法兰德斯
中国商会

FCCC
VCKK

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

Newsletter

19 March 2019

PAST EVENTS

China Immersion Programme – Negotiating with the Chinese: Cultural Roots & Practical Recommendations – Business Models & China Entry Strategies – 19 March 2019 – Ghent

The Flanders-China Chamber of Commerce organized the **China Immersion Programme: 'Negotiating with the Chinese and China Entry Strategies'** on **19 March** in Ghent.

Mr. Bo Ji, Chief Representative Europe & Assistant Dean Global Executive Education of the **Cheung Kong Graduate School of Business**, was the keynote speaker.

Attendees gained a comparative understanding of the practical Chinese and Western approaches to negotiation as well as sharpened their own negotiation skills through learning from multiple case studies and real-life contexts. Furthermore, they will identified the cultural roots behind business scenarios, which will provide them with the knowledge to reshape their strategies and tactics. The attending business leaders also learned to optimize their approach to a win-win value creation through negotiating with the Chinese to achieve a sustainable partnership.

There was a comprehensive discussion of Chinese culture and the business environment in China. There was also a large selection of real-life case studies of Western companies that have failed in China, which could deepen understanding of how to avoid mistakes. Finally, the course aimed to find the right China entry strategies and business models.

The morning session focussed on "Negotiating with the Chinese: Cultural Roots & Practical Recommendations", while the afternoon session discussed "Win in China: Business Models & China Entry Strategies".

Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, presented the opening remarks and introduction. Q&A about China and a networking session concluded the event.

ADVERTISEMENT AND SPONSORSHIP

Interested in advertisement in the FCCC Weekly or on the FCCC website? Send an e-mail to info@flanders-china.be

NPC & CPPCC SESSIONS

Premier Li focuses on economic situation at his yearly press conference

The state of the economy was uppermost on his mind when Premier Li Keqiang answered questions at his yearly press conference immediately following the closing session of the National People's Congress (NPC) on March 15. The range of pre-arranged questions was much narrower compared to previous years, indicating that slowing economic growth and the influence of the world economic situation on China is the major focus of the Chinese leadership.

Premier Li Keqiang admitted that China's economy has indeed slowed down, and so has the global economy. China has adjusted its GDP growth target for 2019 to a range from 6% to 6.5%, but he emphasized that **China would not let economic indicators slide out of range**. Premier Li said China made "strong, united efforts to advance supply side structural reforms" to achieve 6.6% GDP growth last year, against a backdrop of protectionism globally. He added that the country needed to take strong measures to cope with the current downward pressures on the economy, including quantitative easing. "However, such indiscriminate approaches may work in the short run, but may lead to future problems. We want to energize the market, instead," he said. The Chinese government's policies will remain stable stable in 2019, with an emphasis on **continuing to cut taxes and fees as well as broadening market access and leveling the playing field**.

The Premier said other measures include changing required bank reserve ratios and interest rates, but added China would not go for monetary easing. China would "support the economy, no matter what the situation is". Larger tax and fee cuts for companies is the most important and crucial step in handling the pressures of the economic downturn. The VAT rate will be cut from April 1. "We will ensure the tax burden on companies only goes down," Li Keqiang told hundreds of journalists at the Great Hall of the People in Beijing.

Li said he was happy with certain economic numbers. For instance, he said China's fiscal deficit is budgeted to be 2.8% of GDP, which falls below the 3% line. He also said an economic growth rate between 6% and 6.5% is good. At the same time, the quality of these numbers are sometimes questioned – China's official growth rate could be overestimated while its official fiscal deficit is widely seen as being underestimated. "China's global ranking in terms of ease of doing business has moved up by 30 spots. There have been improvements, but we are still falling short in some aspects," the Chinese Premier said.

"Big data suggests that **ageing and child care services are two difficult issues facing China**, and demands close government attention," Li said as there are 250 million Chinese over 60, 170 million over 65, and up to 100 million below 6. "Services targeting these groups are lacking," he commented. Li said there are only three beds for every 100 senior citizens and in big cities a person may need to wait till 90 for a spot in a care home.

