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# Insight Into a Changing Tianjin

# BUSINESS JOURNAL TIANJIN

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## Business Tianjin - July 2009



[www.businesstianjin.com](http://www.businesstianjin.com)

**MANAGING DIRECTOR:** J. Hernan

**MANAGING EDITOR:** Jamie Michael Kern

**SENIOR EDITOR:** Wang Na

**EDITOR:** Zhao Jing

**CONTRIBUTORS:** Joe Escobedo, Joel Villarama, Regina Gonçalves, Mansi Sethi, Simon Bai, David Kwon, Med Chottepanda, Diego D'Alma, Liang Deng, Michael Hart, Stefanie Zou

**GRAPHIC DESIGN:** Li Kechao

**SALES & ADVERTISING:** Zhang Danni

**PHOTOGRAPHER:** W. Jian, Mathias Kattaneck

**DISTRIBUTION:** Li Zheng

**ADVERTISING:** InterMediaChina

**PUBLISHING DATE:** July 2009

**Business Tianjin** is FREE  
ONLY for Members

**TEL:** +86 22 2576 0956

**For extra copies please contact:**  
[distribution@businesstianjin.com](mailto:distribution@businesstianjin.com)

**For editorial enquiries please contact:**  
[editor@businesstianjin.com](mailto:editor@businesstianjin.com)

**For advertising enquiries please contact:**  
[sales@businesstianjin.com](mailto:sales@businesstianjin.com)

**For projects and suggestions please contact:**  
[gm@businesstianjin.com](mailto:gm@businesstianjin.com)

## Dear Reader,

Responsibilities outlined in the Kyoto Protocol will soon come to an end. This year's talks on climate change have hopes of establishing a new agreement, one to which China will be pressured to abide. Such an acceptance of emission limitation would greatly impact the local manufacturing and logistics hub that is Tianjin.

This issue of *Business Tianjin* is packed full of these latest economic and environmental developments. Our features and policy review for the month of July discuss China's plans, goals and responsibilities regarding energy conservation and emissions reduction. The takeaway message is that the groundwork on sustainable growth has been laid; action must follow.

Fortunately, over the past few years, local and multinational companies, city governments and nations as a whole have increasingly begun to realize that their long-term effect on the natural environment directly correlates to their long-term economic success or failure. Clean-burning countries benefit from selling/trading carbon credits, city governments receive preferential national funding for enticing clean enterprises, and that bonus is passed along to those businesses in the form of tax incentives. The Tianjin government is fortunate enough to be a part of this positive feedback loop, boasting such projects as the Sino-Singaporean Eco-City.

As the 2009 climate negotiations near, we at *Business Tianjin* will keep you informed of the latest developments in clean industry, and how changing policy will shape the future of the city.

As always, we welcome your input and inquiries. If you are interested in contributing to a future issue of *Business Tianjin*, or just have questions or comments on an article, please don't hesitate to reach out to us at the contacts on this page.

Sincerely,

**Jamie Michael Kern**

**Managing Editor – Business Tianjin**



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**TIANJIN NEWS**

**Toyota New Crown to be China-made in late 2009**



FAW Toyota has revealed that the luxury New Crown sedan of Toyota Motor will come into mass-production at the joint venture's new plant in Tianjin by the end of this year. The China-made New Crown will compete with Audi and BMW luxury sedans in the local market. The Chinese version of New Crown will have a longer wheelbase to meet the needs of China's consumers. In addition to the stretched wheelbase, the all-new Crown model is 30mm longer and 15mm wider than its predecessor, and it is more streamlined. According to Toyota Motor (China) Investment, the capacity of Tianjin FAW Toyota's No.2 plant, where Crown and Reiz sedans are built, will be expanded to 150,000 units in late 2009 from the current 100,000 units.

*Alibaba News, 1 June*

**Bohai Bank eyeing IPO**



China Bohai Bank, in which Tianjin TEDA Investment Holding takes a 25% stake, announced the formal operation of a branch in Shanghai on 25 May. It is the 8th branch the Chinese commercial lender opened across the country. It plans to establish five or six more

this year and lift the total number of its branches nationwide to 20 next year, said bank chairman Liu Baofeng. *Trading Markets, 26 May*

**AirAsia discounts tickets**



AirAsia released special discount air tickets to celebrate the 35th anniversary of China-Malaysia diplomatic ties, shortly after Malaysian Prime Minister Najib Tun Razak conducted his 1st official visit to China on 2 June. The discount covers all the lines offered by AirAsia between Malaysia and China, including a 198 CNY fare from Kuala Lumpur to Guangzhou, Shenzhen, Guilin or Haikou; 268 CNY from Kuala Lumpur to Tianjin; and 438 CNY from Kuala Lumpur to Hangzhou. The online offer ended on 7 June 2009, for a travel period between 15 June and 13 September 2009.

*3 June*

**Thai Agricultural Products Caravan held in Holiday Inn Tianjin Riverside**

Thai Agricultural Products Caravan in China 2009 was held by the Thai Central Department of Commerce on 5 June at Holiday Inn Tianjin Riverside. A hundred and seventy Chinese and Thai Entrepreneurs and government officials attended the event, which lasted from 6 to 21 June in Tianjin supermarkets. According to officials, Tianjin was chosen as the first caravan stop due to its prime location as the largest port city in Northern China. More than 10 kinds of imported Thai fruits and several beverages were tasted and exhibited at the caravan, which will be rolling into other cities like Beijing, Xi'an, Dalian, and Shenyang soon.

*8 June*

**Tianjin to invest billions building eco-port**



Tianjin Port has introduced an eco-port construction at Dongjiang Free Trade Port Zone. According to the plan, Tianjin Port will set up 34 key projects that emphasize construction of a specialized wharf, renewable energy applications, curbing environmental pollution, ecological environment construction, building environmental management capacity and other infrastructure construction, absorbing a total investment of 11.46 billion CNY.

*People's Daily Online, 9 June*

**Tianjin Airlines' first flight**



Fourth largest domestic airway Hainan Airlines Group (HNA) established Tianjin Airlines and held the opening ceremony at Crowne Plaza Tianjin Binhai. GM, Joseph Zitnik, greeted the Chairman of Hannan Airline Mr. Chen Feng at the Opening Ceremony on 8 June. The first flight of newly-established Tianjin Airlines took off on 10 June, marking the start of 20 daily flights. The plane, an E190, departed at 8:10AM for Guiyang of southwestern Guizhou Province en route to Xi'an in Shaanxi Province. Nine other domestic round trips – including Hohhot, Taiyuan, Qingdao and Dalian – also began on 10 June from Tianjin. According to a

spokesman with the airlines, two other routes, one to Weihai, a coastal city of eastern Shandong Province, and one to Nanchang, capital of Jiangxi Province, via Zhengzhou, are also planned, though no start date was given.

*Xinhua, 10 June*

### GreenChek plant retrofit

GreenChek Technologies, a San Francisco, California-based provider of hydrogen fuel cell technology for commercial transportation and stationary power generation applications, announced that its plant in Tianjin has been retrofitted. It will handle the production of GreenChek's ERD 2.0 machine, and emission reducing device that can be retrofitted to any vehicle regardless of fuel source. The company expects that its Tianjin Sherma plant's capacity of 1050 units per month will be adequate based on anticipated orders from Europe and the UK. The 4000sqft facility will accommodate the increased demand for emission reduction devices.

*Industry Week, 10 June*

### Hotel Nikko Tianjin: Japanese restaurant re-branding celebration



The Japanese restaurant in Hotel Nikko Tianjin reopened as BENKAY JAPANESE DINING on 1 June 2009. Named after a historical warrior, Benkay underwent a brief refurbishment, enlarging the dining hall area and being equipped with a brand new Sushi Counter (formally Fried Skewer Counter). Benkay Japanese Dining, located on the 5th floor of Hotel Nikko Tianjin, offers the best and freshest delicacies as well as seasonal items direct from

Japan. It has 3 teppanyaki rooms, a sushi bar and 4 private rooms, including 2 tatami rooms. A special Sushi Promotion has been introduced for the months of June and July which entitles diners to endless delicious sushi.

*15 June*

### Love Begins With Me • Charity Carnival @ Somerset Youyi

Recently, a Charity Carnival organized by Somerset Serviced Residence at Somerset Youyi (Youyi Road) attracted close to two hundred companies and corporations. All proceedings from the event will go to the

needy children of Red Cross (Tianjin Branch). Somerset Serviced Residence is part of The Ascott Group. The venue, Somerset Youyi, is their second serviced residence in Tianjin after Somerset Olympic Tower. As part of its Corporate Social Responsibility programme, Somerset Serviced Residence organized this event aiming to create awareness and further assist children in need.

*30 May*

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**FINANCE**

**Haier to take 20% in Fisher & Paykel**



New Zealand's Fisher & Paykel Appliances said on 27 May that Chinese appliance and electronics giant Haier will take a 20% stake in the company. The New Zealand white goods manufacturer has been trying to restructure its debt, which ballooned to 323.5 million USD as it shifted manufacturing to cheaper countries such as Thailand and Mexico, and as the lower New Zealand dollar swelled its foreign debt. The Chinese company, which employs 60,000 worldwide, would invest between 80 million and 82 million USD in the company for its stake, Fisher & Paykel said.

