Newsletter

25 September 2018

FCCC/EUCBA ACTIVITIES

Opportunities to Finance your Business with China – 23 October 2018, 9h30 – Brussels

The Flanders-China Chamber of Commerce is organizing an information session on:

Opportunities to Finance your Business with China
23 October 2018 – Broekstraat 31 1000 Brussels

During this session, experts will present you information on available investment funds and financial support when expanding your business to China.

The programme is as follows:

09h00-09h30: Registration

09h30-09h35: Introduction, **Ms Gwenn Sonck**, Executive Director, Flanders-China Chamber of Commerce

09h35-09h55: ”Different Investment Vehicles for Belgian Companies investing in China and Chinese Companies investing in Belgium or in Europe”, **Mr Rik Daems**, Chairman, China-Belgium-Direct Equity Investment Fund

09h55-10h15: “Capricorn-Scorpio: Equity & Support for China roll-out" , **Mr Jos B. Peeters**, Managing Partner, Capricorn Venture Partners

10h15-10h30: "Support from the SME Growth Portfolio", **Mrs Benedicte De Buck**, SME Growth Portfolio, Project Adviser, Agency Innovation and Entrepreneurship, VLAIO

10h30-10h45: Speaker from BNP Paribas Fortis

10h45-11u00: Coffee-break

11h00-11h15: “Exporting to China? Investing in China? Support by Credendo", **Mr Wim Bosman**, Business Development Specialist, Marketing and Communication from Credendo, Export Credit Agency

11h15-11h30: “Subsidies to Promote International Business”, **Mr Yves Roekens**, Head Financial Incentives Flanders Investment & Trade

11h30-11h45: “Financing of Sales Offices in China”, **Mr Jan Holthuis**, Lawyer, Buren

11h45-12h00: Question and answer session

12h00-13h00: Networking lunch

Practical information:
Location: Broekstraat 31, 1000 Brussels
Price for members: € 75 (excl. VAT)
Price for non-members: € 110 (excl. VAT)

If you are interested to participate in this session, please subscribe before 18 October 2018 via [this link]

Contact: FCCC: Info@flanders-china.be

PAST EVENTS

Seminar: Compliance: a New Challenge for Foreign Businesses in China 20 September 2018 – Ghent

The Flanders-China Chamber of Commerce organized a seminar: **Compliance: a New Challenge for Foreign Businesses in China, on 20 September at Holiday Inn Gent Expo.** The keynote speaker was **Mr. Philippe Snel**, founder and managing partner of De Wolf Law. He started his China practice in 2001. He has been a member of the Brussels Bar since 1997. Philippe helps foreign investors establish, develop and operate their businesses in China. He mainly advises in the fields of corporate law, compliance and technology transfer.

Following registration and a networking lunch, Ms. Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, introduced the keynote speaker, followed by Mr. Philippe Snel's presentation.

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FOREIGN TRADE

New tariffs take effect with no compromise in sight

U.S. tariffs of 10% on an additional USD200 billion worth of Chinese products came into effect on

September 24, with the tariff rate increasing to 25% on January 1 next year unless China makes concessions. **China responded by imposing tariffs on USD60 billion worth of U.S. goods, effective the same day.** China's Customs Tariff Commission unveiled lists of 3,571 items of U.S. products to be subject to additional tariffs of 10%, and lists of another 1,636 items to be subject to additional tariffs of 5%. The U.S. and China earlier imposed 25% tariffs on USD50 billion worth of each other's imports. Washington is losing patience with China after seeing no sign of progress on structural reforms to address its trade imbalance with the United States, according to U.S. officials.

