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

Newsletter

3 October 2017

FCCC/EUCBA ACTIVITIES

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 12 th 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 – 14 November 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

13:00 Registration
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, 14 November 2017

Venue: Ghent, Belgium

Price: Members: €185, Non-members: €265.

REGISTER HERE

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PAST EVENTS

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) organized 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 took place on 28 September at 'De Warande' in Brussels.

Mr Bart De Smet delivered 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, attended the lunch as well and was available to answer questions.

Mr De Smet mentioned that China is one of the **fastest growing** and **highly attractive markets** for life insurance with a premium growth in 2016 of about 25%. China is the third insurance market after the U.S. and Japan. China is responsible for 2.4% of the global life premium growth of 2.5%.

Since 2001, Ageas has a minority shareholding in **China Taiping Life Insurance**, which has 16 million active customers and a staff of over 27,000. Ageas's added value is providing support in key domains of insurance management, explained Bart De Smet. He also emphasized that China is one of the world's largest investors and adopters of **digital technologies**, led by three aggressive, giant internet companies with global reach: Baidu, Alibaba and Tencent (BAT).

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

BusinessEurope, the European Union Chamber of Commerce in China and the EU-China Business Association organized 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 was to take stock of the most important current and upcoming developments in the EU-China relations and how these might affect EU businesses. Concurrently, the event was an opportunity for the European Chamber to present its annual position paper on China.

European Commission Vice President for Jobs, Growth, Investment and Competitiveness, **Jyrki Katainen**, was introduced by **Ms Luisa Santos**, Director, BusinessEurope. He delivered a keynote speech on the EU-China trade and investment relations. **Mr Mats Harborn**, President, European Union Chamber of Commerce in China, also gave a speech, followed by a panel discussion and Q&A session. **Mr. Philippe Van der Donckt**, Vice-Chairman of the EU-China Business Association, presented the conclusions.

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

The Flanders-China Chamber of Commerce and the Province of East Flanders organized a seminar focused on 'Belgian Customs and its activities in China' on 27 September at the Provincial House in Ghent. **Mr Eddy De Cuyper**, Counselor, Customs Attaché, Embassy of Belgium in China, gave a presentation on procedures and regulations of the Chinese customs and other institutions, which are related to import or export. The following topics were covered:

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

A question and answer session followed by a networking drink concluded the event.

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 2018

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

PRIVATE ENTERPRISES

New generation takes over biggest private businesses

Professors Roger King (right) and Winnie Pang (left) from the Tanoto Center

Family firms, which make up about 90% of China's 21.6 million private businesses, are on the cusp of a sweeping succession wave that may be the biggest the world has seen yet. **Some three million founders will hand over the reins in five to 10 years.** China has not experienced such a wealth transfer of this scale before. Private firms did not emerge until after the country launched market reforms in 1978.

"Deng Xiaoping only allowed private businesses starting in the 1980s, so these family businesses are all relatively young," says **Roger King**, Director of the Tanoto Center for Asian Family Business and Entrepreneurship Studies at The Hong Kong University of Science and Technology. "Now their founders are reaching retirement age."

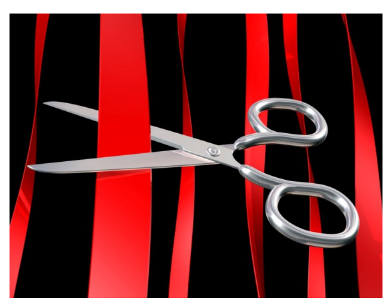
Already some big name Chinese entrepreneurs have done the handover. Zong Qinghou (71), Founder of drink maker Wahaha, has named his 35-year-old daughter Zong Fuli as President. Yang Guoqiang (62), Founder of Foshan-based real estate and private education firm Country Garden, in 2005 transferred management and ownership to his daughter Yang Huiyan. She now has a net worth of USD19.2 billion and is the sixth richest person in China, according to the Bloomberg Billionaires Index.

The succession shift won't always be seamless. Many Chinese family businesses are in traditional industries like export manufacturing and face challenges such as rising labor costs. But younger executives are gravitating toward fast-growth sectors like e-commerce. **Only 40% of the next generation heirs are willing to take over the firms**, and often do so only because of pressure from their parents, says Roger King, citing the 2015 Chinese Family Business Succession Report.

