法兰德斯中国商会 FCCC VCKK

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

Newsletter

28 August 2018

FCCC/EUCBA ACTIVITIES

Save the date: Seminar: China and the WTO White Paper Presentation & Opportunities on the Chinese Market – Friday, 28 September 2018 at 9h30 – Tangla Hotel, Brussels

On 28 September, the Embassy of the People's Republic of China in Belgium is organizing a seminar in cooperation with the Flanders-China Chamber of Commerce. The seminar is focused on China and the recently published White Paper on the WTO. It will take place at the Tangla Hotel Avenue E. Mounier 5, 1200 Brussels. An invitation will be sent to the FCCC members.

China Mini EMBA+
London – 28-29 September 2018
China – 29 October – 2 November 2018
Paris – 30 November – 1 December 2018

Are you looking to be conversant in both Eastern and Western business worlds – leading with a global perspective and China insight?

As China becomes part of the global ecosystem, innovative business models are being created in China that present significant challenges and opportunities for Western companies, demanding new knowledge, new skills and new networks. Based in London, CKGSB Europe continuously seeks to discover Western executives and entrepreneurs who either lack original China insight or are searching for the right partner with whom to do business successfully with China.

The China Mini EMBA+ consists of three intensive modules (nine days in total) designed to help busy senior professionals gain the latest China knowledge and network with China's globally successful entrepreneurs and companies – our trusted alumni – directly impacting your business performance and activating a results-driven China strategic plan.

Program Dates:

- 28–29 September – London (Friday and Saturday)

- 29 October–2 November – China (Monday to Friday)
- 30 November–1 December – Paris (Friday andSaturday)

Program Fee:
- GBP 9,800 (exc. VAT)
- GBP 8,820 (exc. VAT) – **10% discount to members of the EU-China Business Association**
- GBP 8,820 (exc. VAT) – 10% group discount – three or more participants from the same company

(The program fee includes tuition, teaching materials and selected meals during the program. The cost of travel and accommodation are not covered)

Download the information brochure for more information ...

Application deadline: End of August 2018

For more information, please visit www.ckgsb.eu
To apply please e-mail Jennifer Wang: jenniferwang@ckgsb.edu.cn

ABOUT CKGSB
Cheung Kong Graduate School of Business (CKGSB) aims to cultivate business leaders with a global vision, a humanistic spirit, a strong sense of social responsibility and an innovative mind-set. Established in Beijing in November 2002 with generous support from the Li Ka Shing Foundation, CKGSB is an independent, non-profit business school.

- 10,000+ alumni of which more than 50% are at the CEO/Chairman level
- CKGSB alumni lead one fifth of China's most valuable brands
- 400+ China-specific cases and reports
- 70+ global academic awards by faculty

More information about CKGSB ...

To find out more about the school, please visit english.ckgsb.edu.cn

European Business Delegation to China – 31 October – 2 November 2018 – Jinan and Weihai

According to the World Intellectual Property Organization, China has just made it into the top 20 of the most innovative countries. To be held in Jinan, the flourishing capital of one of China's most populous provinces, the **2018 Sino-German SME Cooperation and Communication Conference (SMEC 2018)** is a flagship event of the intelligent manufacturing and artificial intelligence community. With the topic "Gather Intelligence for Innovation, Energize Industries for Future", this year's conference provides a platform for experts and professionals in automation and intelligent manufacturing from academia and industry to share ideas and to present the latest scientific and technical advances.

Proposed conference subtopics covered:
▶ Intelligent Manufacturing
▶ Life Science
▶ AI and Big Data
▶ Talent Recruitment & HR Development

We hereby cordially invite you to attend the conferences as a member of the **European Business Delegation to China – "Gather Intelligence for Innovation, Energize Industries for Future"** 31 October to 2 November 2018, Jinan (Shandong, PR China)

Please note: The number of participants is limited!

You may apply for your international travel expenses (international flights, accommodation, airport transfer in China) to be covered by the conference organizer in Jinan! Representatives of industry companies will be preferably selected.