*AFP, 27 May*

**Asia Steel-China prices edge up in 5th weekly gain**

Chinese spot steel prices edged up this week for the 5th time in a row as traders continued restocking amid rising prospects of firmer prices after an iron ore deal struck by Asian mills and Rio Tinto as the result of protracted talks. Prices of China's benchmark hot-rolled coil rose 0.6% to 3,465 CNY (507.5 USD) a tonne, versus 3,443 CNY quoted last week, gaining around 10% from a 5-month low hit in late April. "Steel inventories held by traders now appear to have returned to normal levels and restocking activity is propping up prices," said a Chinese steel trader.

*Reuters, 28 May*

**Manufacturing grows**



China's manufacturing expanded for a 3rd month, adding to evidence that the world's third-largest economy is recovering from its deepest slump in almost a decade. The official Purchasing Manager's Index was at a seasonally adjusted 53.1 in May after registering 53.5 in April, the Federation of Logistics and Purchasing said on 1 June. A reading above 50 indicates an expansion. Loan growth, accelerating fixed-asset investment and rising retail sales have spurred confidence that Premier Wen Jiabao's 4 trillion CNY (586 billion USD) stimulus package is reviving the economy after exports collapsed. Chinese stocks rose by the most in almost a month and Australia's dollar traded near an eight-month high on optimism China's demand for commodities will rise.

*Bloomberg, 1 June*

**Geithner urges more flexible exchange rate**

US Treasury Secretary Timothy Geithner, in a speech on 1 June, touched on a contentious subject, urging China to move toward a more flexible exchange-rate regime. "Greater exchange-rate flexibility will... encourage resource shifts to support domestic demand, and provide greater ability for monetary policy to achieve sustained growth with low inflation in the future," Mr. Geithner said in a speech at Peking University. Allowing the CNY to rise would be an important sign that China is serious about boosting domestic demand, econ-

omists say. A stronger currency could hurt China's exporters but would also raise its buying power in international markets, encouraging imports.

*The Wall Street Journal, 2 June*

**GM to sell Hummer to Tengzhong**



General Motors, seeking to shed assets to emerge from bankruptcy, agreed to sell the Hummer sport-utility vehicle brand to China's Sichuan Tengzhong Heavy Industrial Machinery. Tengzhong will assume Hummer's dealer agreements and a senior management team, the companies said on 3 June. GM and Tengzhong also plan to form a long-term contract assembly and supply agreement. Hummer is worth an estimated 500 million USD, GM said. Selling Hummer will secure more than 3,000 US jobs and help GM move toward a goal of offloading four US brands to exit bankruptcy as a leaner, more profitable company. The deal may also help Tengzhong grow in China's SUV market, which surged 25% last year on rising affluence.

*Bloomberg, 3 June*

**China fund, Mitsubishi group buying big Morgan Stanley stakes**

Morgan Stanley said on 2 June it is selling Japanese banking giant Mitsubishi UFJ Financial Group and Chinese sovereign wealth fund China Investment some 60 million shares in a newly announced public offering meant to raise money for repaying funds to the US government. The US banking group priced the offering at 27.44 USD a share, a discount against its US closing price of 30.09 USD on 2 June. Shares in Morgan Stanley later slipped to 29.85 USD in af-



ter-hours trading. MUFG confirmed the deal on 3 June, saying it will buy about 16 million of the common shares on offer for about 440 million USD. Meanwhile, China Investment has agreed to buy 44.7 million shares of the US bank.

*MarketWatch, 3 June*

### Bain Capital to pay 300m USD for Gome stake



Bain Capital LLC agreed to buy about 16% of Gome Electrical Appliances Holdings, China's second-largest electronics retailer, for about 300 million

USD. Bain Capital plans to acquire about 200 million USD of seven-year convertible bonds issued by Gome and buy part of a 230 million USD stock offer by the company, said sources asking not to be identified because the talks are confidential. The deal marks Bain Capital's biggest acquisition in China. "The key for Gome is support from suppliers, which is more likely with Bain" buying a stake, Keith Li, a consumer analyst at CIMB-GK Securities (HK) Ltd., said on 8 June. *Bloomberg, 8 June*

### Malaysia, China consider ending trade in USD

Malaysia's prime minister said China and his country are considering conducting their trade in CNY and Malaysian ringgit. "We can consider whether we can use local currencies to facilitate trade financing between our two countries," Malaysian Prime

Minister Najib Abdul Razak said on 3 June. "What worries us is that the [US] deficit is being financed by printing more money," Mr. Najib said. China has been promoting the idea of replacing the USD as the global currency, suggesting that a basket of currencies less linked to the fate of one economy would make more sense. It also has been talking about using the CNY for trade settlements, starting gradually in the region and then expanding farther abroad.

*The Wall Street Journal, 4 June*

### Iran, China sign 5b USD gas deal

Iran on 3 June signed a gas deal worth around five billion USD with China National Petroleum Corporation (CNPC) to develop a part of the giant South Pars gas field in the Gulf. The deal is "worth 4.7 billion USD and the aim of implementation

# Freelance Writers Needed



- English speaker with experience in reporting and editing
- Basic knowledge of Chinese language and culture are a plus

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of this project is to produce 50 million cubic metres (1.76 billion cubic feet) a day of natural gas and other products," said National Iranian Oil Company (NIOC) managing director Seyfollah Jashnsaz.

*AFP, 4 June*

### China Auto sales soar

China's policies to support its auto market drove sales up 34% in May, according to data issued on 9 June by a semi-official industry group. Auto sales last month totaled 1.12 million units, the China Association of Automobile Manufacturers said. In contrast, US car sales fell 34% in May to 925,824 units. "Based on the current momentum, [China] sales this year will easily reach 10 million units," said Global Insight analyst John Zeng. "For this year, there is no question about growth." China's auto sales in 2008 rose 6.7% to 9.38 million units. Sales in the first five months of this year rose 14% from a year earlier to 4.96 million units, according to the CAAM data, the first time in 2009 that China's y-o-y car sales growth has hit double-digit percentages.

*The Wall Street Journal, 10 June*

### Banks boost lending to SMEs

China's four biggest state banks have stepped up their lending to small and medium-sized enterprises (SMEs), with outstanding loans to SMEs reaching 6 trillion CNY (878 billion USD) by the end of May. China has repeatedly pressed lenders to support capital-deprived small enterprises, which play an important role in employment and are vulnerable in the economic downturn. Industrial and Commercial Bank of China, the country's biggest lender, extended 325.4 billion CNY of new loans to SMEs during the first five months of this year, or 61% of the total, bringing loans outstanding to such companies to 2.2 trillion CNY, said a report citing the bank's president Yang Kaisheng.

*Reuters, 8 June*

### CPI down 1.4% in May



China's consumer price index fell 1.4% in May from a year earlier, the National Bureau of Statistics said on 10 June. The CPI, the main indicator of inflation and deflation in the world's third-largest economy, was dragged down mainly by non-food items, the bureau said. The index fell by 0.9% in the first five months of the year compared with the same period last year. May's consumer price index was virtually unchanged from April, when it fell 1.5% from the same month a year earlier. The continued decline in consumer prices comes as China struggles with the most serious economic slowdown in nearly two decades.

*AFP, 10 June*

## LAW & POLICY

### Macao to ban indoor smoking in public places

Macao Special Administrative Region (SAR) will amend its smoking-control law, banning indoor smoking in all public places, said Lei Chin Ion, director of the SAR's Health Bureau, on 31 May. New measures such as fixed penalty and image of warning posted on cigarette package will also be adopted in the new law, said Lei on the sideline of a local "World No Tobacco Day" campaign. The SAR has increased the duty on cigarettes from 0.05 pataca (0.006 USD) to 0.2 pataca (0.025 USD) per stick, which is an increment of 300%. Statistics from the Bureau indicated that 17% of the local population are smokers.

*Xinhua, 31 May*

### Food safety law takes effect

Chinese authorities on 31 May pledged to use the new Food Safety Law as a platform to intensify monitoring and law enforcement. The law, approved by China's legislature three months ago, will go effective on 1 June to replace the current Food Hygiene Law. It aims to improve the efficiency of the food safety monitoring network through tougher standards, strict supervision, a recall system for substandard products and severe punishment of offenders. State departments of health, agriculture, quality supervision, industry and commerce administration, which shoulder different responsibilities, have made plans for the implementation of the law.

*Xinhua, 31 May*

### Discipline watchdog to ban cigarette purchase by public funds

China's discipline watchdog will start a joint campaign with the Chinese Association of Tobacco Control (CACT) to ban government officials from purchasing tobacco using public funds. Zhang Jing, a publicity officer with the CACT, said that the Communist Party of China Central Commission for Discipline Inspection (CCDI) proposed the campaign late May. "[CCDI] phoned us last week... they are taking very active interests in such a joint campaign," said Zhang who insisted that a specific timetable was not immediately available. Cigarettes are usually presented as gifts in China, but they have led to a number of government scandals in the past year.

*Xinhua, 4 June*

### New IPO rules

China's securities regulator said it aims to increase the quantity of shares available for trading as part of rules it launched on 10 June on new-share offerings. The rules follow a draft published on 22 May, in

which the China Securities Regulatory Commission sought market opinions and in doing so sparked analyst expectations that initial public offerings of stock would be allowed to resume in China. The regulator has imposed an unofficial moratorium on IPOs since September because of concerns that new supply could hurt existing shares. The stock-market regulator has said the revised rules are largely intended to boost the market's role in pricing new shares, for instance by narrowing the gap between the IPO price and the trading price on a stock's debut. New issues have typically soared on their debut, suggesting the IPO price was artificially low.