Premier Li refused to be drawn into discussing the trade negotiations with the U.S., only saying that relations between China and the U.S. have gone forward despite the many twists and turns, due to mutual interests. "Economic decoupling between the U.S. and China is not realistic or feasible", said Premier Li as he sidestepped questions on spying allegations made by the U.S. He did tell a reporter: "You said the Chinese government asks companies to spy on other nations. Are you talking about the government or individuals? This is not consistent with Chinese law, we did not do that and we will not do that in future." The Chinese Premier said he was optimistic that the China-U.S. trade talks will yield results acceptable to both sides. "U.S.-China tensions are between two parties, we won't exploit, let alone harm, the interests of third parties," Li said when asked about relations with the EU. He said he will be going to Europe next month to promote ties.

Premier Li said the government should not exercise arbitrary oversight over new forms of business and business models, such as internet plus and the sharing economy, as they create new jobs and convenience for people. They should be allowed a chance to grow and develop. The Premier also said expressway tolls would be eliminated to ease traffic jams and promote industrial development, and that the price of electricity for industrial use would be cut by 10% this year.

At is closing session, **the NPC gave approval to the new Foreign Investment Law (FIL)**. Only eight delegates voted against the law, and another eight abstained, while 2,929 voted to approve it. Fostering a favorable business environment by improving the rule of law and offering better legal services will be a priority for Chinese courts this year, Zhou Qiang, President of the Supreme People's Court, said. The Foreign Investment Law will come into force on January 1, 2020.

The President of the Supreme People's Court (SPC) pledged to increase pressure on financial crime after a sharp rise in prosecutions for illegal crowdfunding, pyramid schemes and bad loans. The Chief Prosecutor said 27,000 people were charged with running scams in 2018. Financial scams have spread rapidly across China in the past decade and victims of the schemes, which offer unrealistically high returns, often include the most vulnerable members of society such as low-income migrant workers, the elderly and the unemployed. Thirty-two officials at or above ministerial level were charged with corruption last year. Chinese courts across the country handled a surge in IPR-related cases – 288,000 of them, an increase of 42% year-on-year.

Premier Li's "Report on the Work of the Government" was approved unanimously – 2,945 delegates voted in favor and three abstained – compared to 378 delegates who voted against Li's first report as Premier in 2014. A total of 156 and 71 NPC delegates voted against the reports submitted by the President of the Supreme People's Court and the Chief Prosecutor. Five to 10 years ago it was common for up to 600 of the nearly 3,000 NPC delegates to vote against the two reports to show their disapproval of China's rampant corruption. Since then, the number of opposing votes has dropped, falling below 200 last year.

EU-CHINA RELATIONS

European Commission proposes 10 actions on EU-China relations

The European Commission issued a press release on EU-China relations, including 10 action points to be reviewed by the European Council on March 21. Following are the highlights:

The European Union and China have committed to a comprehensive strategic partnership. Yet, there is a growing appreciation in Europe that the balance of challenges and opportunities China presents has shifted. The European Commission and the High Representative aim **to start a discussion to refine Europe's approach** to be more realistic, assertive and multi-faceted.

China is simultaneously a **cooperation partner** with whom the EU has closely aligned objectives, a **negotiating partner**, with whom the EU needs to find a balance of interests, an **economic competitor** in pursuit of technological leadership, and a **systemic rival** promoting alternative models of governance. The EU aims to exert more leverage for its objectives in full unity. EU Commission Vice President Jyrki Katainen said the EU is now putting forward concrete proposals on how to strengthen its competitiveness, ensure more reciprocity and a level playing field, and protect its market economy from possible distortions.

The EU pursues three objectives:

- Based on clearly defined interests and principles, the EU should deepen its engagement with China to promote common interests at the global level.
- The EU should robustly seek more balanced and reciprocal conditions governing the economic relationship.
- Finally, in order to maintain its prosperity, values and social model over the long term, there are areas where the EU itself needs to adapt to changing economic realities and strengthen its own domestic policies and industrial base.

The Commission and the High Representative invite the European Council to endorse the following actions:

1. The EU will **strengthen the EU's cooperation with China** to meet common responsibilities across

all three pillars of the United Nations, Human Rights, Peace and Security, and Development.