Then there is the generation gap. Many of the second generation have been educated overseas. By contrast, their fathers often never finished high school and adult life has been focused on building their companies. That can add up to **huge differences in management style** between the founders and their offspring, says Rebecca Wang, an expert on family businesses and a partner at PwC China in Shanghai. Some company founders are looking outside the family for professional managers, the South China Morning Post reports.

FOREIGN INVESTMENT

Chinese government cuts red tape, requirement to first set up rep office scrapped



The Chinese government has scrapped cumbersome requirements on foreign businesses that have been in place for 22 years in its latest bid to woo investors.
The Ministry of Commerce (MOFCOM) said it had done away with a regulation from 1995 that required foreign companies **to set up a representative office** before they

could operate in China, a process that involved months of complicated paperwork and formalities. Vice Premier Wang Yang warned of new challenges ahead to make better use of foreign direct investment as the economy entered a "new normal" period, with its traditional low-cost advantage disappearing and domestic growth slowing.

"China needs to innovate on FDI," Wang said, vowing to shift investment focus to the service sectors, the central and western regions, and to high value-added sectors. "It needs to transform its cost advantages, pay more attention **to creating a level playing field** after companies get access to the market, and to look more to M&As than greenfield investment," he said. Foreign direct investment fell by about 6% in the first seven months from a year earlier in U.S. dollar terms, raising concerns about China's appeal as an investment destination and the state of the economy.

China was ranked 27th out of 137 economies in the global competitive index for 2017-18 from the World Economic Forum – better than last year's 28th place. But some foreign manufacturers have relocated their Chinese factories to other countries to reduce costs, while others are reluctant to invest more in the country because of economic uncertainties and obstacles to market access, the South China Morning Post reports.

Foreign companies can participate in SOE restructuring

China welcomes foreign enterprises to take part in the country's **mixed-ownership reform**, top officials said, as the latest batch of state-owned enterprises to implement the reforms is set to be announced. Xiao Yaqing, Chairman of the State-owned Assets Supervision and Administration Commission (SASAC), said: "We welcome companies of all ownership types, as well as foreign companies, to participate in China's SOEs mixed-ownership reform." So far, the first two batches of SOEs, totaling 19, are implementing mixed-ownership reforms. They covered key areas such as power, oil and gas, railways, civil aviation, and the military industry.

"We are currently conducting research on the third batch of mixed-ownership reform pilots, which is expected to be issued soon," said Peng Huagang, Deputy Secretary General of SASAC.

Nineteen central SOE groups in the power, petroleum, natural gas, railways, airlines, telecommunications, and the military have been identified to carry trials in mixed ownership. There are now only 98 SOEs directly managed by the central government. Since 2013, over 30 central SOEs have been restructured. Central SOEs saw the strongest-ever growth both in revenue and profits for the January-August period, with a 15.7% increase in business revenue and a 17.3% rise in total profit.

CHINA NEWS ROUND-UP

Chinese-led bid for stake in high-res map maker rejected by U.S.

A syndicate including China's **Tencent Holdings** has been forced to ditch its plan to buy a stake in a developer of **high-resolution maps for driverless cars** after failing to gain approval from authorities in the U.S. The partnership between Tencent, Chinese mapping company **NavInfo** and Singaporean sovereign wealth fund **GIC** has withdrawn its bid for a 10% stake in **HERE Technologies**, the latest China-linked investment to be rejected under President Donald Trump.

Shenzhen-listed NavInfo said in a statement that it spent months after the proposed deal was announced in December seeking approval from the Committee on Foreign Investment in the U.S. (CFIUS). Even though HERE is a European company headquartered in the Netherlands, approval was required from the U.S. because it has assets in Chicago.

The investment group decided to pull the offer after American regulators withheld approval, said Beijing-based Navinfo, which already has a joint venture in China with HERE. The statement did not specify why the U.S. committee rejected the bid. The collapse of the deal came just two weeks after President Trump blocked a Chinesebacked investor from buying Lattice Semiconductor Corp on national security grounds. Tencent, NavInfo and GIC had intended to jointly pay €243 million for 10% of Netherlands-based HERE, which is majority-owned by car makers including Audi and BMW and 15% owned by U.S. chipmaker Intel, the South China Morning Post reports.