*The Wall Street Journal, 11 June*

## LOGISTICS

### Air China launches SMS check-in service

Air China has launched a new service that allows domestic passengers to check-in by text message on their mobile phones. The SMS check-in service will allow Air China's domestic passengers who have booked e-tickets on direct flights from Beijing – passengers on Tibetan routes and passengers who need special care excluded – to check in on their mobile phones anytime between 24 hours and 90 minutes before their scheduled take-off time. If passengers who purchase e-tickets on the Air China website choose that option then, within a specified time, they will receive a text message which contains a link to the Air China website. Clicking this link will

allow the passenger to sign up to the "check-in by mobile phone" service. *Asia Travel Tips, 3 June*

### Grand Power Logistics returns to profitability in Q1



Freight services operator Grand Power Logistics Group announced on 20 May it will continue to consolidate operations, minimize corporate financing and cut staff until financial markets improved. The company also announced that it has returned to profitability in the first quarter as revenue rose 10% to 25.4 million USD from 23.1 million USD. "Our concentrated efforts are



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beginning to take hold as we improved on every comparative operating metric in the first quarter and are ahead of schedule on our goal of returning Grand Power to profitability in 2009," said president and CEO Ricky Chiu.

*The Canadian Press, 26 May*

**Record fall in exports**



China's exports fell by a record as the global recession cut demand for goods produced by the world's third-largest economy. Overseas sales dropped 26.4% in May from a year earlier, the customs bureau said 11 June. That compares with the median estimate for a decline of 23% in a Bloomberg News survey of 15 economists, and a 22.6% contraction in April. "Exports may be at the bottom," said Wang Qian, a Hong Kong-based economist at JPMorgan Chase & Co. "A sustained recovery is unlikely until demand from major economies picks up around the middle of this year." China, the world's second-biggest exporter, has cut taxes, boosted lending and pledged to keep its currency stable to sustain overseas sales amid the worst global slump since the Great Depression.

*Bloomberg, 11 June*

**Crocs gives CEVA South China contract**

CEVA Logistics has secured a new contract to manage Crocs' distribution centre in the Guangdong special economic zone of Shenzhen. The logistics provider will handle all warehousing activities and the inbound and outbound distribution for the footwear retailer. CEVA globally operates approximately 30,000 sqm of warehouse space for Crocs and

supports its worldwide transportation. This contract marks a significant progress in CEVA's partnership with Crocs. Last month the exclusive Middle Eastern agent of Crocs shoes awarded CEVA a contract to manage the manufacturer's logistics services in the region. "CEVA has demonstrated excellent management support and competence to fulfill our day-to-day logistics challenges in Asia," said Benson Sze, Crocs China director of logistics and distribution. Chris Pollard, managing director for CEVA in South China, said the contract was as a result of the logistics company's extensive experience in South China.

*Cargonews Asia, 5 June*

**TELECOM & TRANSPORTATION**

**HTC to sell Google Android Smartphone in China**



China's 1<sup>st</sup> mobile phone based on Google's Android software will go on sale next month in a deal between China Mobile and Taiwan's High Tech Computer (HTC). The handset, HTC's Magic smartphone, will use a Chinese-language version of the Android operating system developed by HTC, a company representative said. The software will also be tweaked to meet the needs of China Mobile, the world's largest mobile carrier. The touch-screen phone will come equipped with China Mobile applications including the firm's instant messaging client, a mail service and a download platform for songs and pictures, according to the Web site of Dopod, HTC's brand in China.

*PC World, 27 May*

**China Eastern, Yunnan Province plan JV**

China Eastern Airlines, one of China's three major airlines, is planning a joint venture with the government of Yunnan Province to bolster its business in southwest China's lucrative tourism market. The airline said on 1 June that it would own 65% of the venture, using its Yunnan unit as a platform, while the provincial government would hold the remainder. The two sides have yet to work out financial details of the agreement. The report quoted China Eastern planning executive Chen Xin as saying the venture would aim to boost its market share in Yunnan Province, a popular tourist destination with striking mountain and river vistas, above 50% by year-end, compared with the China Eastern unit's current market-leading share of 42%.

*Reuters, 1 June*

**China Eastern, Shanghai Air to combine**



China Eastern Airlines will combine with Shanghai Airlines after joint losses of 16.5 billion CNY (2.4 billion USD) last year prompted the government to bail out the two state-controlled carriers. "We just got approval from the government" on 6 June, Shanghai Airlines Vice President Feng Xin said on 7 June. The combined group would have 306 planes and more than 600 routes, giving it a 50% share of air travel in China's financial capital. Airlines worldwide may lose 9 billion USD this year as the recession and swine flu hurt travel demand, the International Air Transport Association forecast on 8 June.

*Bloomberg, 8 June*

**China, Taiwan mulling joint undersea telecom cable**

China Telecom and Taiwan's Chunghwa Telecom plan to build an undersea telecommunications cable linking China's Xiamen city and Kinmen, an outlying island controlled by Taiwan, officials said on 3 June. Lu Shyue-ching, chairman of Chunghwa Telecom, said his company has applied to the transport ministry for permission to construct the 60-kilometre-long cable. The project would begin next year if approved, he said. The total cost of the project would require a combined investment by both companies of "up to 100 million CNY (14.66 million USD)," China Telecom executive director Leng Rongquan was quoted as saying by Taiwan's state Central News Agency.  
*AFP, 4 June*

**GENERAL**

**Death toll in coal mine blast rises to 30**

The death toll from a gas explosion at a coal mine in southwestern China rose to 30 with the discovery of the bodies of the last five missing miners. Another 59 miners were injured in the explosion on 30 May morning that ripped through the mine in the town of Anwen in the Chongqing region. The report also said three people "responsible" for the blast had been taken into custody, but gave no other details. The cause of the accident was being investigated, it said.  
*AFP, 31 May*

**China sets flu-prevention plan for college entrance exam**

China's education authorities have laid out a national flu-prevention plan

especially for the upcoming national college entrance exam after a rise in the number of A/H1N1 flu cases. Dai Jiagan, director of the National Educational Examination Administration (NEEA), said on 1 June the plan covered exam preparation, implementation and emergency response based on the experience of SARS in 2003. Dai said exam rooms would be disinfected twice a day and every examinee and invigilator would be required to have their body temperature measured before entering the rooms. "A separate exam room will be prepared for the exam takers showing flu and fever symptoms," he said.  
*AFP, 31 May*

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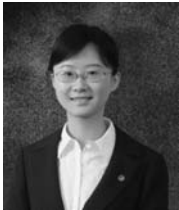


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# TIANJIN SEES STRONG GROWTH DESPITE GLOBAL SLOWDOWN



Michael Hart,  
Managing Director,  
Jones Lang LaSalle  
Tianjin office



Stefanie Zou

**A**lthough China's GDP growth rate slowed down to 9.0% in 2008, Tianjin's macro economy stood out by achieving a GDP of 635.44 billion CNY in 2008, up 16.5% y-o-y, a new record growth.

Despite the global economic downturn, the Tianjin Government has estimated GDP growth in Q1 2009 achieved 16% and targeted a growth rate of 12% for the whole year, and Binhai New Area is expected to continue being a major contributor. "MNC tenants, especially foreign banks that were very active in Tianjin during last two years, show a significant slowdown in their activity. Thus the activities of domestic companies are becoming even more important under the current market conditions," noted Michael Hart, Jones Lang LaSalle's Managing Director for Tianjin. "We've seen a couple of local-based financial companies looking for large office spaces for leasing or purchase."

Tianjin's retail sales posted a strong nominal growth of 24.7% in 2008 as expected. "Entering 2009, several primary retail projects are repositioning their tenant mix offering. Landlords are trying to drive more revenue out of the current retail space, as right now, less new retailers are opening in Tianjin and consumers have temporarily become more conservative," mentioned Hart.

Stimulating policies and price cuts started to work as transaction volume of high-end residential properties started to climb this quarter, while prices stayed almost the same as last quarter. Manufactures that target the domestic Chinese market, particularly those falling into the new energy or pharmaceutical categories, are showing steady demand for quality warehouse space.

## Grade A Office

Demand shifting to domestic tenants – Average gross rental of Grade A properties in Tianjin decreased to 4.9 CNY per sqm per day, a further decline of 8%, as compared with 5.3 CNY per sqm per day of 4Q08. Landlords have lowered their asking rentals since 3Q08. Some small logistics and trading tenants downsized or relocated to cheaper Grade B buildings, resulting in the vacancy rate increasing to 21%, up 4% from the end of 2008.

Key transactions in 1Q09 included both Hitachi High-technologies (Shanghai) Co., Ltd and Safewit Consulting Co Ltd relocating to The Exchange Tower 2, leasing 108 sqm and 246 sqm, respectively. Hutchison

Whampoa Limited expanded by an additional 129 sqm in The Exchange Tower 1.