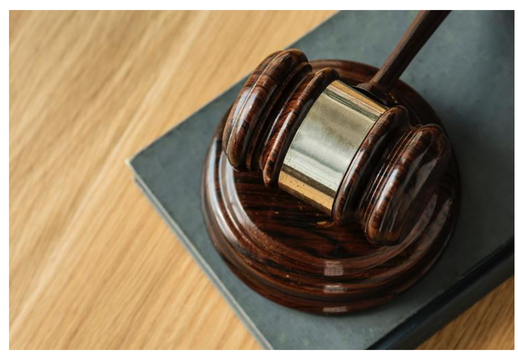
2. In order to fight climate change more effectively, the EU calls on China to peak its emissions before 2030, in line with the goals of the Paris Agreement.
3. The EU will deepen engagement on peace and security, building on the positive cooperation on the Joint Comprehensive Plan of Action for Iran.
4. To preserve its interest in stability, sustainable economic development and good governance in partner countries, the EU will apply more robustly the existing bilateral agreements and financial instruments, and work with China to follow the same principles through the implementation of the EU Strategy on Connecting Europe and Asia.
5. In order to achieve a more balanced and reciprocal economic relationship, the EU calls on China to deliver on existing joint EU-China commitments. This includes reforming the World Trade Organization, in particular on subsidies and forced technology transfers, and **concluding bilateral agreements on investment by 2020**, on geographical indications swiftly, and on aviation safety in the coming weeks.
6. To promote reciprocity and open up procurement opportunities in China, the European Parliament and the Council should adopt the International Procurement Instrument before the end of 2019.
7. To ensure that not only price but also high levels of labor and environmental standards are taken into account, the Commission will publish guidance by mid-2019 on the participation of foreign bidders and goods in the EU procurement market. The Commission, together with Member States, will conduct an overview of the implementation of the current framework to identify gaps before the end of 2019.
8. To fully **address the distortive effects of foreign state ownership and state financing** in the internal market, the Commission will identify before the end of 2019 how to fill existing gaps in EU law.
9. To safeguard against potential serious security implications for critical digital infrastructure, a **common EU approach to the security of 5G networks** is needed. To kickstart this, the European Commission will issue a Recommendation following the European Council.
10. To detect and raise awareness of security risks posed by foreign investment in critical assets, technologies and infrastructure, Member States should ensure the swift, full and effective implementation of the Regulation on screening of foreign direct investment.

The Joint Communication will be presented to the European Council on 21-22 March. The next EU-China Summit is scheduled for April 9, the EU Commission communicated in its press release. This week, Chinese Foreign Minister Wang Yi will attend the ninth China-European Union High-Level Strategic Dialogue in Brussels and President Xi Jinping will visit Italy and France.

A Spokesman for **the China Mission to the EU said**: “It is our hope that the EU could view China’s development and fresh efforts to promote reform and opening up in an objective, reasonable and fair light, and join forces with China for a sustained, healthy and steady growth of China-EU relations.”

FOREIGN INVESTMENT

European Chamber signals it has some issues with new Foreign Investment Law (FIL)



The European Union Chamber of Commerce in China (European Chamber) has distributed a press release detailing its stance on the new Foreign Investment Law (FIL) which was approved by the National People's Congress (NPC) on March 15, 2019 and will enter into force on January 1, 2020. Following is the European Chamber's Press Release:

The final version of the Foreign Investment Law (FIL) took into account some of the European Union Chamber of Commerce in China’s (European Chamber’s) comments (recommendations for changes to articles 4, 9, 16, 23, 24 and 26), indicating that although there were irregularities with the review and consultation periods, feedback has at least been given a degree of consideration.

However, **it is concerning that Article 40** was kept in the final draft. This is of particular concern to the European business community, as this clause **allows for political issues to influence investor-state relations**, and gives China power to take unilateral action against trading and investment partners based on a principle of perceived negative reciprocity. Its vague wording further adds to the legal uncertainty that the law creates for foreign companies. Conflicts and disagreements should be handled through established multilateral institutions like the WTO, or under the conditions of previously arranged agreements between China and any specific partner, and not through unilateral retaliatory measures.