Guideline on entrepreneurial spirit issued

The Communist Party of China (CPC) Central Committee and the State Council have for the first time issued a guideline focused on **the entrepreneurial spirit** to spur market vitality, the Xinhua News Agency reported. The guideline stressed that the government will protect entrepreneurs' property rights according to law, ensure fair competition and strengthen intellectual property rights to encourage innovation. It will also work on rules to protect the IPR of innovative achievements, such as new business models and cultural creativity.

China faces pressure from an economic downturn, which discourages some private companies from further investing and innovating, or even turn to illegal operations, which undermines technological progress and upgrading, said Hu Xingdou, Professor at the Beijing Institute of Technology.

“Legally protecting the property rights of entrepreneurs is very important. Truly preserving their properties, creating a legal environment and enhancing a sense of security of their wealth could help entrepreneurs feel safe and stable," Chang Xiuze, Researcher at Tsinghua University's National Center for Economic Research said. The guideline further calls for the building of a more tolerant environment for entrepreneurs and an atmosphere that encourages them to innovate. "The guideline aims to implement the call of Chinese President Xi Jinping to establish a new type of government-business relations based on sincerity and honesty," said Liu Yuanchun, Vice President of Renmin University of China.

The government looks to the entrepreneurial spirit, which includes hard work, excellence, craftsmanship and innovation, and service to society to stimulate mass innovation and create a positive business climate, the guideline said. More than 60% of China's university students say they are interested in entrepreneurship and innovation, but more than half of these students do not think universities offer enough support for these fields, according to a report by the Center for China & Globalization (CCG), a Beijing think tank.

Profits of industrial firms rise the fastest in four years

The profits of China’s industrial firms with annual revenue of over CNY20 million registered the fastest growth in four years in August thanks to rising product prices and falling costs, the National Bureau of Statistics (NBS) said. Profits jumped 24% in August year-on-year to CNY672 billion, compared with 16.5% in July. It is the biggest single monthly percentage growth since August 2013, without considering the combined profit growth in January and February of 31.5%. The NBS does not release single month growth rates for those two months because economic activities are disrupted by the long Spring Festival holiday, which starts either in January or February.

Rising prices for industrial products, especially in sectors such as oil, steel and electronics, and **falling corporate costs** contributed to the high growth rates of industrial profits in August, He Ping, Senior Official of the NBS, said. China’s reduction of excessive production capacity and the environmental protection measures put in place since last year have led to reduced production and rising prices for some industrial products. Meanwhile, costs have dropped. “The August figures are really positive – they show China’s effort to cut down on overcapacity is working well,” said Iris Pang, Greater China Economist at ING Bank in Hong Kong. “Demand has become less dependent on investment and real estate and instead more reliant on consumption and exports,” Gao Ming, Analyst with China Merchants Bank said. For the first eight months of this year combined, industrial firms saw profits rise to CNY4.92 trillion, up by 21.6% year-on-year, the China Daily reports.

The earnings data by sector, however, highlights the uneven nature of profit growth. Earnings in the mining industry soared 5.9 times from a year earlier, coal mining enjoyed a 960% jump and manufacturing saw an 18.6% boost. Sectors such as electricity, gas and water, however, saw their profits plunge 22.6%.

Implementation of food import regulations postponed

China plans to delay a deadline for implementing new food import regulations by two years **until October 2019**, a senior EU official said, following a lobbying effort by Europe and the United States amid concerns about disruption to trade. The extension comes just days before the new rules, which are part of a drive by China to boost oversight of its sprawling food supply chain, were due to come into force. **Jerome Lepeintre**, Minister Counselor for Health and Food Safety at the European Union Delegation in Beijing, said he received official documents confirming the decision to delay had been reported to the World Trade Organization (WTO), as required by global trade rules.

Lepeintre said the move was "very positive" and would give exporters time to comply with the regulations, which were announced in April 2016 and **require all food imports to carry health certificates**, even if the product is deemed low risk. The U.S. and European governments and trade officials had warned the rules would hamper billions of dollars of shipments to the world's No 2 economy of everything from pasta to coffee and biscuits. The transitional period will last two years, from October 1, 2017, to September 30, 2019.