The market had fewer transactions in 1Q09 than the previous quarter as a result of both the Lunar Holiday and a more subdued economy. Moreover, the average tenant size of 1Q09 ranged from 100 to 250 sqm, which is also smaller than the 400 sqm of 2008. In terms of the overall market, while a vast majority of MNC tenants were very quiet, domestic companies accounted for a much larger portion of the leasing activities. Particularly, domestic financial institutions showed relatively strong demand for Grade B space during the slump market. Both Bohai Property Insurance Co Ltd and China Citic Bank expanded in their existing buildings this quarter.

Although no new Grade A project will enter the Tianjin market this year, a number of Grade B buildings are scheduled for completion in 2009. This will further put pressure on the current weak market. In the short term, landlords probably need to be more flexible on

## Record growth rate of 24.7% in 2008.

rentals to keep existing tenants in their buildings. For tenants who are considering relocating to a cheaper building to save cost, they need to think carefully about how much it will cost for the fit-out and the possibility to move back in the near future as the industry recovers, the impact on employees and other factors that affect the total relocation cost.

### Retail

*Tenant adjustments instead of newcomers* – Despite the global economic downturn, Tianjin's retail sales have experienced rapid growth in recent years, hitting 200 billion CNY with a new record growth rate of 24.7% in 2008. The Tianjin retail market enjoyed a large number of new entrants during 2007 and 2008, while in early 2009, fewer retail brands forayed into the city. However, some existing retailers – such as Ajisen, DHC and sports retailers Kappa and Adidas – continued their expansion in the city.

Another positive sign is that new retailers are showing their confidence in Tianjin by opening their first stores in prominent retail locations, although at a slow pace. For example, Me & City, a city-style brand under Meters/bonwe that just opened in Shanghai last October, now has a 250-sqm street shop on Heping Road. Future expansions from similar retailers across the city are expected.

Other than this, several primary retail projects in central Tianjin closed some of their floors and are undertaking tenant repositioning work. This includes New World Department Store, International Plaza and Milenio, which clearly shows landlords are making efforts to drive more revenue out of the current retail spaces in this challenging year. This also pushed the overall vacancy rate to 9% from 4.5% as of end-2008.

The only new supply in 1Q09 was the 70,830-sqm Maigo Times Square located in Nankai district. It is a low-middle positioned project and is now in trial operation. This project is mainly composed of local brands with a few well-known brands such as DHC, Tonlion, Meters/bonwe as well.

Results from a recent consumer survey conducted by Jones Lang LaSalle in prominent retail locations in Tianjin showed that only a minority of Tianjin consumers were impacted by the economic turmoil, as more than 80% of the interviewed said that there was little or no negative impact on their expenditures. This indicates that Tianjin's economy and consumption have a strong foundation. Consumers may temporarily become more conservative; however, over the long term we believe that there are plenty of potential Tianjin consumer expenditures for landlords and retailers to capture.



### High-end Residential

*Price tending stable with increasing transactions* – No new high-end residential project was launched pre-sales in 1Q09. Thanks to the price cut and government stimulus policies, transaction volume in the mass residential market in central Tianjin increased 61% over 4Q08. At the same time, the transaction volume of high-end apartments also grew by 28% q-o-q. More than 1,400 high-end units were sold in 1Q09. Several key projects in Nankai and Hexi districts were major contributors. Uptown Luxurious Apartment, Tianjin Lake and R&F City Phase 3 comprised 80% of the total transaction volume of Q1 2009.

Capital values of Tianjin's high-end properties were 12,073 CNY per sqm in Q1 2009, the same as with end-2008. Previously, the majority of developers in Tianjin lowered their prices by 500-2,500 CNY per sqm in 4Q08. This quarter, however, the price drop decreased to 200-500 CNY per sqm. Some projects which are enjoying good transaction volume have even raised their price. At the same time, rentals for high-end residential properties also started to recover after the substantial decline in 4Q08. Gross rental now grew to 41 CNY per sqm per month.

High-end projects which are scheduled for pre-sale in the next few months, will concentrate in Nankai district, particularly some large-scale developments in the old town area and the Olympic area.



## A recent consumer survey conducted in prominent retail locations showed that only a minority of Tianjin consumers were impacted by the economic turmoil.

### Logistics

*Backed up by the domestic market* – Two new warehouses totaling a GFA of 55,500 sqm were completed in 1Q09: Yifeng Logistics Centre Phase 2 in Tianjin Port Free Trade Zone and ProLogis Park Xiqing in Xiqing Economic Development Area. Yifeng Logistics Centre Phase 2 is now fully occupied by Porsche, while ProLogis Park Xiqing was 40% occupied upon its completion. There are still challenges for bonded properties as the majority of them are facing a rising vacancy rate of 20% to 30%.

The average rental of the overall market arrived at 0.82 CNY per sqm per day, down 3.9% q-o-q. The decrease was mainly

due to bonded projects. On the other hand, the rental of non-bonded properties continued its upward trend, a slight increase of 1% from last quarter. Manufacturing companies, the sales of which target the domestic market, are showing a strong demand for non-bonded warehouse space, especially pharmaceutical

and new energy (such as wind power) companies.

### Investment

*Active government and cautious overseas buyers* – Investment activities in the past few months were more government-driven. The Tianjin Government has been investing heavily in infrastructure including seaport, airport, expressway, metro system and railway, as well as a list of key municipal level projects including developments along Haihe River and financial areas. This is expected to not only drive the economic growth of Tianjin in this challenging 2009, but also ensure Tianjin's leading position and success in the long term.

Many international investors are temporarily holding their investment plans and are retreating to Tier I cities. Nevertheless, several foreign investors with enough cash in hand are still showing interest in opportunities in various sectors of the Tianjin real estate market, but they are certainly seeking a higher return as they expect that there is plenty of space to negotiate a lower price with sellers, who are now facing weak demand or a tight cash flow.

### About Jones Lang LaSalle

*Jones Lang LaSalle (NYSE:JLL) is a professional services firm specializing in real estate. The firm offers integrated services delivered by expert teams worldwide to clients seeking increased value by owning, occupying or investing in real estate.*



仲量聯行



# THE RIGHT PLACE AT THE RIGHT TIME

*Dialogue with Mr. Kjell Rognoy, GM of Radisson Plaza Hotel Tianjin*

**W**ith anticipation, the new Radisson Plaza Hotel Tianjin on Xin Kai Road opened on 17 April. Following the opening, Radisson GM, Kjell Rognoy, took time out of his busy schedule to discuss some insights into managing a hotel as well as share his view on Tianjin's business scene.

## **How did you enter the hotel industry?**

My interest in the hotel industry began in the 8th grade when I chose to work in a hotel for 2 weeks as part of a class assignment. I enjoyed the experience so much that I later decided to major in hotel management. For me, working in the hotel industry is in my blood and I enjoy working with people so I feel it's a natural choice.

## **Could you tell us a bit about Radisson Plaza Hotel Tianjin?**

It's located in the Hedong district, the new financial hub of Tianjin, which is beneficial to our hotel because there will be more investment from banking and finance located in this area in the near future. So our strategy is to satisfy that niche and be the choice for local and international companies. Our location is especially convenient for guests as we are just a 10-minute walk from the Beijing-Tianjin bullet train and just a 15-minute taxi ride to the airport. Regarding leisure, we are also within close proximity to the Italian concession area.

## **What is the most distinctive feature of your hotel?**

The unique architecture of the building will become an icon within Tian-





jin. All our facilities are world class standards from rooms to the food and beverage. Our hotel is best described as sexy. We are trying to create a new look and innovative concept.

**What are some of the differences of managing a hotel in Tianjin as opposed to in Shanghai?**

Shanghai has a longer tradition of 5-star hotels so there is a larger pool of established staff to choose from. However, we've found that the local staff we've hired have a very good attitude. Then we take the time to properly train them and instil in them the "yes I can" attitude.

**What is your business philosophy?**

Happy staff, happy customers, happy owners.

**What is the hardest part about being General Manager of a hotel?**

I think being a general manager of a hotel requires being versed in all kinds of operations. It also requires acquiring a fast overview on things that are happening. Being prepared for business challenges and trying to be one step ahead. For example, the swine flu has recently surfaced in China so we need to make sure we have the adequate preparations and maintain hygiene standards. In the Carlson company (the hotel's owner) we also have a crisis management plan that we view very frequently so every staff knows exactly what to do in this type of situation.

**How do you foster cooperation without hesitation among your staff?**

We try to give each of our employees empowerment. This is especially important in a new hotel so that we can gauge the success rate. This helps us improve on the technical areas and make sure guests are satisfied.

**What challenges have you and your colleagues had to overcome before this hotel opening?**



I think our strong cooperation with the Hedong district and the Tianjin government has really made this hotel opening possible. It's this kind of partnership and teamwork that has allowed us to create such a superb product.

**If you were considering staying at the hotel as a guest, what would you want to know about the hotel before checking in?**

I think that brand loyalty is important because you're familiar with the hotel and have certain expectations that you plan on being served. I personally consider location and the length of time in which I will be staying at a hotel.

**What is the marketing strategy of the hotel?**

We focus on national companies and local leisure visitors. Regarding the local market, there are a lot of conferences and other types of events we try and host.

**How do you feel about Tianjin's future?**

Tianjin has a bright future considering all the infrastructure projects and

the development in Bohai area. Also with the development of the bullet train from Tianjin to Beijing, business between the two cities has increased as transportation becomes more convenient. It's our responsibility as well to help promote Tianjin and inform the public as to what Tianjin has to offer.