The Trump Administration imposed a 10% tariff on more than 5,700 items, ranging from caviar to beer, but 297 categories were fully or partially removed from the tariff list originally proposed by the Office of the United States Trade Representative (USTR), after intense lobbying by U.S. businesses and about a week of public comment. The excluded list includes items where China is the dominant exporter – rare earth metals – or is one of the few places that supplies such items – it is the second-largest exporter of human hair to the U.S. after India. The items the U.S. chose to remove from its tariff list also included car seats for babies and toddlers, ibuprofen, antiques more than 100 years old, and a variety of chemicals. Apple received a reprieve as categories that covered the Apple Watch and AirPods were removed from the list. However, its Apple Pencil and Magic Mouse, as well as various other components, remained on the list. Haibin Zhu, JP Morgan's Chief China Economist, said the tariffs may have a modest economic impact, but could lead to the loss of as many as 700,000 jobs in China's export sector.

The U.S.' latest announcement of tariffs on USD200 billion worth of Chinese products may knock about half a percentage point off China's growth rate, according to officials and economists. Ding Shuang, Chief China Economist with Standard Chartered Bank in Hong Kong, said that – together with previous U.S. tariffs on USD50 billion of Chinese goods – a 10% U.S. tariff on USD200 billion of Chinese imports would **drag down China's growth by 0.4 percentage points**, increasing to a 0.6 drop when the tariffs are increased to 25% on January 1, 2019. That figure may be manageable, but the real challenge for Beijing in an escalating trade battle with the U.S. is that China's manufacturing base, which helped to underpin the country's economic boom in the past four decades, may be harmed, they said. "The direct impact from the trade war is not that significant; the significance is its impact on sentiment and expectations," Liu Shijin, the former Vice President of the Development Research Center and an economic policy adviser to China's leaders, said. China's Ministry of Commerce said in a statement that Beijing is being forced to hit back to "safeguard its own interests and the world's free trade order".

Sheng Liugang, Economics Professor at the Chinese University of Hong Kong, estimated that the 10% tariffs on USD200 billion of Chinese goods would make China lose USD22 billion in exports – a number that is not significant for now. Trade between China and the U.S. has looked robust so far. In August, China exported USD44.4 billion worth of goods to the U.S., a rise of 13.2% from August 2017, contributing 20.4% of total Chinese overseas shipments last month. Meanwhile, China imported USD13.3 billion of products from the U.S. in August, a rise of 2.3% from the same month last year, giving China a record-high trade surplus with the U.S. of USD31.1 billion.

Lou Jiwei, a former Chinese Finance Minister and now Chairman of the National Council for Social Security Fund, said in a speech at the China Development Forum that China does not need to panic about the trade war, because the trade will inflict pain on U.S. enterprises as well. "Even if the U.S. wants to set up an alternative supply chain in a third country, that takes time," Lou said. "Can the U.S. really withstand the pain for three or even five years?"

According to the American Chamber of Commerce in China, just 6% of our member companies say the current U.S.-China trade dispute would make them consider relocating operations back home, but more than half of U.S. firms said they "have experienced **a rise in non-tariff barriers in recent months", including increased inspections and slower customs clearance**. Minister of Commerce Zhong Shan held talks with representatives from six multinationals – Cohen Group, Emerson, SAP, HSBC, Samsung and Toyota – promising them that China's market would be more open to them and that Beijing would enhance intellectual property protection. On the sidelines of the World Economic Forum (WEF) conference in Tianjin, Timothy Stratford, former Assistant U.S. Trade Representative and now Managing Partner in law firm Covington & Burling's Beijing office, said Beijing faced a dilemma in how to respond. Stratford said Beijing indicated earlier that it would take qualitative measures but not retaliate against U.S. businesses in China because they did not want them to invest and source elsewhere. "It's a very difficult policy decision on China's part to find just the right touch to do this, and they are still sorting this out," he said.

The U.S. also imposed sanctions on the Chinese military for buying Russian SU-35 fighter jets and S-400 surface-to-air missile systems. Beijing urged Washington to withdraw the sanctions or face the consequences. Foreign Ministry Spokesman Geng Shuang said the sanctions severely violated the basic rules of international law and seriously damaged relations between the two countries and their armies. China summoned U.S. Ambassador Terry Branstad to lodge a formal complaint and recalled its Navy Commander Vice Admiral Shen Jinlong, who was visiting the U.S.to speak at the 23rd International Seapower Symposium (ISS) in Newport, Rhode Island.