The Chamber also maintains its original stance that **there should be no legal distinction between foreign and local companies**, unless it is to provide exceptions for legitimate reasons such as specific national security concerns. At the same time, it recognizes that the FIL plays an important role in formalizing the legal foundation for the shift from the old foreign investment catalogue to the new-market access system based on a negative list, which is hoped will provide increased certainty for European businesses.

Although many of the policy goals highlighted in the FIL appear in other pieces of legislation and have been mentioned in formal speeches, raising them to the level of a law is a positive development, as it increases the chances that they will become a reality. Full implementation of the law will now require both extensive follow-through from the administrative authorities at all levels of government, and full support of the legal system in cases where protections found within the FIL are not respected.

“More than anything else, foreign companies want equal treatment and opportunities,” said Mats Harborn, president of the European Union Chamber of Commerce in China. “While not all of our concerns were addressed in this law, it is time to move forward. We will closely monitor the FIL’s implementation to ensure that it is fully respected at all levels of government and in all corners of this country.”

CHINA NEWS ROUND-UP

Trump-Xi meeting to solve the trade disputed might be postponed till June

A summit meeting between the Chinese and U.S. Presidents Xi and Trump, which was originally reported to be held by the end of March at Trump's Mar-a-Lago resort in Florida, **might be postponed till June** according to the latest reports, thereby also postponing a solution to the trade dispute. Both Presidents are expected to attend the G20 Summit in Osaka, Japan, in June. President Trump expects news – positive or otherwise – in three to four weeks. “We’ll have news on China. Probably one way or the other, we’re going to know over the next three to four weeks,” Trump said during a St. Patrick’s Day reception in the White House’s East Room.

Chinese Premier Li Keqiang remained optimistic however, telling Chinese and foreign journalists at his yearly press conference that consultations between the two nations on economic and trade issues are still underway, and that he hoped the talks would deliver “good outcomes” and bring mutual benefits. “I believe this is also what the whole world would like to see,” he added. While dealing with China-U.S. trade frictions, the country will not take advantage of any third party nor target their interests, Li said, addressing whether Sino-U.S. trade talks would influence talks with the European Union. Premier Li also said economic decoupling from the United States was “not realistic”.

Chinese news agency Xinhua said **“concrete progress” had been made on the text of a trade agreement** following a phone conversation between Vice Premier Liu He and U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin. **One of the main stumbling blocks** to an agreement seems to be the insistence of U.S. negotiators to include **an enforcement mechanism**, allowing the U.S. to impose unilateral sanctions on China if it judged that China did not implement the agreement to its satisfaction. China argued that enforcement must be “two-way, fair and equal”.

Gary Cohn, the former Director of President Donald Trump’s National Economic Council, said the United States was “desperate right now” for a trade pact with China. “The President needs a win,” Cohn said. His comments stand in contrast to statements from Trump that he is in no rush for an agreement and is prepared to walk away from negotiations if the deal is not “right”. “I’m not in a rush whatsoever,” Trump told reporters at the White House.

Huawei pleads not guilty to accusation of defrauding U.S. banks

Huawei pleaded not guilty last week to a 13-count indictment that alleged it defrauded U.S. banks by concealing business dealings with Iran in violation of U.S.

sanctions. James Cole, a U.S. lawyer for Huawei, entered the plea on behalf of the company and its U.S. subsidiary, Huawei Device USA Inc, at an arraignment in the U.S. District Court in Brooklyn, New York, according to U.S. Attorney's Office Spokesman John Marzulli. The plea launched the effort to defend Huawei against charges of bank and wire fraud. The company, based in Shenzhen, Guangdong province, and its U.S. unit also are accused of defrauding HSBC and other banks by misrepresenting Huawei's relationship with the suspected front company, Skycom Tech, in Iran.

A federal grand jury in Brooklyn charged Huawei and its CFO Meng Wanzhou with money laundering, bank fraud, wire fraud and conspiracy. Huawei was also charged with conspiracy to obstruct justice. A separate indictment from Washington state accused Huawei, Skycom and Meng of stealing trade secrets from T-Mobile. The next hearing is scheduled for April 4. Huawei has countersued the U.S. government claiming it overstepped its bounds when it banned the use of Huawei's equipment by government agencies.

