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

Newsletter

26 September 2017

FCCC/EUCBA ACTIVITIES

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 27 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)

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 27, 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

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.

PAST EVENTS

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

The Flanders-China Chamber of Commerce organized a roundtable meeting with a high-level delegation from the **Weihai Economic and Technological Development Zone** on September 21, 2017 at the City Hall in Ghent.

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.

Representatives from the Weihai Economic and Technological Development Zone offered 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.

Following a word of welcome by **Mr Matthias De Clercq**, Vice-Mayor of the City of Ghent and **Ms Gwenn Sonck**, Executive Director of the Flanders-China Chamber of Commerce, a member of the Weihai delegation introduced the **advantages of investing in Weihai Economic and Technological Development Zone** and the Weihai Software and Outsourcing Industrial Park and International Medical and Healthcare Park. **Mr Zhu Hongzhen**, Customer Excellence Change Agent RR Global, Bekaert, and **Mrs Karena Cancilleri**,Vice President Beaulieu Engineered Products and Member of Beaulieu's Executive Committee, gave a presentation on the experiences of investing in Weihai. A question and answer session and a networking reception concluded the event.

If you are interested to obtain an investment guide and more information, please send 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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INTELLECTUAL PROPERTY RIGHTS

China launches campaign to protect foreign intellectual property rights

China has launched a **four-month campaign** to protect the intellectual property rights (IPRs) of foreign businesses, a move that may alleviate a major concern among foreign investors and appease Washington ahead of **U.S. President Donald Trump's visit to Beijing in November**. The Trump administration last month officially launched a probe into alleged Chinese intellectual property theft and the findings could lead to the U.S. imposing tariffs on Chinese products – potentially triggering **a trade war** between the economies. Steve Bannon, the former White House Chief Strategist, told the South China Morning Post in an interview in Hong Kong that Washington would release the results of the probe before a Sino-U.S. summit in Beijing so both sides can reset trade with "a whole series of negotiations".

It is the first time the Chinese government has started a nationwide campaign to protect foreign businesses' intellectual property. The drive, which runs from this month to the end of December, is designed to "create a level playground", protect investors' legitimate interests and "further increase foreign investment", according to the Ministry of Commerce (MOFCOM). In addition to MOFCOM, another 12 Chinese government and judicial bodies, including the Ministry of Public Security and the Supreme Court, are taking part in the campaign to crack down on the theft of trade secrets, trademark infringement, patent violations and online property rights violations. Each government department has been assigned its respective focus. The State Administration of Industry and Commerce is leading the efforts to protect foreign trademarks, while prosecutors give special attention to investigate any corruption or neglect of duty involved in intellectual property violations.

Some foreign hi-tech investors are wary of investing in China due to intellectual property rights issues. Foreign direct investment (FDI) in China dropped 6.5% from a year earlier to USD72.1 billion in the first seven months of this year, the South China Morning Post reports.

MANUFACTURING

China embraces smart factory technology in manufacturing

China is turning to **foreign robotics** and smart factory technologies to enhance competitiveness as it seeks to close the gap with Japan and Germany by 2035 under Premier Li Keqiang's "Made in China" strategy. Faced with rising labor costs owing to its shrinking labor force, China has already overtaken Japan as the world's largest industrial robot market. Industrial robot sales in China this year are estimated to reach USD4.2 billion, according to the Chinese Institute of Electronics. But a lack of core technology means the nation has been highly dependent on foreign supply.

Imports from well established overseas major producers such as Swedish-Swiss firm ABB, Germany's Kuka, and Japan's Fanuc and Yaskawa Electric, **account for more than 60% of all robots** bought by Chinese manufacturers. For specialized six-axis robots, which provide greater flexibility and applications than earlier generations, overseas manufacturers have a 90% market share in China, according to a Huatai Securities research report.