Officials from **China, Japan and South Korea** are calling for further efforts **to accelerate talks about a free-trade agreement** in the face of escalating trade pressures from the U.S. The three countries held the fifth free-trade agreement (FTA) forum in Beijing last week to prepare for the next stage of the negotiations. After nine years of feasibility study, the three countries' long-anticipated FTA negotiations began in 2012, but 13 rounds of talks have been held with little progress.

Premier Li Keqiang addresses WEF's "Meeting of the New Champions" in Tianjin

Premier Li Keqiang called for safeguarding economic globalization and accelerating the new industrial revolution by promoting more inclusive development, innovation and new drivers for economic growth. The authority of the rule-based multilateral trading system – the foundation for globalization and free trade – should be respected and safeguarded as uncertainties and anti-globalization sentiment are on the rise, Li said at the opening ceremony of the **World Economic Forum's Annual Meeting of the New Champions 2018**, also known as Summer Davos, in Tianjin. Unilateral action cannot solve problems, and all nations should help boost the new industrial revolution, Li said. The event, with the theme "Building an Innovation Society in the Fourth Industrial Revolution", has drawn more than 2,500 business leaders, government officials, researchers and journalists from more than 100 countries.

China has no intention of weakening its currency to help exporters and will not engage in any form of "competitive devaluation" of its exchange rate, Premier Li Keqiang said. "Some people think China deliberately devalued the yuan; this is groundless," Li said. "A one-way depreciation will do more harm than good for China," Li told business and political leaders. "China will not choose the path of bolstering exports by devaluing the yuan, the yuan exchange rate will be kept basically stable," Li said. "I welcome you filing complaints to the Chinese government, including all levels of governments, if you have any problem in doing businesses in China," Li said. He also ruled out a massive stimulus program to offset the economic impact of the trade war, saying the government would fine-tune its fiscal and monetary policies to cope with the economic challenge.

Li also said the world's multilateral trading system should be upheld. "All existing problems need to be worked out through consultation," he said, adding that unilateralism does not offer solutions. The Premier promised to build **a business environment that treats Chinese and foreign companies equally**, and ensures fair competition. "China will make greater efforts to promote opening-up, deepen reform in all areas, further ease market access, improve transparency of policies, as well as conduct fair and equitable regulation," Li said. He added that China would further cut taxes and fees to reduce the corporate burden.

Premier Li also held a dialogue with international business leaders attending the Annual Meeting, answering questions on deleveraging; the WTO and bilateral trade agreements; the opening-up of China's financial markets; measures to strengthen the protection of intellectual property rights; tax reform; and programs to promote innovation and entrepreneurship. The transcript of the dialogue, chaired by Executive Chairman of the World Economic Forum Klaus Schwab, is available on the website of the China Daily here.

A war of words broke out when two U.S. Republican Congressmen called out China's commitments to free and fair trade just minutes after Chinese Premier Li Keqiang's keynote speech. **Darrell Issa, from California, and Todd Rokita, of Indiana, called on China to stop "stealing and cheating"** and urged the government to take timely actions that would allow a ceasefire in the trade war with the United States. Their ad hoc press conference on the sidelines of the Forum was not on the official schedule and attendees received an email during Li's speech to say it would occur less than 30 minutes after the Premier's address. The two Congressmen voiced strong support for the Trump administration's trade confrontation with China.

California Republican Representative Darrell Issa has meanwhile being appointed by the White House as Director of the U.S. Trade and Development Agency (USTDA). One of the Agency's tasks is to help companies create jobs through exporting U.S. goods and services. Issa's appointment is subject to Senate confirmation.