**What has been your greatest professional accomplishment working in China?**

At the Regents Shanghai, we were ranked the top 25 restaurants in Asia in "Travel and Leisure" magazine. It took a combination of efforts on the part of me and my staff. I hope to achieve the same accolades at the Radisson Plaza Tianjin.

**What led to you winning ITT Sheraton President's Award?**

It took a lot of hard work and thinking out of the box regarding business opportunities. We were rated one of the best hotels in service in the world and so it was just a way of thanking the staff and myself for the work we've done.

**Could you explain to us your future business plans and professional goals?**

My goal is to make Radisson Plaza Tianjin a leader in the Tianjin market. We also plan on setting the bar very high for our competitors.

**How do you like to spend your holidays?**

I like to spend holidays at my home in West Palm Beach in the US. One of my favorite holiday destinations is Shanghai because I used to live there so I'm rather familiar with the city.

**Are there any additional thoughts you would like to share with our readers and the business community?**

Tianjin is the right place to be at the right time. Many major corporations are beginning to move their operations from Beijing to Tianjin, especially in the finance sector. So that combined with the infrastructure projects should make Tianjin a very exciting place to live within the near future. □

## 18%

In a report by Ernst & Young, Britain received 18% of Europe's foreign direct investment in 2008 and remained Europe's top destination for FDI both in number of projects and number of jobs created, followed by France with 14%, Germany with 10% and Spain with 6%.

## 2,900,000,000

Chery Automobile Co, China's biggest automaker, has raised 2.9 billion CNY from local private-equity investors to boost its development and expansion plans. The capital will be used in a clean energy program, a heavy-duty program and a new sedan plant.

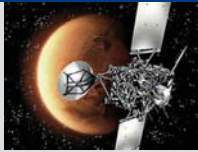


## 400

China's National Development and Reform Commission raised domestic gasoline and diesel prices by 400 CNY (58.58 USD) per metric ton each, in response to gains in crude-oil prices. The price move represents increases of 6%-7% from current average gasoline and diesel retail ceiling benchmarks of 6,530 CNY and 5,790 CNY per ton, according to Dow Jones News-wires calculations.

## 380,000,000

China's first Mars probe, orbiter Yinghuo-1, will take off late 2009 for 10-month, 380-million-kilometer journey to Mars, said an official of the Shanghai Academy of Space flight Technology. Yinghuo-1 is expected to discover why water disappeared from Mars and explain other environmental changes of the planet.



## 3,650,000

China has seen some recovery signs in employment, as 3.65 million urbanites had found new jobs during the first four months this year. Altogether 2.68 million new jobs were created in cities across the country in the first quarter 2009, according to the Ministry of Human Resources and Social Security.

## 55

More than 55 pilot whales were stranded on a beach near Capetown, South Africa. Rescuers say it is still unclear why the whales came ashore.



## 3,908

Out of 20,393 milk stations inspected by agriculture authorities during the past 6 months in China, 3,908 stations were forced to shut down for insufficient/nonexistent testing equipment or inadequate sanitary conditions.



## 72,000,000

Industrial and Commercial Bank of China Ltd. will take 70% stake in Bank of East Asia Ltd. Canada for about 80.25 million CAD (72 million USD). The lender will offer consumer and business banking at two branches in Vancouver and four branches in Toronto, as well as online banking.

## 1.4%

A recent survey of nine financial institutions showed that consumer prices in May dropped 1.4% due to seasonal declines in food prices. Consumer prices would increase in July even if the government does nothing about it, such as cutting interest rates, said Fang Sihai, chief economist at Hongyuan Securities.

## 80,000

Germany's last glacier, located above the Bavarian resort of Garmisch-Partenkirchen, is getting a protective tarpaulin to help shield it from summer melting. Zugspitze, at 2,962 meters, the highest mountain in Germany on the northern rim of the Alps, is having its ice sheet covered for a 17th year to reduce shrinkage from rain and sun in an effort to stave off global warming's effects. The Zugspitze glacier is about 40 meters thick. The tarpaulins are expected to save 80,000 cubic meters of snow this year.

## 218

The UN Mission in the Democratic Republic of Congo in south Kivu awarded UN peacekeeping medals to 218 members of the 9th peacekeeping team from China.

## 75

The Chinese government is poised to increase its target for nuclear power capacity from 40 gigawatts to 75 gigawatts by 2020; China now has 11 working reactors with 9.1 gigawatts of capacity.



## 586,000,000

China has earmarked 4 billion CNY (586 million USD) from the central budget to help renovate dangerous rural houses. About 800,000 poor rural households across the country would benefit from the project, each receiving up to a 5,000 CNY subsidy.

## 5

Students of Huaibei Health School, Anhui Province, marked world tobacco day by displaying a 5-meter-long handmade model of a cigarette as a warning to reduce consumption of tobacco in China, home to the world's largest smoking population.

## China's Eroding Advantage

15 June 2009, *BusinessWeek*

Manufacturing machined products in China now costs more than in Mexico, says a new study by American outsourcing consultancy AlixPartners.



In 2005, by the time the items had arrived at a US port, Chinese-made parts were 22% cheaper on average than those produced in the US. By the end of 2008, however, the average price gap had dropped to 5.5%, which often isn't large enough to merit the hassle of manufacturing halfway around the world.

And while the total cost of making goods in China was about 5% cheaper than in Mexico three years ago, manufacturing in China now is about 20% more expensive.

The biggest factors behind the sharp shift are currency fluctuations and labor costs. The CNY has appreciated by around 11% against the USD since late 2005, and wages have risen 7-8% a year. In addition, Beijing has stripped away tax breaks for exporters of some heavy industrial products.

The "total cost of ownership" – including storage, delays, time differentials, language barriers and transportation – has risen enough to reassess a foray into China. Especially when a Mexican supplier can be at a US plant within hours.

## All-Nighter? For This Test, Some Chinese Cram All Year

13 June 2009, *New York Times*

A military-style boarding school in Tianjin trains students to pass the gaokao, the nation's nine-hour-long college entrance exam administered just once a year. The school's 38,500 CNY (5,640 USD) annual tuition far exceeds the average annual income for a Chinese family, yet parents are quick to foot the bill on the promise of their children's education.



Rapidly growing affluence has pushed college entrance pressures upon middle-class youth. College enrollment nationwide has jumped sixfold in the last decade, while institutions of higher learning have only doubled since 2000, resulting in ever-intensifying competition among the 5 million applicants each year. About three in five students now score high enough to attend college.

In Sichuan Province, students studied in a hospital, hooked up to oxygen containers, in hopes of improving their concentration. Some girls take contraceptives so they will not get their periods during the exam. Cheating on the exam has become increasingly sophisticated, employing earpieces, faxes, cell phones, mini-scanners and even on-call teachers.

Students who fail may have the opportunity to retest the following year. One 18-year-old "restudy" student estimated that more than one-fourth of students at her middle school would, like her, retake the test in June.

## China, Russia to Expand Power Co-Op

17 June 2009, *Xinhua News*

www.news.cn



China and Russia, two major energy consumers and producers, are preparing to expand their electricity transfer program as a move to enhance energy safety, according to industry insiders familiar with the project.

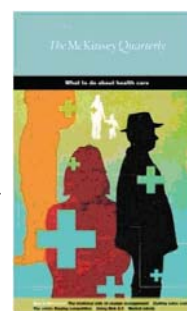
Currently, there is no technology barrier in building such projects, and domestic companies are in cooperation with foreign power giants such as Areva for feasibility studies on some electricity lines, said Hu Xuehao, an expert with China Electric Power Research Institute.

Sources with the State Grid, China's largest grid company, said that a long-term deal had been finalized between the State Grid and Russia, according to which Russia will transfer 3.6 to 4.3 billion kWh of power to China from 2008 to 2010, 18 billion kWh from 2010 to 2015, and 60 billion kWh from then on.

China Electricity Council forecasts the country's power consumption will grow by 5% in 2009. Russia will see a 4.5% decrease in its overall power consumption in 2009, according to Russian media reports.

## A Chinese view of governance and the financial crisis: An interview with ICBC's chairman

2009 number 2, *The McKinsey Quarterly*



ICBC Chairman and Executive Director Jiang Jianqing discusses the vital role of corporate governance in stabilizing the banking industry and the economy as a whole, citing his organization as an example of successful risk management.

In 1999, nonperforming loans at ICBC reach a staggering 47.5%. Creating a credit-management system, addressing irregularities and punishing violators led to a rapid improvement in the quality of new loans.

Following the Asian financial crisis, government reorganization and development of China's financial regulatory system aided ICBC's transformation. Major actions included creating of the China Banking Regulatory Commission, enacting new rules and regulations and introducing stricter external auditing and accounting. Externally, investors scrutinized large commercial banks preparing for an IPO. The result: ICBC reduced its bad loan ratio to 2.2%.

ICBC remains a cautious investor. Yet Jiang notes, "We shouldn't reject the need for innovation in financial services merely because it carries some element of risk with it."