U.S. Commerce Secretary Ross highlights three main barriers to better trade links with China

China and America will have to address three major stumbling blocks before U.S. President Donald Trump's visit in November, U.S. Commerce Secretary Wilbur Ross has said: **better market access, protectionist behavior, and the protection of intellectual property rights (IPRs)**. Ross said the U.S. trade relationship with China was lopsided and neither side had made concessions during his visit to Beijing last week, but he insisted he was optimistic about resolving trade disputes between the two nations.

Ross met Chinese Premier Li Keqiang, Vice Premier Wang Yang and Liu He, Adviser to President Xi Jinping, during his visit. U.S. Secretary of State Rex Tillerson also visited Beijing last week to meet senior Chinese leaders. During the talks, Ross pressed China on the "need to rebalance bilateral trade and investment relations" and urged it to take "meaningful action" on trade issues. The two nations came up with a 100-day action plan to tackle their trade disputes following the first meeting between Presidents Xi and Trump in April. But Ross said many sectors had not been addressed in the plan, and both sides "are looking at bigger things and more difficult things than what we had in the first 100 days". "The most important thing is better market access, both for companies operating there physically and for companies exporting there. Ranking about equal with that would be less protectionist behavior," he said. "The U.S. is actually the least protectionist of any major country, and China is one of the most protectionist," he added. The U.S. has complained about its trade deficit with China, which stood at USD347 billion last year, the South China Morning Post reports.

China-Swiss deals at three year low but rebound expected

China's **capital controls** have caused overseas acquisitions between China and Switzerland to drop to their lowest level in three years but the head of a Swiss Chamber of Commerce believes deal activity will rebound after economic policy is clarified at the Communist Party's 19th Congress, which will open on October 18.

The value of merger and acquisition transactions between Swiss and Chinese companies fell to USD793 million in the first nine months of this year, according to Thomson Reuters. That was substantially lower than the USD48.66 billion for all of last year and the USD4 billion in 2015, but still above 2014's USD518 million and USD593.3 million in 2013. "China's capital controls on outflows is a challenge as this policy creates uncertainty. Swiss companies want to do business in a safe and predicable manner," **Felix Sutter**, President of the Swiss-Chinese Chamber of Commerce told the South China Morning Post in Zurich. "The capital control policy is a problem as Swiss companies worry if the Chinese buyers would be able to get financing from banks or if they can get approval to take the money out of the country to complete the deal."

In August, the State Council issued further guidelines that banned "irrational overseas investment" in property, sport clubs, hotels, films and entertainment, but encouraged investment in technology and other projects that can help develop their core business.

The Swiss-Chinese Chamber of Commerce, a non-profit organization funded by its 800 members, was set up 37 years ago with the mission to establish dialogue between the business sectors in Switzerland and China. The Chamber is organizing a seminar in Zurich next month focusing on the digital revolution.

CCB's China Beige Book warns of economic difficulties ahead

China may be faring well this year but 2018 is shaping up to be less positive, with progress on reducing debt and industrial capacity proving elusive, according to China's Beige Book.

Although this year still looks “far better” than the past two years, faltering demand signaled by a reversal of the five-quarter commodity rally may be in store for 2018, according to the private survey by **CBB International**. The study collects anecdotal accounts from more than 3,000 firms in a format similar to the U.S. Federal Reserve’s Beige Book. The China Beige Book raised **questions about some of the key perceptions** about the economy’s progress. Capacity cuts in steel and other commodities are not happening in reality; corporate borrowing continues to rise, and deleveraging is a myth, according to the report. It also suggests the economy is not rebalancing towards services from manufacturing and China is not reflating in the sense of faster growth, although profits are up.

“With the Communist Party Congress just weeks away, leadership can breathe easy,” CBB President Leland Miller and chief economist Derek Scissors said in the report. “The worry is not how the economy is faring now, but where it is headed. Beneath substantial accomplishments lies a potentially darker story for 2018.”

CBB said in its previous report that China’s economy remained strong in the second quarter. Policy support, a lack of shocks, and the looming political transition offered a best-case scenario for the economy, it said.

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Membership rates for 2017 (excl. VAT)

- SMEs: €385
- Large enterprises: €975

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