FOREIGN INVESTMENT

European Chamber Position Paper 2018/2019 provides recommendations to accelerate China's development and quash global trade conflict

The European Union Chamber of Commerce in China (European Chamber) released its European Business in China – Position Paper 2018/2019 (Position Paper), which raises concerns about the widening gap between China's rapidly maturing economy and the shortcomings of its reform and opening agenda. It examines the most significant limitations on European businesses that prevent them from efficiently delivering the goods and services that their customers demand.

Tensions in the global economic system have manifested themselves in the U.S.-China trade war, which is now seriously disrupting global supply chains. The root cause is **China's reform and opening failing to keep pace with its rapidly maturing economy**, which has created a **'reform deficit'**. The Position Paper provides 828 specific recommendations that the European Chamber believes will help China to overcome this deficit and mitigate outside pressures.

The potential for further escalation of the trade war due to the growing impatience of China's trade and investment partners is reason enough to take a decisive course of action, but China's domestic concerns also demand progress. While market access and unequal treatment impact international firms, many of the recommendations found in the Position Paper will also benefit China's own private enterprises – regulatory challenges and ambiguous policies cut into bottom lines and frustrate all market actors. China also needs to address the impact that its state-owned enterprises (SOEs) are having on the private sector, as they squeeze out competition and drain financing from the market. Tackling these serious issues would create a fair and competitive business environment that would attract more high-quality foreign investment, a current priority of the Chinese government.

"European companies have for a long time been stifled by the effects of China's reform deficit, and now they are taking collateral damage from the U.S.-China trade war," said Mats Harborn, President of the European Union Chamber of Commerce in China. "Creating an open and fair market based on reciprocity will de-escalate this conflict and usher in China's next stage of development," according to the European Chamber's press release.

You can download the Position Paper at:
http://www.europeanchamber.com.cn/en/publications-position-paper

CHINA NEWS ROUND-UP

Food delivery firm Meituan Dianping launches IPO in Hong Kong

Meituan Dianping, an online food delivery-to-ticketing services firm, closed 5.29% higher on its trading debut on the Hong Kong stock exchange as investors were confident that such platforms would continue to expand. Meituan priced its initial public offering (IPO) at HKD69 per share and aimed to raise USD4.9 billion as investors were banking on the growth potential of the online lifestyle services platform. At the listing ceremony in Hong Kong, **Wang Xing, Meituan's CEO**, praised the role of the company's almost 600,000 delivery persons and 50,000 employees in fueling its growth. “I also want to thank Steve Jobs, thank Apple, without iPhone, without mobile internet, everything we do today wouldn’t have been possible,” he said.

Founded in 2010 by Wang Xing, Meituan merged in 2015 with its then main rival Dianping. In 2017, the Meituan Dianping platform generated over 5.8 billion transactions, with total transaction volume of CNY357 billion. Meituan’s total revenue in 2017 amounted to CNY33.9 billion, up from CNY13 billion the year before. In the 12 months ended April, Meituan saw more than 6.9 billion transactions valued at CNY410 billion. It has been expanding services from food delivery to ordering groceries, booking hotels, paying bills and bike rentals. CEO Wang Xing pointed out that the firm has expanded the search and booking of restaurants to include online information for entertainment services and food delivery. Meituan’s USD4.2 billion IPO was **Hong Kong’s second-biggest tech-related IPO this year**, and lifted 39-year old Wang’s net worth to USD5.3 billion based on his 11% stake in the company. At the company’s IPO roadshow in Hong Kong earlier this month, Wang told investors that Meituan “will be an indispensable part of the Chinese people’s lives and it’ll help Chinese eat better and live better”.

The overall size of China’s on-demand food delivery market is projected at CNY360 billion by the end of this year, according to mobile internet research firm Trustdata.