As a member of the Delegation, you will be able to gain insights into the most recent developments in the field, meet high-ranking government representatives as well as top-level executive staff of Chinese and European enterprises. As a regional transportation junction, Jinan is conveniently located near the east coast between Beijing and Shanghai, with more than 60 trains per day connecting it with both cities.

Please note that the deadline for registration is **17 September 2018**.

Contact: gwenn.sonck@flanders-china.be

Please make sure your passport has at least one pair of blank facing visa pages and is at least 6 months valid from date of departure.

Visit to Weihai

The Flanders-China Chamber of Commerce (FCCC) and the City of Weihai have a long-term cooperation. Several members have already invested in Weihai, such as Bekaert, Beaulieu and the Huiyin Solar Group.

Weihai is a modern, dynamic city with a population close to 3 million. They are actively looking for new European partners. The city was also classified as one of the top 40 cities with the best investment environment in China. Weihai has a diversified economy, with industrial clusters focused on: automotive, medicine, medical devices, electrical and communication equipment, machinery manufacturing, food processing, textiles, and garments. Weihai is also looking to attract investment in new industries, such as: intelligent equipment, marine bio industry, and the Internet of things (IoT).

The FCCC would be happy to introduce you to leading Weihai companies that are looking for potential business partners. We believe you will be impressed with all the opportunities in Weihai.

"European Enterprises Delegation to Weihai"
Tentative Schedule

Nov. 2 (Friday)
12:11-16:06 Arrive at Weihai by high-speed rail D6079 from Jinan
18:00-20:00 Welcome dinner

Nov. 3 (Saturday)
08:30-09:30 Brief promotion of investment environment in Weihai
09:30-11:30 Visit the Electronic Information and Intelligent Manufacturing Industrial Park, the Medical Devices & Bio-pharmaceutical Industrial Park, Wego Group Industrial Park and Wego Products Exhibition Hall
12:30-14: 00 Lunch
14:00-17:00 Visit Carbon Fiber Industrial Park, Weida-Rehn Machinery Co., Ltd, Marquardt Switches (Weihai) Co., Ltd
18:00-20:00 Dinner

Nov.4 (Sunday)
08:55-10:30 Leave for Beijing from Weihai Airport

For more information, send an email to gwenn.sonck@flanders-china.be

ACTIVITIES SUPPORTED BY FCCC

Group business trip 'Beer mission China' – 13-20 October 2018 – Beijing, Shanghai, Guangzhou

Interested in the possibilities of your company on this growth market in China? Participate in the group business trip to China, guided by Flanders Investment & Trade (FIT).

What:	Group business trip
Target sector:	Food and beverage
When:	From Saturday 13 October 2018 till Saturday 20 October 2018
Where:	Beijing, Shanghai, Guangzhou, China
Who can participate:	All those who are interested
Organization:	Flanders Investment & Trade

The beer market in China is expanding: a quarter of all beer sold globally is consumed in China, the biggest beer market in the world.There is a clear trend in the market: consumption of pils beer is decreasing, while craft and special beers are gaining in popularity. The Chinese middle class consumer is more discerning and prefers quality products and has more refined tastes. A few years ago craft beers accounted for 0.3% of China's total beer consumption. Meanwhile this share has increased to 5% and will further rise in the coming years.

