest pace since 1999. Energy-intensive manufacturing sectors reported the most significant slowdowns in August. A noticeable appreciation of the yuan in 2017 has also weakened China's export momentum.

The latest economic data also contains **positive signs**. The service sector grew by 8.3% year-on-year in August, responding to structural adjustments and optimization. Last month, the output of high-tech industries and the high-end equipment manufacturing industry rose by 12.9% and 11.6% respectively. From January to August, investment in the real estate sector increased by 7.9% from a year earlier.

Despite the downturn, Premier Li Keqiang said he was confident the country would maintain the strong economic growth it achieved in the first half of the year. He made the remark after a round-table meeting with the heads of six global agencies, including the World Bank, International Monetary Fund (IMF), and the World Trade Organization (WTO).

China's online economy more vibrant than U.S.'s

China and the U.S. have become the twin engines of global internet development, and the Chinese engine is apparently younger and more vibrant than its U.S. counterpart, according to a white paper on China's internet economy by the **Boston Consulting Group** (BCG) and the research arms of three Chinese internet firms – Alibaba, Baidu and Didi Chuxing. The average age of Chinese netizens is 28, while the average age of U.S. internet users is 42. Alongside the age advantage, other areas enjoyed by China over the U.S. include high-growth of internet users and in online consumption, much faster penetration of various emerging applications, notably mobile payments, and greater vitality in China's internet economy that significantly shortens the time required for local businesses to become unicorns, the report revealed. The number of Chinese internet users has reached 710 million, about equal to the number in the U.S. and India combined.

The white paper, published for the first time, is expected to be issued every year. It highlighted **four key elements of success** in China's internet sector – local customization, rapid response to market needs, online-offline integration, and the construction of a viable ecosystem. But the impact of the Cyber Security Law, which came into force on June 1, is still being evaluated, the Global Times reports.

China set to improve product quality

China is to improve the quality of its manufactured goods by advancing a more inclusive certification and accreditation system, especially in civil aviation, rail, automobiles and information technologies. The move, regarded as a vital step to promote the strategy of **"Made in China 2025"**, was approved at a State Council executive meeting chaired by Premier Li Keqiang last week. By the end of 2018, the country's quality certification system will be updated in informationized and smart ways to cover different enterprises, in particular service-oriented as well as small and medium-sized ones. Compulsory quality certifications will be conducted for products involving safety, health and environmental protection, while incentives are provided to encourage companies to voluntarily apply for certifications.

Quality certification supervision will be strengthened with strict standards as China encourages the development of quality certification institutions.

In addition, the campaign also targets increasing international competitiveness for Chinese-made products. The government will facilitate international cooperation for mutual recognition of quality certification, which is expected to help Chinese brands become recognized around the globe. As of September, **1.76 million effective certificates** had been issued nationwide, ranking first globally, said Tian Shihong, Director of the Standardization Administration of China. However, the certificates are not well-recognized overseas yet, the China Daily reports.

China's list of must-buy consumer items changing fast

Mouthwash stood out as the fastest growing consumer good in China, reflecting how the needs of middle-class consumers are reshaping the retail landscape in the world's second largest economy. In the first half of this year, sales of mouthwash in China surged 70%, becoming the front runner in sales among **106 consumer goods monitored** by consumer market research company Kantar Worldpanel.

In the six month period, two-thirds of the 106 categories recorded sales growth on-year, including ice cream, hand wash, ready-to-drink coffee, bottled water, cheese, kitchen tissues, cosmetics and facial masks. "The incremental rise of mouthwash reflected the gentrifying need of middle-class families in a **'go upscale' trend** of consumer goods," said

Jason Yu, General Manager of Kantar Worldpanel in Greater China. "Niche products, new products and the growing middle-class are the key drivers of consumer goods sales growth in China."

Outlays on consumer goods by **middle-class families**, or those households with a monthly salary above CNY9,000, was 14% higher than the average of less affluent households in the first half. The "go upscale" trend is also reflected by bottled water, where products like sparkling water, are becoming new lifestyle symbols.

But Chinese consumers are not that **brand loyal**. The likelihood they will switch brands at their next purchase is as high as 67%. In the first half of this year, nearly 80,000 new consumer products were launched in China, or 62% of last year's total new products. Consumers are paying more for premium products while cutting back in other areas of their consumption, the South China Morning Post reports.

Foxconn to spend USD5.7 billion in Nanjing on world's biggest smartphone assembly hub

Hon Hai Precision Industry Co, the world's largest contract manufacturer for consumer electronics, said it will invest CNY37.5 billion to expand its facilities in Nanjing, capital of Jiangsu province, turning it into the largest smartphone assembly on the planet and a hub for research and development (R&D).

The Taiwanese company also operates under its trade name Foxconn Technology. Deputy General Manager Zheng Naijian signed a contract on September 12 with Nanjing's Vice Mayor Liu Yi'an to invest in liquid crystal display (LCD) production for smart televisions, research and development (R&D), as well as logistics. Foxconn is assembling smartphones for Apple and its competitors Huawei and Xiaomi, among others. It employs around one million people in China.

"The deal with Nanjing eases some concerns that Foxconn will reduce its investment in China after its billion-dollar investment in the United States," said Li Yi, Researcher at the Shanghai Academy of Social Sciences Internet Research Center. Foxconn announced in July a plan to build a USD10 billion factory in the U.S. state of Wisconsin to produce LCD monitors.

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