Huawei already strongly denied that it would use its equipment to spy on foreign governments and companies for the Chinese government. Huawei Founder Ren Zhengfei repeatedly said in interviews that he would "definitely" refuse any requests by the Chinese government to hand over user data. Chinese Premier Li Keqiang briefly touched on the subject of spying during his annual press conference. "Let me tell you explicitly that this is not consistent with Chinese law. This is not how China behaves," Li said. The U.S. government is still pushing other governments to join it in banning the use of Huawei's equipment in their 5G networks due to security concerns. U.S. Secretary of State Mike Pompeo warned European countries in February that using Huawei's equipment could hurt their ties with Washington.
British universities with links to Huawei have become concerned that the controversy surrounding the company could negatively affect the image and research of their institutions. Staff from King's College London, Queen Mary University of London, the University of Manchester, and Imperial College London have avoided contact with Huawei, the South China Morning Post reports. Oxford University in January became the first British tertiary institution to ban new grants or donations from Huawei based on "public concerns" related to national security. Recently, top U.S. universities such as Princeton and Stanford have rejected research funding from Huawei amid growing pressure from the government. A staff member of King's College London said: "Some of you have asked are we still allowed to receive funding from Huawei. I have asked for guidance. My guess is: today it's OK, but tomorrow?".

Meanwhile, Huawei said it **received the world's first 5G CE certificate for its Mate X model from** German third-party independent certification and inspection group **TüV Rheinland**. Such certification is a requirement of the EU prior to importing and selling products on the European market. Huawei Mate X is the world's fastest foldable 5G smartphone released by the Chinese company on February 24 ahead of the Mobile World Congress 2019 in Barcelona, Spain.

China handled 41.8% more intellectual property cases in 2018 – a key area of tension in relations with U.S.

Zhou Qiang, President of the Supreme People's Court, said Chinese courts handled more intellectual property rights cases last year – a key area of tension in trade relations between Washington and Beijing. In his report to the National People's Congress (NPC) session, he said that **288,000 first instance IP-related cases had been concluded in 2018 – up 41.8% from a year ago**. It was the second consecutive year the number of IPR cases processed by the courts went up by more than 40%. In 2017, Chinese courts handled 213,480 such cases – a rise of 40.4% from the previous year.

In a separate report, Zhang Jun, Procurator General of the Supreme People's Procuratorate, highlighted the number of IPR-related prosecutions. He said that 8,325 people had been prosecuted in 2018 for acts including infringement of patent and trademark rights and trade secrets – a rise of 16.3% from the previous year. The jump in the number of cases indicated a greater awareness of protecting intellectual property rights, according to Fang Jianwei, Partner with Zhong Lun Law Firm in Beijing. China first established specialized IP courts in Beijing, Guangzhou and Shanghai in 2014. Last year, a new IP tribunal was set up at the Supreme Court to handle appeals relating to civil and administrative IP issues such as trademarks, patents, trade secrets and unfair competition.

SPC President Zhou Qiang added that there were **plans to open 19 more IP courts**, adding that 15,000 civil and commercial IP first instance cases involving foreign parties had been handled last year. Shen Changyu, Director of the National Intellectual Property Administration, said a number of IPR protection centers would be opened to provide the public with a more convenient, efficient and lower-cost channel to protect their rights. Asked if intellectual property had to be included in a trade deal, Trump said: “Yes, it does”, the South China Morning Post reports.

Many Chinese private companies defer paying their bills

Record numbers of Chinese firms are defaulting on their bonds, while also taking longer than ever to pay their suppliers, says trade credit insurer **Coface**. A majority of companies expect lower growth this year, up from a third last year, as the private sector bears the weight of China’s economic slowdown. One example is Chuying Agro-Pastoral Group, a pig breeder in Henan province, which defaulted on a bond of CNY1.5 billion last year. It then made headlines in China in November when it offered to repay holders of debt it had defaulted on with ham or pork products. To compound matters, large numbers of its livestock starved to death, with the company not having the money to feed them. The company’s situation is emblematic of an awful year all round for China’s private sector, which felt the brunt of a government drive towards deleveraging. External factors, such as the U.S.-China trade war, are also causing trouble.