Preliminary program

- 13/10 Departure to China
- 14/10 Arrival in Beijing – Hotel check-in – briefing in the evening
- 15/10 B2b in Beijing – Afternoon store check – Evening networking reception
- 16/10 Transfer to Shanghai – Afternoon arrival in Shanghai and hotel check-in – Workshop on China's beer market and preferences of the Chinese beer consumer (by a beer sommelier) – Networking reception and/or networking dinner
- 17/10 Meetings in Shanghai – Meet and greet with Chinese breweries during lunch, bar visits

- 18/10 Store checks & fact finding – Transfer to Guangzhou + hotel check-in – Evening: beer bar visits
- 19/10 Morning store check – Afternoon b2b meetings in Guangzhou – Networking dinner
- 20/10 Fact finding and store checks in Guangzhou – Return to Belgium

You can count on

- an individual program of appointments, tailored to your company
- fact finding and store checks
- useful contacts in Beijing, Shanghai and Guangzhou
- several networking moments during which you will learn a lot from colleague entrepreneurs
- reimbursement of part of your travel expenses through the FIT subsidy program (subject to conditions)

Price

€900 for the first participant
€450 per additional participant of the same company, registration available till 10 September 2018

Who can participate

The group business trip is open to all Flemish brewers. You need to take into account that due to several reasons, China is not an easy market. It is advisable that you already have sufficient export experience in other markets.

Additional information

Program and detailed info (DOCX – 493 kB)

I want to particpate

If you still have questions

Contact Michèle Surinx:
E: michele.surinx@fitagency.be
T: +32 2 504 87 91

MEMBERS' NEWS

Lucky and Agfa announce strategic alliance in graphics prepress

Lucky HuaGuang Graphics Co. Ltd. and Agfa Graphics announced today that they have entered into a strategic alliance in the graphics prepress business. The strategic alliance aims to allow both companies to grow their respective businesses by optimizing their respective strengths in manufacturing, technology and distribution of graphic prepress products and services.

Under the intended collaboration, Lucky HuaGuang Graphics Co. Ltd. will provide manufacturing capacity for printing plates in Nanyang, China, with Agfa Graphics' support and using Agfa Graphics' high-end technology and intellectual property to manufacture products for Agfa.

Furthermore, both companies intend to join forces to accelerate growth in mainland China, managed through the set-up of a joint venture combining their prepress distribution activities in the country.

Agfa and Lucky HuaGuang Graphics Co. Ltd. plan to expand their cooperation in other areas in the future, allowing both companies to grow their businesses and brand presence internationally.

“Joining forces with Lucky HuaGuang Graphics Co. Ltd., a leading supplier of prepress plates in China, will offer us a unique opportunity to grow our business and to restore our profitability. It is an important step in the further development of our strategy to offer our customers more choice,” says Stefaan Vanhooren, President Agfa Graphics.

“Agfa's strong reputation and ambition to grow in the prepress industry will accelerate our plans to strengthen the presence of Lucky HuaGuang Graphics Co. Ltd. in the global printing industry,” says Mr. Tao Zhang, President of Lucky HuaGuang Graphics Co., Ltd.

The parties have agreed not to disclose any financial details. The implementation of the transaction is subject to customary regulatory and other conditions.
(end of message)

About Agfa
The Agfa-Gevaert Group develops, manufactures and distributes an extensive range of analogue and digital

imaging systems and IT solutions, mainly for the printing industry and the healthcare sector, as well as for specific industrial applications. Agfa's headquarters and parent company are located in Mortsel, Belgium. The Agfa-Gevaert Group achieved a turnover of 2,443 million euro in 2017.

About Lucky Huaguang Graphics Co., LTD.
Lucky Huaguang Graphics Co., LTD., founded in 1972, is a state-owned enterprise under China Aerospace Science and Technology Corporation. It is China's key printing photosensitive material production and R&D base, advocating the concept of green printing. The main products are Offset printing plate, Graphic-arts film, PCB film, High-barrier film and Flexo plate, etc.. As for offset printing plates, it is a leading manufacturer in the world. "Huaguang" brand is a well-known trademark in China's printing and photosensitive industry.