# GLOBAL WARMING AND CHINA'S ACTION PLAN (PART II)

By Dr. Med Chottepanda, Development Consultant  
Teaching Faculty, Hebei University of Technology, Tianjin

The United Nations Intergovernmental Panel on Climate Change (IPCC) asserted that China's brittle environment will be severely tested by climate change. Rising temperatures that have accelerated the melting of glaciers across what's known as the "roof of the world" will eventually turn tundra that spans Tibet and surrounding high country into desert, said Dong Guangrong, researcher with the Chinese Academy of Sciences. Dong warned the deterioration of the plateau may trigger more droughts and increase sandstorms that lash western and northern China. He reached his conclusions after analyzing four decades of data from China's 681 weather stations.<sup>1</sup>

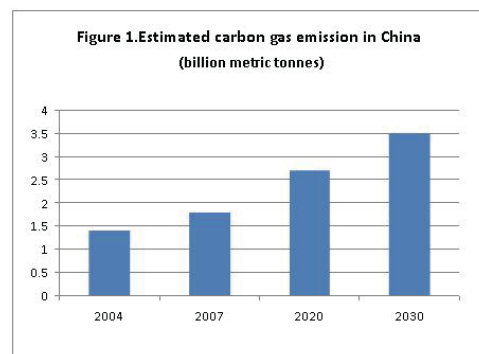
By the end of the century, glaciers on the Qinghai-Tibet highlands that feed the Yangtze River could shrink by two-thirds, states one National Climate Assessment Report. Further downstream, increasingly intense rainfall could "spark mud and landslides and other geological disasters" around the massive Three Gorges Dam. Coastal cities will need to build or strengthen barriers to ward off rising sea levels. Unless steps are taken, water scarcity and increasingly extreme weather could reduce nationwide crop production by up to 10% by 2030. Wheat, rice and corn growing capacity could fall by up to 37% in the second half of the century. "If we do not take any actions, climate change will seriously damage China's long-term grain security," the report states.<sup>2</sup>

## Projected Carbon Gas Emission in China

China is currently the world's largest emitter of greenhouse gas according to a Dutch research agency, though China's per capita emission is still far behind developed countries.<sup>3</sup> The agency's research indicated that China's greenhouse gas emissions for 2006 had exceeded those of the United States for the first time. It calculated that China's carbon dioxide (CO<sub>2</sub>) emissions from fossil fuels increased by 9% in 2006, while those of the United States fell by 1.4%, compared to 2005. Neither the United States nor China has ratified the 1997 Kyoto Protocol setting limits on greenhouse gas emissions.

A new Chinese state think-tank study revealed that China's greenhouse gas pollution could double or more in two decades. Researchers from the Chinese Academy of Sciences and other major state-run institutes have concluded that, without dramatic counter-steps, their nation's emissions will tower over all others' much sooner and higher than an earlier government forecast indicated.<sup>4</sup>

By 2020, China's burning of fossil fuels could annually emit CO<sub>2</sub> equal in mass to 2.5 billion metric tonnes of pure carbon and up to 2.9 billion tonnes, depending on varying scenarios for development and technology, the study states. By 2030, those annual emissions may reach 3.1 billion tonnes a year and up to 4.0 billion tonnes. That compares with global carbon emissions of about 8.5 billion tonnes in 2007.



Sources: 2004 est. by US Dept of Energy Institute  
2007 est. by US Oak Ridge national Laboratory  
2020 & 2030 estimates from Reuters, 10/22/2008  
Note: Emissions are also often estimated in tonnes of CO<sub>2</sub>  
which weighs 3.67 times as much as carbon alone.

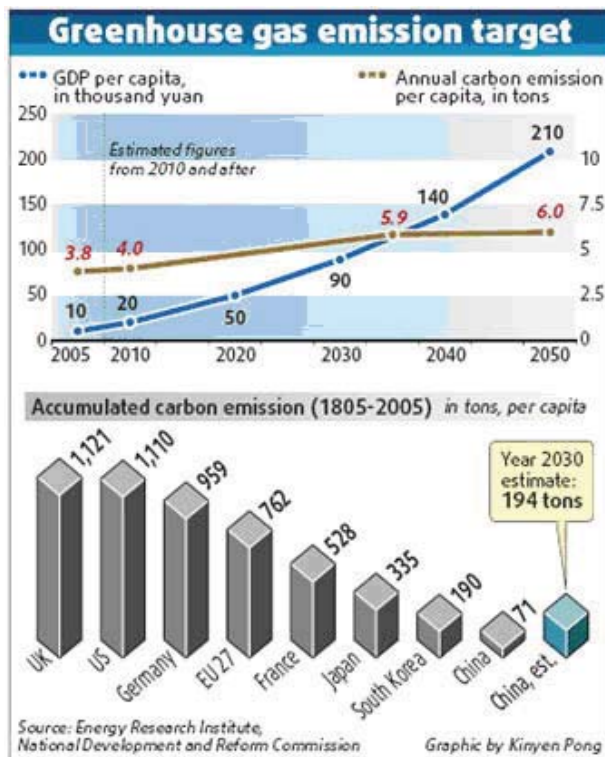
The think-tank report cites data from a US Department of Energy institute that put China at 1.4 billion tonnes of carbon in 2004. The US Oak Ridge National Laboratory estimated that the United States emitted about 1.6 billion tonnes of carbon in 2007, compared to China's 1.8 billion tonnes.

### Greenhouse Gas Emission and Energy Efficiency

The National Development and Reform Commission (NDRC) Research Institute estimated that China emitted 3.58 tonnes of CO<sub>2</sub> in 2004, a quantity which will grow by 50% from 2010 to 2050. The NDRC Panel said the country's CO<sub>2</sub> emissions are likely to peak in 2035, at 8.8 billion tonnes, when industrialization and urbanization are in an advanced stage, compared with around 5.5 billion tonnes in 2010. But from 2035 to 2050, emissions will remain stable or decline marginally if the proper technological route is followed, said the panel.<sup>3</sup> The target is achievable and "can be made a national goal given that per capita income is expected to increase 10-fold from 20,000 CNY in 2010 to 200,000 CNY by 2050, to reach the median level in developed countries."

Bai Quan, a senior member of the NDRC Research Institute, stated that China can enjoy a standard of living comparable to developed nations while discharging less greenhouse gases, provided China spends an extra 1 trillion CNY (146 billion USD) every year to raise energy efficiency. This means that a spending of 40 trillion CNY by 2050 would be needed to get on to the green track of development, by introducing new technologies and know-how to raise the energy efficiency of end-users in industry.

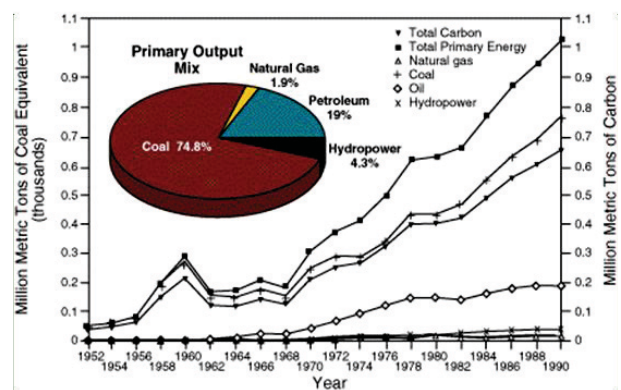
Figure 2. Projected per capita CO<sub>2</sub> emission and GDP



### What causes China to be the world's largest CO<sub>2</sub> emitter?

Over 70% of China's energy comes from coal, the dirtiest of all fuels used to produce energy (Figure 4). Coal is literally powering China's seemingly unstoppable rise to superpower status, but not without costs to people and the environment. China will build 500 coal-fired power plants in the next decade, at the rate of almost one a week. This massive appetite for coal means equally huge greenhouse gas emissions. Coal plants are also powering the factories that make up China's exploding manufacturing base. In the past year, China has added generating capacity that is equal to the whole of France's electricity grid.<sup>6</sup>

Figure 3. Greenhouse gas emissions in China



China topped the list of CO<sub>2</sub>-emitting countries in 2006, surpassing the USA by an estimated 8%. Individually, however, Americans produce much more carbon dioxide and other global-warming gases than the Chinese do. That's because the US has about one-fourth of China's population. Also, much of China's economic growth, driven by hundreds of new coal-fired power plants, goes to make goods to ship to advanced markets – Japan, Europe, and the United States.<sup>5</sup>

Gregg Marland at the Oak Ridge National Laboratory, which compiles emissions figures from around the world, says that it's a mistake to look at China in isolation. "A significant fraction of emissions from China are to produce goods that will be consumed in the United States and the Europe. So it's wrong... to point fingers at individuals or individual countries. We have to recognize that we're all in this together."<sup>7</sup>

But one can argue that China opted to be the world's factory primarily to boost exports and enjoy the bulging trade surplus, and thus attain consistently the highest growth rates among the major economies of the world. This strategic decision provided millions of jobs to Chinese workers

and boosted the domestic demand for goods and services. If China had captured the external cost (cost of carbon omission) in the prices of the products being exported, the demand for Chinese products would have declined and the growth rate and the GDP would have been significantly lower than what the nation currently enjoys. The external cost imposed on the manufactured goods would have provided funds to address issues on carbon emission and energy efficiency. Thus China cannot blame the consuming countries for its voluntary and deliberate decisions.

## By the end of the century, glaciers on the Qinghai-Tibet highlands that feed the Yangtze River could shrink by two-thirds.