As China’s economic growth slowed to 6.6% last year, its corporate bond defaults quadrupled in value to USD16 billion, with the total number of bond defaults tripling to 119. Meanwhile, fewer companies are being paid on time, with **40% reporting that they have recorded an increase in payment delays, up from 29% in 2018**, Coface’s study showed. In total, 62% of Chinese companies experienced payment delays in 2018. Over the course of a year, the average time it took for Chinese companies to receive payment rose by 10 days to 86 days. More worryingly, according to Coface, is that just over half of companies are now waiting longer than six months for payments worth over 2% of their total turnover. “According to Coface’s experience, 80% of ultra-long payment delays are never paid. When these constitute more than 2% of annual turnover, a company’s cash flow may be at risk,” the report said.

Aside from construction, the car industry is the sector which has one of the worst payment cycles, according to Coface. Companies in these industries take the longest to be paid (106 days and 105 days, respectively) and are also heavily exposed to the downturns in investment and consumption in China. These are also the two sectors with the most “ultra-long” payment delays – with 28% of payments in the construction sector and 27% of car industry payments outstanding for longer than 180 days and unlikely to ever be paid. The bond defaults and delayed payment periods do not exist in isolation, said Carlos Casanova, Asia-Pacific Economist at Coface. “A combination of tighter liquidity and elevated bond maturities led to a large number of respondents stating that they were experiencing payment delays due to their customers’ lack of financial resources,” he said. “Tighter liquidity was further exacerbated by the government deleveraging campaign and curbs on the shadow banking sector in the first half of 2018.” For the first time in the 16-year history of the Coface survey, a majority of Chinese companies (59%) expect lower growth this year, up from a third last year, the South China Morning Post reports.

But in the past few years, court rulings ordering borrowers to repay loans, have been better enforced. Since March 2016, CNY4.4 trillion owed by defaulters has been repaid. Defaulters’ names – including those of companies’ legal representatives – have been added to a publicly accessible online blacklist which restricts their consumption of goods and services, according to the China Daily. In the past three years, defaulters on the list have been blocked from taking 19.41 million flights and 5.61 million rail trips.

SAIC Motor Chairman asks for continuation of new energy vehicle subsidies

The market share of new-energy cars in China could go into “free fall” after 2020 if the government cancels all subsidies, Chen Hong, SAIC Motor’s Chairman said. In 2018, the number of new-energy cars sold in China surpassed 1.2 million. However, Chen said, the sales are still largely policy-driven. The Chinese government has been reducing its subsidies to consumers of new-energy cars, and plans to cancel all subsidies after 2020. “The cost of batteries and the manufacturing of new-energy cars will go down with technical progress, but we estimate that by 2020 the cost of those cars will still be higher than traditional cars,” Chen said. “The cancellation of subsidies could reduce the market share of new-energy cars in China by about 40%.” Chen suggested that the government keep incentives for both manufacturers and consumers, especially tax cuts for consumers.

Chen said OECD statistics from 2014 showed that taxes for buying and keeping cars in China accounted for 40.5% of all taxes related to vehicles in China, while the percentage in the U.S., Japan, the UK and Germany was 35.3%, 33.9%, 25.2% and 16.7%, respectively. “The high tax burden in buying and keeping cars suppresses consumption, and in most developed countries, fuel consumption takes up a greater portion of taxes," Chen said. Also, in China, excise, vehicle and vessel taxes are classified solely on engine displacement and do not take emissions into account. Chen suggested that those taxes should be counted on the basis of emissions so as to encourage the use of more environment-friendly cars. The government could also consider cutting income taxes for people who purchase new-energy cars as such a measure has yielded positive results in the U.S., he said. For manufacturers, Chen suggested that the government cut value-added tax (VAT) on the new-energy car industry from 16% to under 10%, following the leads of Norway, Iceland and Austria, the Shanghai Daily reports.