FOREIGN TRADE

China and U.S. slap more tariffs on each other's imports

Chinese Vice Minister of Commerce Wang Shouwen and his delegation in Washington

The latest batch of U.S. tariffs on Chinese imports went into effect on August 23, targeting another USD16 billion worth of goods. In retaliation, China has slapped hundreds of U.S. products with 25% tariffs on USD16 billion worth of U.S. imports. Calling the latest round of sanctions a "clear violation" of WTO trade rules, China's Ministry of Commerce (MOFCOM) stressed that it will continue to introduce all the "necessary countermeasures" in order to defend free trade and China's "legitimate rights and interests." "China will file a lawsuit against this tariff measure under the WTO dispute settlement mechanism," the statement said. Beijing's remarks were voiced shortly after U.S. Customs and Border Protection confirmed that a round of new 25% duties on 279 Chinese import product categories, valued at USD16 billion, officially went into effect. Key products affected by the new duties include chemicals and plastics, as well as semiconductors, motorbikes and electric scooters.

The trade war escalated despite the **meeting between Chinese Vice Commerce Minister Wang Shouwen and U.S. Treasury Under Secretary David Malpass in Washington**. Two days of trade consultations between China and the U.S. showed that both countries do not want an all-out trade war and that **disputes might be resolved through further talks by mid-2019**, Chinese experts said. China's Ministry of Commerce (MOFCOM) said the two countries will keep in contact on future arrangements.

Six days of public hearings on the impact of an upcoming round of tariffs on Chinese products **were held in the U.S.** Nearly 400 companies and trade groups testified, hoping to influence the final list of products subject to tariffs. President Donald Trump has directed the U.S. Trade Representative (USTR) to consider increasing the additional duty from 10% to 25% on USD200 billion worth of Chinese imports, targeting thousands of consumer products ranging from chemicals to cosmetics. Many executives testified that production of the targeted Chinese imports could not feasibly shift to the U.S. Ross Bishop, President of BrightLine Bags, whose products are manufactured in China, said: "We've made three specific and concerted attempts to get our bags made in the U.S. and have learned from each instance that our costs would triple compared to what we pay now, and the detailed quality isn't as good."

The Beijing-based China Chamber of Commerce for Import and Export of Machinery and Electronic Products urged the U.S. government to remove products such as refrigerators from the proposed tariff list, according to the China Daily. U.S. companies warned additional China tariffs will cripple their business and hurt customers, raising prices on everything from bicycles to car seats to refrigerators.

Representatives of China's wood and furniture manufacturing sector warned that if additional tariffs are imposed on Chinese imports into the U.S. many consumers would be unable to furnish a home. In a 2016 study, the National Association of Home Builders estimated that for every USD1,000 increase in the price of a home, about 152,903 households are priced out of the market for a median-priced new home. The USD1,000 price increase will be easy to reach with escalating tariffs. Wood products are used primarily in new-home construction and home remodeling, so any additional tariffs will have a major impact on those sectors in the U.S.

Due to unfavorable market conditions, American Airlines has decided to temporarily discontinue flights between Shanghai and Chicago, while Hawaiian Airlines will stop operating direct flights between Beijing and Honolulu after the weeklong National Day holiday in October. Both airlines cited rising fuel costs. Ongoing trade tensions affect business travel, while business and tourism visa approvals have become tighter, slowing down travel demand growth.

Officials at the People's Bank of China (PBOC) reiterated that China will not use the yuan as a weapon to deal with trade frictions.

China's food imports grow steadily

Chinese consumers' demand for imported food has been growing steadily as the standard of living in China improves, according to a statement from the General Administration of Customs. **China's total food imports amounted to USD58.28 billion last year, up 25% year-on-year**, while the annual average growth rate over the previous five years was 5.7%. The European Union remained China's largest supplier of food, followed by the United States, New Zealand, Indonesia and Canada. Meat, oil, dairy and seafood were among the most popular food imports in China. Chen Weinian, Purchasing Director at Shanghai's City Shop, said that foreign food used to be consumed mainly by foreign expatriates and is now being favored by many more Chinese.