### Current National Action Plan on Climate Change

In the recent years, China has been taking action on climate change. With the National Action Plan on Climate Change, China became the first developing country to publish a national strategy addressing global warming.<sup>8</sup> The plan does not include targets for CO<sub>2</sub> emission reductions, but it has been estimated that, if fully implemented, China's annual emissions of greenhouse gases would be reduced by 1.5 billion tonnes of CO<sub>2</sub> equivalent by 2010. The Action Plan calls on governments and all sectors of the economy to implement the plan, and for the launch of a public environmental protection awareness campaign.

In addition, the one child policy in China has successfully slowed down population growth, preventing 300 million births, which is equal to 1.3 billion tonnes of CO<sub>2</sub> emissions based on average world per capita emissions of 4.2 tonnes at the 2005 level.

China also established the National Coordination Committee on Climate Change with a series of policies and measures to address climate change. The Chinese government formulated China's National Climate Change Program (CNCCP), outlining objectives, basic principles, key areas of actions, as well as policies and measures to address climate change for the period up to 2010. China



has committed to build a resource-conservative and environmentally friendly society.<sup>9</sup>

While China has begun developing and harnessing alternative energy sources, much still needs to be done to reduce the greenhouse gases generated from the use of coal. In 2006, 16 million tonnes of corn were used to produce ethanol. But because food prices in China rose sharply during 2007, China decided to ban the further expansion of the corn ethanol industry.

### Ecological Compensation Model

China can better decrease its carbon emissions and achieve a balance between economic growth needs and the demand for quality environment if a new strategic model can be developed. The China Environmental Culture Promotion Association (CECPA) and the China Institute of Development Strategy Studies (CIDSS) proposed using carbon as a quantitative barometer in monitoring economic activities and promoting ecological compensa-





tion among the provinces. By this, “provinces that have higher carbon emissions should have to pay for the excess as 'ecological compensation'. Provinces with lower emissions should be entitled to compensation to further encourage their carbon neutral efforts.”<sup>10</sup> A CIDSS report stated that the calculation on carbon emissions should be based on the difference between source and sink for each province, an index to measure the release and removal of CO<sub>2</sub> in the atmosphere. The report called for establishing a special committee to manage a carbon fund to be contributed by the provinces. The fund could be used for promoting technological innovation in environmental protection as well as projects like the Clean Development Mechanism.

The CIDSS recommendations provide a strong motivation to both cut down and cap emissions. Pan Yue, Deputy Director of the Ministry of Environmental Protection, said in a press release that a low-carbon economy was the key to achieving China's ecological balance.<sup>11</sup> The government in its 11<sup>th</sup> Five-Year Plan (2006-2010) has set a target of reducing energy consumption per unit of GDP by 20% and major pollutant emissions by 10%.

#### Public Awareness in China

Abating greenhouse gas emission is not only the responsibility of the State but also of every citizen of a country. From an individual or a family perspective, greener living could start from saving energy and water at home, turning up/down the thermostat, improving home insulation, installing water- and energy-efficient products, choosing an energy-efficient car, recycling and cutting waste, and host of other activities. This requires greater public awareness efforts on global warming and greenhouse effects from the State, educational institutions, news media, etc.

The 1<sup>st</sup> Annual World Environment Review, published on 5 June 2007 revealed that, in a sample of 1024 Chinese, 88% are concerned about climate change, 97% think their government should do more to tackle global warming, and 62% think it appropriate for developed countries to demand restrictions on carbon dioxide emissions from developing countries.<sup>12</sup> Another survey published in August 2007 by China Youth Daily and the British Council sampled 2,500 Chinese with an average age of 30, showing that 80% young Chinese are concerned about global warming.

Children at primary, middle and high schools, both in developing and developed nations, need to be enlight-



ened about the consequences of global climate change as part of their class curriculum and to understand how each can contribute towards greener living at the family level.

### Kyoto Protocol and Beyond

The Kyoto Protocol Climate runs out in 2012. Under Kyoto, 37 industrialized countries agreed to cut overall emissions by 5%, compared to 1990 levels, by 2012. Besides CO<sub>2</sub> and PFCs (perfluorocarbons), the protocol includes four other man-made gases – methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), and Sulfur hexafluoride (SF<sub>6</sub>) – that heat up the atmosphere.<sup>13</sup> More than 190 countries, which are party to United Nations Framework Convention on Climate Change (UNFCCC), are tasked with crafting a successor treaty that should address, among others, the inclusion of new harmful chemicals.

China and the rest of the Asian countries have an important stake in this year's climate change negotiations, scheduled for December 2009 in Copenhagen, Denmark, where the pressure is likely to fall on every major country to commit to capping greenhouse gas emissions. The 13<sup>th</sup> Conference of the parties in Bali, Indonesia a year ago agreed on major building blocks – mitigation and adaptation. Mitigation denotes actions by major emitting countries to reduce their emissions, while adaptation seeks to ensure that countries vulnerable

to the adverse impacts of climate change are assisted with technology and funding.<sup>14</sup> It is hoped that the Copenhagen negotiations result in a more comprehensive approach to climate change issues with commitments by both developed and developing countries. **B**

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# CHINA'S ENERGY CONSERVATION GOAL

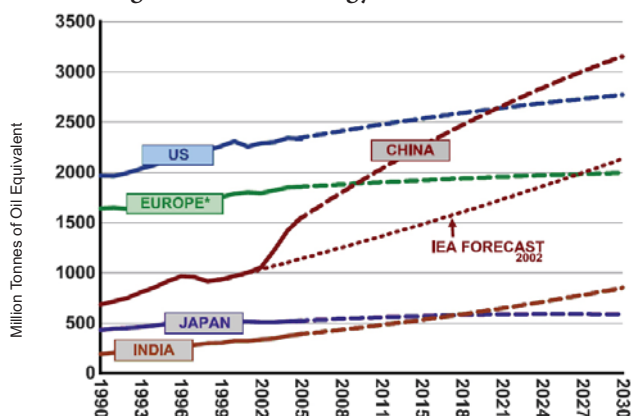
*Can China, soon to become the world's largest energy consumer, really achieve its ambitious "energy conservation" target?*

By David Kwon

## Introduction

In the past couple of decades, China's rapid economic growth has enabled Chinese people to enjoy economic welfare and tripled energy supply. According to research conducted by the International Energy Agency and British Petroleum, China will surpass the United States to become the world's largest consumer of energy and fossil fuels soon after 2020 (Figure 1).

**Figure 1: Global energy demand forecast**



Source: BP Statistical Yearbook 2006, IEA WEO 2002, IEA WEO 2006. Excludes biomass and waste. \*Europe refers to OECD Europe.

And because of its heavy reliance on coal, China already emits more carbon dioxide than any country on earth. The rate and path of this energy growth is of enormous consequence for both China and the world. At stake are issues of global importance, including climate change and competition over dwindling oil resources. More important for China, it seems, are domestic concerns such as severe urban air pollution, energy security and sustaining economic growth. It is clear that China needs to control its energy demand and its footprint on the global environment.

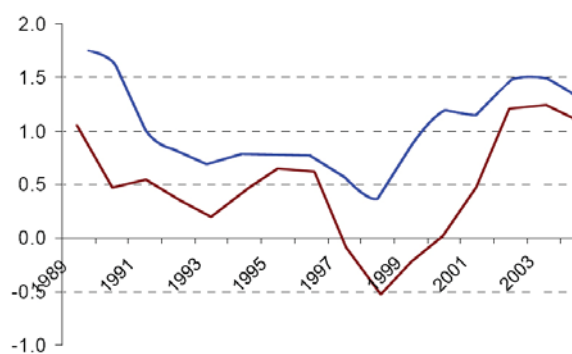
In meeting the growing demand, China has a major decision to make: either increase the energy supply to meet the demand, or make energy consumption more efficient, or both. In terms of increasing the energy supply, China has actively established strategic alliances with many global oil-producing nations in the Middle East, Africa and Latin

America. In addition, in its 11th Five-Year Plan, the Chinese government has given priority to energy efficiency to achieve its economical goal. Yet "detailed action plans and activities to implement this plan are not clear," stated the International Energy Agency in October 2006.

## China's Energy Demand

China aims at achieving 4 trillion USD of GDP (constant 2000 price) by 2020, a quadrupling in only 20 years. In the meantime, the Chinese government has set an energy supply target: only doubling energy consumption, namely increasing from 1.30 billion tons of coal equivalent or 0.92 billion tons of oil equivalent (toe) in 2000 to 1.83 billion toe in 2020. Unfortunately, statistical data show that energy use is growing much faster than planned. China's energy elasticity to GDP was greater than 1 between 2002 and 2005 (Figure 2). If this indicator stays above 1, China will need at least 3.67 billion toe of final energy supply – twice the expected demand – to achieve its economic development goal in 2020.

**Figure 2: Elasticity of electricity growth to GDP growth**



Source: Calculated from NBS(2004) and Zhang(2005,IEA Ministerial Level Meeting)

In order to meet the long-term energy supply and energy conservation target, the government approved "The Medium and Long-Term Special Plan for Energy Conservation" (Energy Conservation Plan) in November 2004. In that plan, the government set specific targets to reduce energy intensities for various sectors by 2020. For instance, energy

intensity in the industrial sector must be reduced by an additional 14%.