Shanghai ranked as fifth most important financial center in the world

Shanghai has been ranked as one of the top five financial centers in the world after it overtook Tokyo to move into fifth place, according to the latest edition of the **Global Financial Centers Index, co-published by the China Development Institute in Shenzhen and Z/Yen Partners**, a London-based market research company. Not for the first time, New York took first place in the index, 7 points ahead of London. Hong Kong was only 4 points behind London in third, and Singapore remained in fourth place. Toronto rose 27 points and gained four places to seventh. Zurich, Beijing and Frankfurt remained in the top 10, the findings showed. Among the top five centers, gaps are now being narrowed between runners-up and leaders. For example, Shanghai was 193 points behind the leader when the index was published for the first time in 2007, but now it is just 17 points behind.

A total of nine Chinese cities were on the list this time, as a number of second-tier cities such as Chengdu in Sichuan province and Dalian in Liaoning province are rising in importance. The financial center list has grown from 100 to 102 this year and the latest result showed a continued shift to the Asia-Pacific, as the top eight places in the region are now in the top 15 in the whole index.

Local government officials said Shanghai has made great headway in serving the country's financial reforms, and the city has further consolidated its position as a financial center. Nine of the world's 10 biggest asset managers opened offices in the city's Lujiazui financial area, and 51 internationally renowned asset management companies set up 69 wholly foreign-owned firms in Shanghai in 2018.

Next, the city will strive to enhance the degree of its financial internationalization and its global influence, attract more overseas investors to participate in its financial market, further optimize its business climate for the financial sector, and improve its capabilities for financial supervision and risk prevention, the Shanghai Daily reports.

Chinese economy remained stable, National Bureau of Statistics announced

China's economy remained stable in the first two months of the year, with economic data showing resilience and progress, the National Bureau of Statistics (NBS) announced, as it unveiled economic indicators for the January-February period, showing a pickup in investment, stable consumer spending and optimized industrial structure. Industrial output grew 5.3% year-on-year in the first two months, with fast growth in emerging industries and new products. The growth narrowed from a 5.7% expansion in December, the Bureau said, citing the Spring Festival as a major factor for the slowdown. It is estimated that industrial production would have grown 6.1% year-on-year in the first two months if distortions from the Spring Festival were excluded.

Fixed-asset investment (FAI) grew 6.1% year-on-year in the first two months of 2019, 0.2 percentage points higher than in 2018. Domestic demand maintained steady growth, said NBS Spokesman Mao Shengyong. Retail sales of consumer goods rose 8.2%, flat with the December figure. Consumption in rural areas climbed 9.1%, outpacing a rise of 8% in urban regions. Mao said data showed some bright spots in the Chinese economy, including rising domestic demand, optimized industrial structure, stable employment and consumer prices, and positive market expectation. Online retail sales maintained robust growth, up 13.6%. China's consumer confidence index rose 2.3 points to 126 in February from January, pointing to a positive outlook.

Production in strategic emerging industries maintained fast expansion, with its output increasing by 10.1%. The output of new-energy vehicles (NEVs) saw a surge of 53.3% year-on-year during the period, while solar cell production rose by 13.5%. Investment in high-tech industries and industrial technology improvement jumped 8.6% and 19.5% year-on-year, both faster than the overall growth of fixed-asset investment. The service output index rose 7.3% year-on-year, flat from December. Property investment jumped 11.6% in the first two months, faster than the 9.5% expansion recorded in 2018. Total property investment amounted to CNY1.2 trillion, with 72.1% used in residential buildings, the Shanghai Daily reports.

Exports in February dropped by 16.6% to CNY922.76 billion, while imports showed a slight decrease of 0.3% to CNY888.3 billion. “Slower growth was mainly caused by business disruptions during the Spring Festival holiday and the lack of clear signals in the trade dispute with the United States,” said Wang Xiaosong, Researcher with the National Academy of Development and Strategy at Renmin University of China. If the Spring Festival is excluded, trade volume in February climbed 10.2% year-on-year, according to customs data. With a total value of CNY1.42 trillion, mechanical and electrical products including machine tools, cranes and construction machinery expanded to 58.3% of China’s total exports in the first two months, while the nation’s exports of labor-intensive products such as furniture, garments and plastic goods dropped 3.9% year-on-year to CNY467.14 billion. The EU and ASEAN accounted for 16.2% and 12.8% of China’s total foreign trade volume in the first two months, both higher than the 11.6% with the U.S., the China Daily adds.