A separate report from the National Development and Reform Commission (NDRC) showed that the country's Engel's coefficient, which measures food expenditure as a proportion of total household spending, dropped to 29.3% in 2017, below the benchmark of 30% set by the Food and Agricultural Organization (FAO) of the United Nations and falling into the range for a wealthy life. Although the proportion of income spent on food fell, Chinese people have become increasingly picky about their food consumption and want diversity and exotic tastes. For instance, over the past few years, China has been increasing its fruit imports from Latin America. The country's avocado imports from Mexico, Chile and Peru in 2017 alone reached 30,000 metric tons. China announced a series of measures to reduce tariffs and expand imports at the 2018 Boao Forum for Asia Annual Conference.
As a crucial part of food imports, Chinese customs have been striving to accelerate transportation and strengthen surveillance to ensure the quality and freshness of imported food. "We have opened 'green channels' for imported food and simplified the import procedures for food products to limit the process from arrival to release to just one hour," said Zhang Xin, Vice Director of Zhengzhou Customs in Henan province. Zhang added that in the first half of the year, they reduced the average time for an imported product to go through customs to 6.69 hours, down 45.8% year-on-year.

The Customs authority is also emphasizing safety in food imports. In 2017, a total of 49,000 tons of substandard imported food products from 94 countries and regions were seized by China's customs, the China Daily reports.

MACRO-ECONOMY

Beijing says China is an open economy, but the IMF differs

The International Monetary Fund (IMF) has urged China to adopt further steps to open its market, disagreeing with Beijing's assessment of the country's progress in reforming state-owned enterprises (SOEs), reducing trade and investment restrictions, and its efforts to reduce government debt. "We are looking at China and comparing it with other G20 countries in terms of service trade and investment, the Chinese economy is still very restrictive," Alfred Schipke, IMF's Chief China Representative, said at a symposium in Beijing. Fostering further openness was one of the policy recommendations made by the Washington-based fund after its annual economic consultations with China in May. In its report, the IMF urged China to de-emphasize its annual growth target, enhance its controls on credit growth and modernize its policy framework.

International calls for further reform have grown louder, with Beijing's restrictions on market access raised at the World Trade Organization (WTO) and cited as the justification for the unprecedented trade war with the United States. The IMF findings were based on available data from the Organization for Economic Cooperation and Development (OECD), the World Bank and the International Finance Corporation (IFC). **Beijing, however, said** the IMF should not have used OECD indicators to measure China's openness because it is not a member of the Paris-based organization. Instead, it argued, **the country's trade and investment regime is "more open" than the IMF's assessment** and has already complied with all its WTO commitments. Chinese authorities have mounted a vigorous defense of their market openness as this year marks the 40th anniversary of the start of the country's economic reforms.

The government announced earlier this year that it would allow foreign control of financial and auto joint ventures, increase access to its capital market and narrow the list of sectors in which foreign investment is restricted. JP Morgan has expressed interest in starting a financial joint venture in China, while the government will allow Tesla to have full ownership of its planned auto factory in Shanghai. Both the U.S. and European Union have refused to recognize China as a market economy, a move that would limit their ability to limit Chinese imports, the South China Morning Post reports.

CHINA NEWS ROUND-UP

Geely now third-largest carmaker in China

Geely Automobile Holdings has become the third-largest carmaker in China, trailing only Volkswagen and General Motors in the world's largest vehicle market. The ranking came after the Hong Kong-listed carmaker delivered 766,630 vehicles in the first half of the year, beating Nissan Motor's 720,447. Nissan has been the best-selling Japanese brand in China in recent years. **Geely's market share increased to 6.4% in the first half of this year**, from 5% in 2017. Reporting a 54% jump in net income to CNY6.67 billion for the six months through June, the carmaker owned by billionaire Li Shufu said in a filing that sales this year will beat its target of 1.58 million units. Geely sold 1.25 million vehicles in 2017, up 63% year-on-year.