In a move that signals the growing importance of the Chinese market, **Siemens** said that its Chinese subsidiary will lead the company's global effort in research in autonomous robotics. "The decision is based on two factors," Siemens' Chief Technology Officer (CTO) Roland Busch told reporters at a marketing event in Suzhou. "First, China is Siemens' second largest overseas market after the U.S., and second, China has outstanding talent." Siemens said its robot research center will begin operating later this year at Tsinghua University in Beijing. The company does not make robots itself, but supplies hardware and software that controls them.

The Chinese robot market is forecast to grow at an average annual rate of 23.4% in the four years to 2019, much faster than global shipment growth of 13%, according to the International Federation of Robotics. This means 39% of new supply could go to China in 2019, up from 27% in 2015. The need to upgrade and automate factory facilities is driven both by rising production costs and changing consumer demand.

The share of tasks performed by robots is projected to rise to 25% across all manufacturing industries globally by 2025, from 10% in 2015, according to the Boston Consulting Group. It will slash average manufacturing labor costs by 18% to 25% in China, Germany, the U.S. and Japan, the report said.

Robotics and digitization are part of strategies outlined in the **"Made in China 2025"** plan unveiled by Premier Li Keqiang in 2015. Other technologies highlighted in the plan include 3D printing, big data analytics, bio-engineering, new energy and new materials. Li aims to transform China into a "strong" manufacturing nation in a decade, and match the strengths of Germany and Japan as leading innovators in certain industries in two decades, the South China Morning Post reports.

MACRO-ECONOMY

The big debate over China's economic future: NDRC vs. S&P

China's **National Development and Reform Commission** (NDRC), the country's economic planning agency, said last week that the economy was under control and China's 6.9% growth in the first half was of higher quality and efficiency. The economy was balancing out, with services and domestic demand taking over some of the growth slack from industrial production and exports, the NDRC added.

But just hours later **S&P Global Ratings** downgraded China's sovereign rating for the first time since 1999 – from AA- to A+ – citing the country's **greater economic and financial risks**. After "a prolonged period of strong credit growth", S&P said, China's credit growth in the next two to three years "will remain at levels that will increase financial risks gradually". The Ministry of Finance promptly accused S&P of misreading China and ignoring its sound fundamentals and growth potential.

The contrast reignited debate over the fundamentals of China's future – whether the country is leaping over the middle-income trap with a leaner and more sustainable growth model or whether it is on a debt-fueled path to disaster.

The clash of opinions could not have come at a worse time for the leadership in Beijing. The country's political elite has been trying to paint a rosy picture of the economy ahead of next month's five-yearly Communist Party Congress, putting the stock market rout and exodus of funds behind them.
This year's better-than-expected growth performance had boosted the leaders' confidence. Premier Li Keqiang told the heads of six multilateral agencies, including the World Bank and the International Monetary Fund, that China's

economy had improved and its debt level was “under control”, while the NDRC added that “market confidence has been rising” and “the economic recovery is of high quality.”

Much of the dispute centers on whether China’s 6.9% growth this year – lifted by property and exports – means the country has entered **a new boom cycle**, the South China Morning Post reports.

CHINA NEWS ROUND-UP

European Chamber publishes Position Paper 2017/2018

European Chamber calls on China to demonstrate its commitment to economic globalization and openness

The European Union Chamber of Commerce in China last week released its *European Business in China – Position Paper 2017/2018* (*Position Paper*) in which it calls on the Chinese leadership to follow through on the public commitments it has made to economic globalization and openness throughout 2017. Crucially, this will entail offering reciprocal access to China’s market for trade and investment.

The *Position Paper* fully recognizes the importance of China’s plan to open up its economy and establish a level playing field for all business, as first outlined in *State Council Document No. 5* in January 2017, and later elaborated upon in *State Council Document No. 39*. However, to date, implementation of proposed measures has been slow and uneven. Of greater concern is that in some industries the Chinese market may be closing to foreign business. For example, new restrictions on food imports, coming into effect on 1st October, can be expected to impede trade. Furthermore, the ongoing trend in multiple industries of huge state-owned enterprises being established through mergers poses a real threat to private businesses.