Italy aims to be China’s first G7 partner for the Belt and Road Initiative

Italy wants to become the first G7 country to endorse China’s “Belt and Road Initiative” (BRI) and plans to do so before the end of the year, Deputy Prime Minister Luigi Di Maio said. “I hope very much we can complete a memorandum of understanding (MOU) with China within 2018,” Di Maio told reporters in Beijing at the end of a two-day visit. His next trip would be in early November for the China International Import Expo in Shanghai. Di Maio is the 32-year-old leader of the anti-establishment right-wing Five-Star Movement (M5S).

More than 80 countries have already signed MOUs to work with Beijing on the BRI, the most recent being Greece last month. But they have yet to be joined by any of the Group of 7 nations – Canada, France, Germany, Italy, Japan, Britain and the United States.

Beijing was keen to sign MOUs with Britain and France when British Prime Minister Theresa May and French President Emmanuel Macron visited China earlier in the year, but neither of the visiting leaders put pen to paper, and Macron said the Belt and Road plan should not be a “one-way” project. There are also concerns that China’s flagship project does not meet international standards and is an attempt by Beijing to extend its geopolitical influence.

Di Maio said that Italy would also like to increase mutual investment with China, regardless of the fact that the European Union and several of its key members, including Germany, France and Britain, have recently been paying Chinese investments much more scrutiny. “I believe we could find common ground to work together,” Di Maio said. Commenting on the ongoing trade war between China and the United States, the Deputy Prime Minister said the Italian government did not support unilateralism in trade and favored multilateralism. “Italy is a big exporter. We would not like to see such measures,” he said. Italy had a USD17 billion trade deficit with China in 2017, the South China Morning Post reports.

Market share of electrical vehicles (EVs) in China expected to reach 30% by 2030

The market share of electric vehicles (EVs) is expected to reach 30% of China’s total vehicle sales by 2030, thanks to fast growth momentum due to technological breakthroughs in fuel cells, the car-sharing economy, and the younger generation’s green lifestyle. Wan Gang, Chairman of the China Association for Science and Technology, said as the mileage of electric vehicles in China is still relatively limited, the country will deploy more resources in the research and development of fuel cells to improve the endurance capacity of batteries. Wan is China’s former Science and Technology Minister.

Many Chinese cities such as Taiyuan, Shenyang and Shijiazhuang have encouraged clean energy-powered transport as part of the nation’s efforts to protect the environment. Guangzhou, capital of Guangdong province, plans to more than triple the number of full-electric buses on its roads to 10,000 this year. A work plan issued by the provincial government in 2017 required that **all of Guangzhou’s buses should be electric by 2020**. The city currently has more than 14,000 buses powered by both electricity and gasoline. With more than 16,000 electric buses on its roads, Shenzhen has also set targets to upgrade its city buses to electricity by the end of this year and transfer all its taxis to electric power by 2020.

The government should also step up the transformation of the country's diesel-powered trucks in the logistics and mining sectors as they generate a large amount of carbon emissions, said Luo Xin, CEO of GCL System Integration Technology Co, a Jiangsu-based energy company specializing in clean and sustainable power generation. "China also needs to accumulate more technologies and practical solutions to produce batteries for electric vehicles in a cheaper way and handle old batteries in a sustainable way," he added, as reported by the China Daily.

China taking new measures to punish publication of false statistics

China has introduced a new 20-clause regulation, focusing on preventing and punishing statistical fraud. It was approved at a meeting of the Committee for Deepening Overall Reform on July 6 and has been in place since August 24, the China Daily reports. According to the new regulation, the National Bureau of Statistics (NBS) is responsible for organizing and conducting statistical inspections, building a mechanism to prevent and penalize fraud, and making sure violators are held accountable. Special inspection teams will be organized to fulfill the mission. The NBS has established a Department for Statistical Law Enforcement and Supervision, focusing on preventing and punishing statistical fraud.