Geely is among Chinese carmakers seeking to play a more important role in the auto industry. In a strategy document released in 2015, the company said electric cars, hybrids and plug-in hybrids will account for 90% of its vehicle sales by 2020. Geely has been expanding, offering vehicles such as those under the Lynk & Co brand jointly developed with Volvo Cars, which Li's Zhejiang Geely Holding Group Co bought in 2010. Geely has been far outpacing the broader market by posting a 43% increase in its sales in the first seven months this year. Geely has also been expanding overseas. After the purchase of Volvo Cars from Ford Motor Co in 2010, the carmaker snapped up stakes in the iconic British sports-car maker Lotus Cars and Malaysia's Proton Holdings last year. In February, Geely took a 9.7% stake in Daimler, emerging as the largest shareholder in the maker of Mercedes-Benz cars.

The carmaker has multiple production bases outside China. It is also planning to sell its Lynk & Co cars in

Europe soon, Geely Automobile Holdings CEO Gui Shengyue told reporters in Hong Kong. “We have a real product to go global now,” he added, as reported by the China Daily.

China to invest heavily in semiconductor development

China must invest heavily to develop its own advanced chips to close the gap with the United States, after the forced shutdown of ZTE Corp earlier this year exposed the country's weakness in a core technology, according to Ding Wenwu, President of the National Integrated Circuit Industry Investment Fund, also known as the Big Fund. “Everyone is aware that the global situation is complicated, we must face the situation squarely,” he said in a speech at **the Smart Expo conference in Chongqing**. “The incident in the first half has made the average man-in-the-street understand about chips. Previously, people only knew about mobile handsets.”

Ding’s remarks followed a statement made by President Xi Jinping to the same conference, where he broadly reiterated China’s efforts to keep pace and collaborate with information technology initiatives around the world. “China pays serious attention to innovative development,” said Xi in the statement read at the event by Vice Premier Han Zheng. “The country will speed up the development of both its digital industry and the digitalization of industries. China wants to actively participate and cooperate in global digital developments.” Developing a strong domestic semi-conductor supply chain would enable the country to become more competitive with chip industry leader the U.S.

Semiconductors are at the center of a technology gap that China wants to close. No mainland Chinese semiconductor company has so far been able to crack the world’s top 20 ranking in terms of chip sales, which is dominated by companies from the U.S., Japan, South Korea and western Europe. Three Taiwanese firms – Taiwan Semiconductor Manufacturing Co, MediaTek and United Microelectronics Corp – were among those in the top 20, according to data from IC Insights. The Big Fund was set up in 2014 by China's central government to lead the national effort to catch up in the global semiconductor industry by raising funds and backing semiconductor start-ups and research and development (R&D) to help China become self-sufficient in chips. China makes more than 90% of the world’s smartphones, 65% of personal computers and 67% of smart televisions, according to Bernstein Research, but it has had to buy much of the chips that go into these devices from abroad. Annual chip imports by China have risen to more than USD200 billion since 2013 and reached USD260 billion last year, the South China Morning Post reports.

U.S.-China trade war worries shippers and container makers

Singamas Container Holdings, the world’s second-largest maker of shipping containers, **said its clients were turning cautious** as a trade war escalated between the U.S. and China, and that the second half of the year could become increasingly challenging as the rhetoric heats up. Chairman and Chief Executive Teo Siong Seng told a briefing on the company’s first-half results that rising tensions between the world’s two biggest economies had not yet cut into shipping volumes or hurt the company’s business, but “people are watching it very carefully”.

“As long as the U.S. demand is there, the supply chain will be prolonged,” he said, adding that some shipping could be shifted from China to other countries in Southeast Asia, such as Vietnam, Cambodia or Myanmar. “If anything, the demand for boxes will go up,” he said. However he noted that while container orders were full up to September 2018, buyers had become more cautious when placing orders because of concerns over the trade war as well as rising interest rates and currency fluctuations. The company, a subsidiary of Singapore-based transport and logistics company Pacific International Lines, reported a loss of USD2.1 million in the first half of the year, compared with a profit of USD16.6 million in the first six months of 2017. The rising cost of materials sent its manufacturing segment, which accounted for more than 98% of its revenue, to a pre-tax loss in the first half.