Moving forward with rapid and comprehensive implementation of market-driven, economic reforms is very much in China’s own interest. Foreign investment into the country has already been declining year-on-year during the first half of 2017. The *Position Paper* outlines many practical measures that can be taken to establish China as a more attractive destination for investment. It also presents examples of non-reciprocal treatment, such as in the areas of strategic technologies and legal services, where Chinese investors currently enjoy far greater access to the European market than Europeans do in China. The fact that this is generating political tensions within the European Union (EU) increases the need for the EU and China to successfully complete their negotiations for a Comprehensive Agreement on Investment, preferably within the next 12 months.

“The State Council documents provide a solid framework for China to open its markets to the outside world and attract more foreign investment, and throughout this year the authorities have been very clear about what needs to be done,” said European Chamber President Mats Harborn. “The European Chamber is fully prepared to help turn their commitments into tangible outcomes. We hope that the Chinese authorities will begin the process of implementing market-driven reforms and establishing a level playing field for all businesses once the 19th Party Congress has concluded,” the press release of the Chamber explained.

Chinese luxury travel a growing challenge to diamond sales

China’s new-found penchant for luxury travel poses the latest threat to a turnaround for the USD80 billion diamond industry. Chinese deluxe spending on travel is the “fastest-growing competitor” standing in the way of diamond sales in China, says **De Beers** Chief Executive Bruce Cleaver. To win those travel dollars, he says, De Beers could even see itself tying up with the luxury travel market somehow. “**Luxury travel is certainly a competitor to diamonds**,” says Cleaver. “If there’s a way to link luxury travel to an African destination where the diamonds came from, we’d certainly look into that too.”

The world’s biggest diamond producer is seeking to kick-start an industry that has seen prices for polished diamonds slump for the past six years. Its major Asian markets, including China and India, reported flat or declining sales in 2016. The company is also facing hurdles as a younger generation of Chinese shoppers spend more on high-end electronics, travel and fine dining.

Sales in China and India showed improvements in the first half of 2017, with single-digit growth from a year earlier, says Cleaver. **Diamond sales in China declined** 4.8% last year. De Beers is seeking to influence buying trends by spending USD140 million this year to advertise diamonds, the largest amount since 2008. De Beers also is competing against companies including Chow Tai Fook that are offering fashion jewelry at lower prices to lure Chinese shoppers.

U.S. Trade Representative brands China an ‘unprecedented’ threat to global trading system

China’s economic model represents an “unprecedented” threat to the world trading system that can not be addressed under current global rules, U.S. Trade Representative (USTR) **Robert Lighthizer** said. “There is one challenge on the current scene that is substantially more difficult than those faced in the past, and that is China,” he said in a speech in Washington. “The sheer scale of their coordinated effort to develop their economy, to subsidize, to create national champions, to force technology transfers and to distort markets in China and throughout the world is a threat to the world trading system that is unprecedented.” The World Trade Organization (WTO) and its rules were not designed to deal with China’s current approach to its economy, he said.

Lighthizer said he doesn’t want to jump to any conclusions from an ongoing USTR investigation into **alleged intellectual property violations** by China under Section 301 of the Trade Act. The provision allows the President to unilaterally impose tariffs and other restrictions to protect U.S. industries from unfair trade practices by foreign nations. Lighthizer said he gets “an awful lot of complaints,” especially from American Chief Executives from major companies about having to hand over their technology to joint-venture partners in China, and on the issue of Chinese piracy.

It was the first major public speech by Lighthizer, 69, who was confirmed in May as USTR. He served as a Deputy USTR under President Ronald Reagan, earning a reputation as a hard-nosed negotiator.

Lighthizer’s comments on China may damp speculation that the departure of White House Chief Strategist Steve Bannon, a staunch economic nationalist, would lead to a less hawkish tone on trade from the White House.

But Chinese researchers say the talk of Lighthizer is just bluster and there is no real threat of a trade war. Beijing did not directly hit back at Lighthizer over his criticism. Chinese Foreign Ministry Spokesman Lu Kang said that China would go to the World Trade Organization (WTO) to resolve any trade disputes.