China takes the lead in banning the Boeing 737 Max-8

In an unprecedented step, **China ordered its airlines to ground all Boeing 737 Max-8 aircraft following the recent crash in Ethiopia** in which 8 Chinese citizens died.The total dead toll reached 157. Following China's lead, many other countries, also including the EU, closed their airspace to the aircraft, leaving the U.S. no other choice than to follow suit. Chinese airlines operate 96 Boeing 737 Max-8 aircraft, more than a quarter of the total in operation worldwide.

“Considering the two accidents took place when newly delivered Boeing 737 Max 8s went down just minutes after taking off, they have some degree of similarity,” the Civil Aviation Administration of China (CAAC) said in a statement. Based on its **management principle of zero-tolerance for safety hazards**, the administration grounded all Chinese Boeing 737 Max-8 jets. “We’ve been communicating with the FAA and Boeing since the Lion Air crash last year, but they could hardly decide to ground the planes, so we took the lead in making the decision,” said Li Jian, Deputy Director of the Civil Aviation Administration of China (CAAC). “Many of China’s safety standards and management measures are stricter than in most other countries,” said Wang You, Chairman of Spring Airlines.

Li Xiaojin, Professor of Aviation Economics at the Civil Aviation University in Tianjin, said it is reasonable and justified for regulators to ground the jets. “The total of 96 Boeing 737 Max-8s only accounts for less than 3% of the domestic fleet. Airlines can use other aircraft, so it will not have too much effect on passenger travel,” he said.

FCCC FOUNDING MEMBERS

FCCC STRUCTURAL PARTNERS

IN COOPERATION WITH

EU-China Business Association
欧盟中国贸易协会

Your banner at the FCCC website or newsletter

Companies interested in posting a banner/an advertisement on the FCCC website, FCCC weekly newsletter or bi-weekly sectoral newsletters are kindly invited to contact the FCCC at: info@flanders-china.be

Organisation and founding members of the Flanders-China Chamber of Commerce

Chairman: Mr. Stefaan Vanhooren, President Agfa Graphics, Member of the Executive Committee of the Agfa Gevaert Group, NV THE AGFA-GEVAERT GROUP SA
Vice-Chairmen:
Mr. Bart De Smet, Chief Executive Officer, NV AGEAS SA
Mr. Philippe Van der Donckt, Director Government Affairs Asia, NV UMICORE SA
Secretary and Treasurer: Wim Eraly, Senior General Manager, NV KBC Bank SA
Executive Director: Ms. Gwenn Sonck
Members of the Board of Directors and Founding Members:

Mr. Stefaan Vanhooren, President Agfa Graphics, Member of the Executive Committee of the Agfa Gevaert Group, NV THE AGFA-GEVAERT GROUP SA
Mr. Christian Leysen, Executive Chairman, NV AHLERS SA
Mr. Filip Pintelon, Senior Vice President, GM Healthcare, NV BARCO SA
Mr. Philip Eyskens, Senior Vice President Legal, IT and M&A, NV BEKAERT SA
Mr. Philip Hermans, General Manager, NV DEME SA
Mr. Bart De Smet, Chief Executive Officer, NV AGEAS SA
Mr. Wim Eraly, Senior General Manager, KBC Bank SA
Mr. Johan Verstraete, Vice-President Marketing, Sales & Services Weaving Solutions, NV PICANOL SA
Mr. Philippe Van der Donckt, Director Government Affairs Asia, NV UMICORE SA

Membership rates for 2019 (excl. VAT)

- SMEs: €405 (€490.05 incl. VAT)
- Large enterprises: €1,025 (€1,240.25 incl. VAT)

Contact

Flanders-China Chamber of Commerce
Office: Ajuinlei 1, B-9000 Gent – Belgium
New telephone and fax numbers: Tel.: +32/9/269.52.46 – Fax: ++32/9/269.52.99
E-mail: info@flanders-china.be
Website: www.flanders-china.be

Share your story

To send your input for publication in a future newsletter mail to: info@flanders-china.be

The FCCC Newsletters are edited by Michel Lens, who is based in Beijing and can be contacted by e-mail michel.jc.lens@gmail.com . Disclaimer: the views expressed in this newsletter are not necessarily those of the FCCC or its Board of Directors.