Singamas warned in July that it would report a first-half loss because of an increase in the costs of raw materials, including corten steel, used to make its containers, and because of a rapid appreciation of the yuan against the dollar in the first few months of this year. The company has manufacturing facilities throughout mainland China. The yuan has since lost 8% of its value against the dollar since a peak in March, which Singamas said has helped moderate its costs recently. Revenue rose 63% to USD969.2 million in the first six months, compared with USD545 million in the first half of 2017. Shipping containers have been removed by the U.S. from its list of proposed tariffs, the South China Morning Post reports. A.P. Moller-Maersk, the world’s largest shipping company, warned that global trade could be reduced by 0.1% to 0.3% because of the trade tensions between the U.S. and China. But the impact could be much greater on the U.S., with imports from China reduced by up to 4% and U.S. exports to China cut by as much as 6%.

HNA Chairman's family tightens grip on company's management

HNA Group Chairman Chen Feng promoted two family members this month, tightening his family's control over the conglomerate after the sudden death of Co-Chairman Wang Jian last month. He promoted his son Daniel Chen to Deputy Chief Executive Officer of the group, responsible for HNA's international business, while his nephew Dennis Chen became Chief Investment Officer (CIO). The management changes come as Chen seeks to persuade banks, investors and the government to restore their confidence in a group that is saddled with one of the biggest piles of debt in corporate China – more than USD85 billion as of the end of December. The group is so indebted that its interest expenses surged to a record CNY32.1 billion in 2017, exceeding its earnings and topping all other non-financial companies in Asia. Deceased Co-Chairman Wang Jian was the mastermind behind the purchase of many of the assets that are now being sold. Adam Tan remains CEO of the group.

HNA was at the forefront of an unprecedented shopping spree by acquisition-hungry firms seeking out high-profile assets around the world before the Chinese government started reining them in last year amid concerns about unsustainable corporate debt levels. The company also caught the attention of regulators in the U.S. and Europe over questions about its ownership.

Daniel Chen is also Vice General Secretary at the Cihang charity, which is a big shareholder of HNA Group, and President of investment firm Pacific American Investment. He received a Bachelor of Science in industrial engineering from the University of Washington and completed Harvard Business School's China Business Leader Executive Training Program.

Dennis Chen, has more than 11 years of management experience and has an undergraduate degree in economics from the University of Massachusetts. He also held various positions at HNA Group International, a unit formed in Hong Kong in 2010 to be the Chinese conglomerate's offshore investment and foreign capital management arm.

Shanghai Financial Court inaugurated, first in the country

The Shanghai Financial Court, which specializes in finance-related lawsuits and is the first of its kind in China, began operating last week. The new institution is meant to provide a better business environment for investors from home and abroad. The intermediate-level court focuses on civil and administrative disputes over financial issues, including loans, insurance, securities and cases against financial authorities. For the court to handle cases, **the minimum amounts at issue are CNY100 million if both parties are in Shanghai and CNY50 million if one party is not based in the city.** Cases that do not meet the minimum are handled by district courts. Criminal cases are not accepted by the Financial Court.

"If we take online lending as an example, lawsuits against online lending platforms will be accepted and heard at the court, but criminal cases in which such platforms are suspected of committing illegal activities won't be accepted," said Zhao Hong, President of the Court. Twenty-eight judges will oversee case hearings and trials at the court, which has 66 staff members. Most of the judges are veterans of the lower-level financial tribunals of the city's courts. Individuals and businesses can register cases, check progress, apply to read legal documents and view court decisions on the bilingual Chinese-English website of the Court. Sheng Yongqiang, Vice President of the Shanghai High People's Court, said that globally financial centers have almost all set up legal system mechanisms aligned with their financial systems.
From 2013 to 2017, courts in Shanghai heard nearly 480,000 finance-related cases as courts of first instance and the number of such lawsuits in Shanghai grew by an average 51% year-on-year. The financial court was another innovation in China's judicial system after the intellectual property courts and an internet court were set up, the China Daily reports.