The regulation is the latest move to improve the accuracy of statistical data. Between January 2017 and April this year, **the NBS uncovered 72 key cases of statistical fraud** that involved 26 provincial regions, 2,051 enterprises and 2,942 fixed-asset projects. Last year, 7,479 cases of statistical fraud were investigated by local statistical authorities. The government needs authentic economic data for making policies in line with actual national conditions, and false data can mislead economic policymaking, said Zhu Lijia, Professor of Public Management at the Chinese Academy of Governance.

China has second largest number of AI companies

China has the second-largest number of artificial intelligence (AI) companies in the world, trailing only the United States, according to a blue paper published by Gartner and the China Academy of Information and Communications Technology (CAICT) in Shanghai at the **World Artificial Intelligence Conference 2018**. "The number of AI-related companies in China continues to grow and now ranks second in the world," said Liu Duo, President of CAICT. She said the number of AI-related patent filings has increased in China since 2015 and the scale of the AI market has also developed drastically, especially concerning voice and image recognition technology. Domestic AI companies are developing the fastest in Beijing, Shanghai as well as Guangdong, Zhejiang, and Jiangsu provinces, Liu added. Phil Todd, Managing Vice President of Gartner, said that research covering over 3,000 companies showed that only 4% of them have invested in and utilize AI technology. The country accounted for 48% of the world's total AI startup funding last year, consultancy CBInsights said.

During the World Artificial Intelligence Conference (WAIC), Amazon Web Services (AWS) announced the opening of its AWS Artificial Intelligence Lab in Shanghai, which is dedicated to making advanced AWS AI and machine learning services available. The three-day conference has attracted experts, scholars and entrepreneurs from nearly 40 countries and regions. More than 200 top companies in AI participated in the conference and the exhibition. Underlining the importance that the Chinese government attaches to AI, a letter by Chinese President Xi Jinping was read out at the opening ceremony by Shanghai Party Secretary Li Qiang. Vice Premier Liu He attended the opening forum of the conference.

The WAIC ended after holding one main forum, 33 themed forums, five brain-storming discussions and 22 kick-off events. As the world's top AI platform for cooperation and exchange, 335 speakers ranging from top science experts to business executives gave their opinions on stage. A total of 40,000 visitors from more than 40 countries attended the three-day event, including 700 journalists from 30 countries.

Shanghai has opened more public roads for testing of intelligent and connected vehicles (ICVs) to further accelerate industry development and commercialization of ICVs. The length of roads for testing was extended from 5.6 kilometers to 37.2 kilometers, and there are now a total of 12 public roads that can be used for testing of ICVs, as revealed at the **2018 World Autonomous Vehicle Ecosystem Conference in Shanghai**. Shanghai is the first city in China to move road tests of ICVs from enclosed areas to public roads. By the end of this year, about 10 auto companies will have received road testing licenses.

Alibaba's Jack Ma sets out his New Manufacturing vision

Alibaba Group Holding Co-founder and Executive Chairman Jack Ma reiterated that so-called **New Manufacturing will be an important growth driver of China's economy**, and called on manufacturers to embrace the internet of things (IoT), cloud computing and big data or risk getting left behind. New Manufacturing, a term coined by Ma after his previous invention of New Retail, involves integrating the internet, data, artificial intelligence (AI), cloud computing and the internet of things (IoT) into the manufacturing process, which has in the past relied on industrial machines to churn out mass-produced products. Only by embracing and incorporating these new technologies can the manufacturing industry keep up with changing consumption trends, according to Ma.

"In the future 10 to 15 years, all the pain points that the manufacturing industry will face will be far more than those today," said Ma, speaking at **Alibaba's Computing Conference 2018 in Hangzhou**. "The manufacturing industry is not disappearing. It will only disappear if manufacturing technology does not keep up: you cannot succeed if you don't use these new technologies." However, he acknowledged that while New Manufacturing will be essential in the future, it is still in its nascent stage today, akin to a blind man driving a car. "You don't know yet who your customers are," Ma said.