First China-EU CEO and Former Senior Officials’ Dialogue held

Chinese and EU think tanks have urged to speed up negotiations for the conclusion o**f a bilateral investment treaty (BIT)** between China and European Union members. At the First China-EU CEO and Former Senior Officials’ Dialogue, a proposal for China-EU business cooperation was put forward by the China Center for International Economic Exchanges (CCIEE), together with Brussels-based economic think tank Bruegel, the London-based Royal Institute of International Affairs and the Chinese University of Hong Kong. “There is huge potential for bilateral trade and investments,” said Zeng Peiyan, former Vice Premier of the State Council, at the forum. The think tanks said setting up a safer, more open and more transparent platform like a BIT will not only promote bilateral trade and investments but offer a wider range of business opportunities for both sides.

“There is anxiety among investors on both sides, mainly about the access to markets,” said Zhang Xiaoqiang, Executive Vice Chairman of the CCIEE. “Policymakers should ease their anxiety by creating an investment-friendly environment.” Once negotiations for BIT finish, the upgraded bilateral relationship may act as a good foundation for **an EU free trade agreement**, which is expected to increase the EU’s exports to China by one-third, and China’s exports to the 27 EU member countries by 20%. With each side being the other’s biggest source of imports, the trade volume between China and the EU is estimated to surpass €6.78 trillion in 2025, providing that the economic reforms of both sides are continuing, according to a CCIEE research report.

“Foreign direct investment (FDI) between China and the EU is still much lower than that between the EU and the U.S. There lies huge potential in the sector,” said Jean-Claude Trichet, former Governor of the EU Central Bank, the China Daily reports.

Home loan rates for first-time buyers rise in Beijing

Home loan rates are going up in Beijing and other big Chinese cities as the government tries to discourage people from buying property with huge loans. The rate increases target new borrowers – those with existing mortgages will not be affected. China’s big four state banks – the Industrial and Commercial Bank of China, China

Construction Bank, Agricultural Bank of China and the Bank of China – began earlier this month charging 105% of the benchmark rate to first home buyers in Beijing. Smaller banks have started charging 110% of the benchmark rate to first home buyers in Beijing, while the Beijing branch of Baoshang Bank is charging 130% of the benchmark rate. The only bank still offering mortgages at an interest rate below the benchmark is the Beijing branch of HSBC – with a 1% discount to the benchmark, according to retail banking information website Rong360.com.

Chinese banks can in theory decide how much they charge for mortgages, but in practice the government tries to control the housing market by deciding how much banks can lend homebuyers and how much they can charge in interest on those loans. Home loan rates in Beijing and other big cities such as Shanghai, Shenzhen and Nanjing have been going up in tandem with property prices, which the government is struggling to contain.

Real estate prices in China's big cities have been climbing at an almost unstoppable pace since the government began allowing private ownership of homes in 1998, and **Beijing and Shanghai are now ranked among the top 10 most expensive cities in the world**. But there are signs the market is cooling. Meanwhile, downpayments are also going up. In Beijing, the minimum downpayment for a first home was raised to 35% in 2017, and for a second home it went up to 60%. Across the country, total bank loans for property amounted to CNY30 trillion at the end of June – of which CNY20 trillion were mortgages.

Authorities in of Beijing are trying to get people to rent homes as part of their efforts to keep surging property prices in check, but they may be fighting an uphill battle in a society where owning property is highly valued.

New measures were introduced to cool the property market in five cities. Property owners in Chongqing, Nanning (Guangxi), and Nanchang (Jiangxi) must now wait two years before they can resell flats, regardless of whether they are new builds or older homes. In Changsha (Hunan), newly purchased flats cannot be resold for three years, while in Xian (Shaanxi), property owners need approval from the authorities to resell. The four provincial capitals all have populations of more than six million people, while Chongqing municipality – which is directly administered by the central government – is home to more than 30 million. Some of the cities have also restricted the number of properties that can be bought to one per household over a period of two or three years, among other curbs.