Vanke says property developers not responsible for higher rents

One of China's largest property developers, China Vanke Co, refuted media reports that the entrance of institutional landlords has led to current soaring rental prices. "It is not until the past two years that large companies started to emerge in the traditional leasing market, but the penetration rate is less than 5% in China, which is too small to have a significant influence," Vanke President Zhu Jiusheng said.

Large real estate brands are acquiring rental homes on a large scale, substantially pushing up leasing prices. According to a report by china.com.cn, rents in 13 major cities have increased by over 20% in the past year, especially in first-tier cities such as Beijing, Shanghai, Guangzhou and Shenzhen.

Many leading property developers recently have regarded the rental sector as a core business and a key driver in the future. Taking Vanke as an example, it has acquired more than 160,000 rooms for rent in 30 cities and a quarter of them were on the market by the end of June. Zhu said the company included rental housing as one of its core businesses in 2018, saying the source of its apartments was mostly from building projects on land which is restricted to rental-only properties by the government, other firms' idle resources, and personal properties.

Meanwhile, Country Garden Holdings announced that it has 24,000 long-term rental apartments in total, 21,000 of which are still under construction, and the aim is to launch 1 million units in three years. It is reported that some apartment rental platform operators offer 20% to 40% higher than normal market prices to house owners in order to acquire more apartments to increase rental prices. However, Pan Shiyi, Chairman of SOHO China, noted it would still be a loss to invest in the longterm leasing sector even if the current rental price doubles. **The rate of return in China's rental market has been low in the long term.** In the second quarter of 2018, it was just 2.6% in China's 50 biggest cities, a year-on-year decrease of 6% according to the E-House China R&D Institute. Liu Weimin, Researcher at the Development Research Center of the State Council, said there were multiple factors behind the soaring rents. "The critical reason is a supply shortage, especially a lack of high-quality resources," the China Daily reports.

Rents in Beijing have risen 25.8% compared to last year, with July rent alone 4.3% higher on a monthly basis. Rent for a 50-square-meter one-bedroom apartment built in 1980 in Xuanwumen, 2 kilometers from Tiananmen Square, is over 8,000 a month, while earlier this year, the rent was CNY6,000 per month. The average monthly income in Beijing is CNY8,467.

Artificial intelligence (AI) to replace jobs

China's labor market must be well-prepared to adapt to challenges brought by the rapid development of **artificial intelligence, which is expected to replace 40 million to 50 million full-time jobs in the country within the next 15 years**, according to a report by the China Development Research Foundation (CDRF) and Sequoia Capital China. By 2030, automation will replace one-fifth of the country's jobs in the manufacturing industry, and if the process of automation accelerates, nearly 100 million workers will need to change their field of work, the report said. "AI will greatly free humans from repetitive jobs and cultivate creative minds," said Neil Shen, Founding and Managing Partner of Sequoia Capital China.

"This means work will shift from being labor-centric to innovation-driven. More talents will devote their time to scientific discovery and technological innovation, and dedicate their efforts to the enrichment of the world." This is a blessing for jobs featuring creativity, but a curse for employees with repetitive work. The report noted that by 2027 there will be 9.93 million employees in the Chinese financial industry, but 22% of the jobs in banks, 25% in the insurance market, and 16% in the capital market will be eliminated because of repetitive work. For the remaining employees, working time will be reduced by 27% due to AI. Lu Mai, Vice Chairman and Secretary General of the CDRF, said the country must be prepared to adapt to the changes and meet the challenges. "If we decide to follow the path toward a future with AI, we must emphasize human capital investment," Lu said.

According to a report on AI in 2017, China's core AI industry scale reached USD5.6 billion in 2017, representing more than 15% of the global total. By 2020, that scale will surpass USD22 billion, with a 65% annual growth rate, higher than the global average, which is 60%, the China Daily reports.

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