Ma's comments come after Alibaba said at its investor day event that its New Retail strategy, where online and offline retail experiences are integrated, is beginning to pay off, citing early success with its Hema supermarket chain. Alibaba is also looking to help small and medium enterprises optimize their operations, including making supply chain operations more efficient, such as predicting the type of goods to stock.

Ma, who has announced he will be stepping down as Executive Chairman of Alibaba Group in 12 months' time, emphasized that in the data era, as more data is generated, customization will be key. Instead of creating in five minutes 2,000 pieces of clothing that are exactly the same, the challenge will be to create 2,000 different pieces within the same amount of time. He emphasized that the manufacturing and service sectors in China are not separate, but reliant on each other. New Manufacturing will be an integration of both sectors, which will in turn drive China's economy forward, the South China Morning Post reports.

Germany considers billion euro fund to stop China buying up vital tech firms

The German government is taking steps to counter a surge in Chinese bids for stakes in German technology companies, including the creation of a billion euro fund that could rescue such firms in financial trouble. Senior officials are also working on changes to foreign trade regulations to ensure that key technologies remain in German hands. These would include government reviews of foreign acquisitions of stakes in companies below the current 25% threshold, and expanding which types of purchases must be examined. "This is an issue that we are working on very intensely," said the source, who was not authorized to speak publicly. The German government was galvanized into action by the surprise takeover of robotics firm Kuka by China's Midea in 2016 and the purchase earlier this year of a 9.7% stake in Daimler by Chinese carmaker Geely.

Chinese companies completed 30 acquisitions in Germany last year, nearly double the number for 2016, and Chinese proposals accounted for 40% of the 165 reviews of foreign takeover plans in the last three years, the source said. "China is working diligently to close technology gaps and dominate the world market with new technologies," he added. Chinese firms, some state-owned, were particularly interested in German companies with special know-how, start-ups in the area of new technologies, and companies active in critical infrastructure fields. As a last resort, the government also wants to set up a fund that could help companies if no private investors could be found to replace a possible Chinese bidder, or if guarantees by the state development bank KfW were not sufficient. "We are talking about a billion euros that would be available as a last resort," the source said, adding that the money could also be used proactively to support development of key technologies by German firms, the South China Morning Post reports.

Tech-savvy, cash-rich millennials boost luxury e-commerce in China

The battle for wealthy Chinese is moving online, with **luxury brands especially hungry to win over millennials** through offers on everything from limited edition fashions to white-glove delivery services. Moncler, Christian Dior, Hermes and Tiffany & Co are among those to try to grab a share of **China's USD73 billion annual luxury market**. It is composed of **50 million people and growing** – the largest number of wealthy people of any country in the world. They tend to be younger – and more tech savvy – than their global counterparts. The experiments to woo over this wealthy cohort are truly in their early stages. And with only a small fraction of Chinese at this point buying their luxury goods online, the battling can only get more fierce.

"Among international customers, Chinese ones are more digitally driven today," said Remo Ruffini, Chairman and CEO of Moncler. "Technology related to consumption in China has made giant steps in recent years. Our challenge is of course to have a leading role with all these technological changes to create a new digital e-commerce experience." Moncler now has a virtual store on social media platform WeChat, where customers can order the brand's signature down jackets and other luxury items whose eye-popping price tags are in fact part of their appeal. It is also setting up a "pop up" store on Tmall, the e-commerce site of Alibaba Group, The online push aims to complement, rather than replace physical luxury stores. Moncler now has 27 stores in mainland China, seven in Hong Kong, one in Macao and three in Taiwan.

Luxury consumers are comparatively younger in China than their European and U.S. counterparts, according to a report by Martin Roll, which means they tend to be online junkies. More than 80% of mainland Chinese luxury consumers are between the ages of 25 and 44 – and they love to travel and buy abroad, where prices tend to be much lower and counterfeit goods less a problem than back home. Half of Chinese consumers aged 20-49 have done online luxury shopping, according to London-based market researcher Mintel Group, as reported by the South China Morning Post.

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