Michelin lists two three-star restaurants in Shanghai

The Michelin food guide launched its 2018 Shanghai edition with two restaurants awarded three stars.
The two are the Cantonese restaurant **T'ang Court** inside Langham Shanghai in Xintiandi, and an innovative Western restaurant **Ultraviolet**. Michael Ellis, International Director of the Michelin Guides, said Ultraviolet is "an unusual place that immediately plunges the customer into an experiential journey where all the senses are stimulated, and Paul Pairet offers avant-garde cuisine of a very high standard, a real gourmet journey".

T'ang Court has been awarded three stars for the second year. "Fine Cantonese cuisine has always been my lifelong passion, and I will continue to dedicate my efforts in refining the recipes," said T'ang Court's Executive Chef Justin Tan.

The present edition is Michelin's second Shanghai edition with **30 restaurants awarded one or more Michelin stars**. There are five new restaurants awarded one star compared with last year's guide, including Bo Shanghai, Yong Fu, Wujie (The Bund) and Jean-Georges. Taian Table, which had to close down temporarily last year for operating in unlicensed premises, retains its star after moving to Zhenning Road in Changning district. All awarded restaurants last year retain their stars in the new guide, the Shanghai Daily reports.

Shanghai No 6 on the Global Financial Centers Index

Shanghai ranked No 6 in the **22nd Global Financial Centers Index**, up from 13th last time, and it ranked the city's insurance industry as No 1 in the world for the first time. The reports is issued by Z/Yen Group, a British commercial think-tank, and the China Development Institute. "Generally speaking, Shanghai has made great efforts in building a global financial center, especially with huge improvements in financial infrastructure construction and regulatory environments," said Mark Yeandle, lead writer of the GFCI report and Vice President of Z/Yen. "Hong Kong and Singapore were the best global international centers in the Asia-Pacific region for several years before, way better than Shanghai," Yeandle said, adding that "with the constant opening of Chinese financial services, Shanghai is closing the gap rapidly." Shanghai trails the other three cities in business environment and reputation, the report said.

The report also highlighted Shanghai's insurance industry as No 1 globally for the first time, indicating that specialists in the insurance industry are particularly positive about Shanghai. The report also suggested that Shanghai needs to publicize its progress as it transforms itself into an international financial center. Yu Peng, Senior Researcher at the China Development Institute, said that efforts should be made to open the finance industry wider to enhance the influence of Shanghai as a global financial hub, the Shanghai Daily reports.

In the latest edition of the index, released in September, London remained the world's top financial center, followed by New York, Hong Kong, Singapore, and Tokyo. Beijing was ranked 10th, Shenzhen 20th, and Guangzhou in the 32nd place.

Chairman of insurance regulator expelled from the CCP

The Chinese Communist Party (CCP) has expelled **Xiang Junbo**, former Chairman of the China Insurance Regulatory Commission (CIRC) and the Director of the Ministry of Finance's Anti-graft Committee after the Central Commission for Discipline Inspection (CCDI) said it found serious violations of Party discipline. Xiang was suspected of bribery and "engaging in superstitious activities". He will be handed over to legal authorities to be prosecuted. Xiang had also served on the People's Bank of China (PBOC) Monetary Policy Committee, but was removed from his position in April. As Chairman of the insurance regulator, Xiang oversaw rapid growth of the insurance industry, along with liberalization of investment rules that provided insurers greater latitude to invest more of their assets at home and overseas.

Mo Jiancheng, appointed the top graft-buster at the Ministry of Finance in December 2015, was also expelled from the party, suspected of bribery and accepting numerous invitations to banquets. He had previously also served as Vice Governor of Jiangxi province.

President Xi Jinping has overseen a far-reaching anti-corruption drive since coming becoming CCP General Secretary in late 2012, punishing more than a million party members, jailing top military figures and former Politburo Standing Committee Member Zhou Yongkang, the most senior official toppled for corruption since 1949.

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