### Feasibility of the Energy Conservation Plan

On 27 June 2005, Chinese President Hu Jintao made a speech stressing that China has to make greater efforts in energy conservation. He addressed eight key points, including these seven on energy efficiency and technology:

1. *Reform the structure of the economy. China must use advanced energy-efficiency technologies to substitute out-of-date technologies, speed up the development of high-tech and service industries, change the old mode of economic development with high investment, high consumption, high pollution and low efficiency.*

2. *Establish an energy resource technical support system. China will enlarge its national budget and investment in energy technology R&D.*

3. *Monitor energy savings in end-use. China will promote energy saving technologies and products in all walks of life, and guide and encourage end-users to use energy efficient products.*

4. *Build an energy conservation system, mechanism and capacity. China will implement energy efficiency standards, phase out inefficient technologies and products, and develop government macro-regulation systems to guide the market.*

5. *Strengthen government planning and policy guidance. China will project energy demand and make a goal of energy savings. China will then adopt an energy tax, investments, pricing and trading policies that favour energy conservation.*

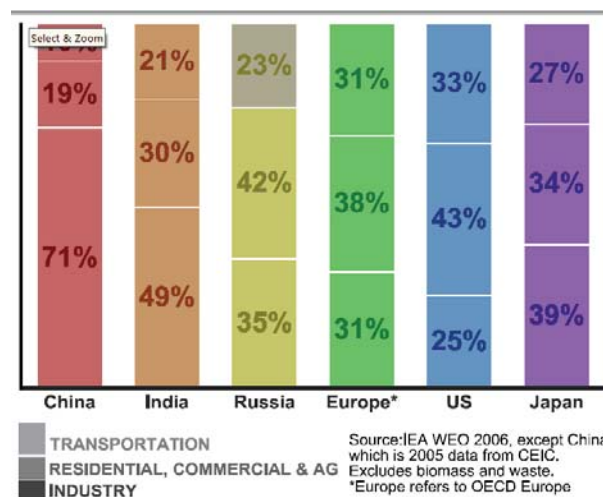
6. *Establish laws and regulations and standard systems for energy conservation. China will implement relevant energy conservation laws and standards, enlarge the law enforcement and surveillance inspection dynamics, and promote energy efficiency in production, construction and transportation.*

7. *Strengthen publicity and education in energy savings. China will conduct diversified energy-saving activities to enhance energy conservation awareness, especially among the young.*

The energy demand of main industrial products in China is much higher than that of developed countries,

when measured in energy use per unit of physical output (Figure 3). Comparisons between various Chinese plants indicate that there are huge potentials for energy efficiency improvement.

Figure 3: Energy demand by sector



### Heavy industry is in desperate need of venture capital.

Small-scaled equipment, outdated production process and low operational efficiency are common causes for the low energy efficiency in China's industrial sector. These problems have been known for years, and in spite of many efforts to address them, they remain true today. The government has adopted mainly administrative methods to limit the utilization of outdated production processes and shut down inefficient small-scaled enterprises. The effectiveness of such government orders is mixed. Although some data indicate the growing role of market forces, how to build a favourable market environment to promote energy efficiency remains an issue for further work.

It is difficult to know at this point whether China can achieve its energy conservation goal. Many infrastructure investments take time to be completed and their various risks and outcomes are uncertain. Nevertheless, it is clear that there is a huge potential in this industry for venture capital and consulting start-up companies.

### Tianjin's Energy Conservation

With central government cooperation and its own ever-growing economic aggregate over the past two decades, Tianjin has integrated energy conservation, pollution

reduction, pollution prevention, environmental protection and urban landscaping into its economic growth, and its sustained efforts have presented visible results everywhere in the city. By the end of 2007, Tianjin energy consumption per 10,000CNY GDP dropped 4.9%, SO<sub>2</sub> emission decreased by 4.03%, and COD (Chemical Oxygen Demand) by 4% year-on-year, surpassing environmental targets set forth by the central government. The city's three pilot eco-industrial zones – TEDA, TPFTZ, and the Tianjin High-Tech Developmental Zone – have all been actively involved in a variety of the eco-industrial projects according to China Strategic Development Partners.

### Business Opportunity

Energy contracting services are greatly needed in China. Programs that can save more than 10000 tons of standard coal will get financial incentives from the central government, states the National Chemical Engineering Department. For every ton of coal saved, there will be an incentive of 200-250 CNY. Information released by the China Banking Regulatory Commission shows that in 2007 energy reduction banking achieved remarkable results. In 2007 alone, the five major Chinese banks granted loans totalling 106.334 billion CNY for emission reduction projects in support of energy savings.

Venture capital (VC) and consulting firms have necessary and important buffer role to play to help Chinese companies to bridge their gap with Chinese Ministry of Environment and numerous NGOs that are undertaking this issue. As such, we can specifically measure profitability for VC and consulting firms.

### Business Model

VC is a type of private equity capital typically provided to early stage, high-potential, growth companies in the interest of generating a return through an eventual realization event such as an IPO or trade sale of the company. A VC firm makes equity investments and is expected to bring managerial and technical expertise. This VC market in China and in industrial complexes in cities like Tianjin has huge potential connecting existing manufacturing companies, central and local governments, and non-profit organizations.

**Profitability.** The business model is well-aligned with

Chinese government's grand plan to accomplish its energy conservation goal. Revenue will come from sharing the gains from saving energy over a period of three to five years. At the same time, VC firms will help clients to update their system for relatively little cost or even free in some cases.

**Social Benefits.** VC firms will raise awareness among Chinese businesses and the public that taking environmental initiatives is feasible and extremely profitable. They will efficiently allocate the government's enormous environmental budget and actively promote the government's financial aid. Furthermore, VC firms will work with environmental NGOs to fulfil their mandate by applying the environmental knowledge and efforts to different businesses sectors. For the clients, VC firms will help them to improve brand image by promoting the environmentally friendly initiatives.

**Implementation Process.** VC firms' audit process will have to first focus on identifying ways to save energy on client's major business operations.

This includes supply of electricity, heating and cooling, refurbishing buildings, training employees, and installation and operation of renewable energy systems such as solar systems with guaranteed results in delivered kilowatt-hours per year. Non-operation related and new areas such as "stand-by power"<sup>1</sup> should be part of the business package. For example, install timers or auto-switches to turn on and off power outlets when machines are not in use.

### Marketing Analysis

**Competition.** In the last two years, pilot Energy Conservation Management (ECM) organizations have begun to emerge largely related to the booming environmental protection industry in China. Considering there are few professional ECMs in an industry with such huge accommodation ability and the first-mover advantage, new VC firms will face little competition. There is a great opportunity for them to explore in the nascent market of Energy Conservation Management.

**Target Market.** To identify industry with the greatest amount of demand, VC firms should carefully consider the profitability, social impact, accessibility and potential for various kinds of programs. As seen in Table 1, VC firms

Table 1: Average statistics on energy saving projects

(10000 CNY)	Industrial furnace	Industrial Boilers and co-production of heat and power	Steam thermal system	Electricity distribution system	Lighting system	Industry residue heat recycle	Conveyer system	Building and construction	Forging hammer
Investment per project	529.38	788.84	139.97	231.77	99.43	1253.02	178.18	410.7	238.27
Total energy saving (ton/year)	207,807	416,800	89,519	27,951	13,811	224,039	49,564	129,090	50,853
Energy saving per 10,000 investment	8.72	6.86	25.58	6.35	4.96	10.52	4.64	4.91	16.42
Return on investment	<b>0.97</b>	<b>0.96</b>	<b>1.68</b>	0.75	0.89	0.62	0.57	0.57	0.81
CO2 emission reduction (ton/year per 10000 Yuan investment)	6.32	4.39	18.11	3.6	2.83	34.22	2.82	3.34	11.79
SO2 emission reduction (ton/year per 1000 Yuan investment)	0.16	0.12	0.43	0.11	0.09	0.18	0.09	0.08	0.3

should target lighting, steam-thermal and heat/power production systems: they are the projects with the highest profitability (ROI) and sustainability.

Heavy industry companies and public buildings use most of these steam-thermal and lighting systems. Therefore, VC firms should initially target heavy industry – especially petroleum refineries and metalworks – whose fuel systems are extremely important for production. In China, there are over 120 petroleum processing factories, half of which are faced with the serious problem of outdated systems.

In the first three quarters of 2007, the domestic large and medium-sized enterprises in iron and steel production industry consumed 160 million tons of standard coal, an increase of up to 11.2%. Projections show their energy savings potential is often between 20-40%. About 1,600 cases in the US National Association of Energy Service Companies show that if a single VC firm can help Chinese companies to reduce energy consumption by 20%, that would be equivalent to a 400-million-CNY cost reduction. Moreover, these companies would be making investments in upgrading their inefficient and outdated equipment



with minimized financial and operational risk. Simply put, the heavy industry is in desperate need of these VC companies' service.

For lighting systems there is an even greater market potential. According to the results of an energy audit of Beijing office and large public buildings, the per capita power consumption is 3072.5 kilowatt-hours per year. State organs, office buildings and large public buildings in cities and towns account for about 22% of the total power consumption, whose average consumption per square meter is 10-20 times an ordinary residential building. Research shows that lighting is a main cause of this excessive energy use. VC firms who deal with the construction industry's lighting system can cut down a large part of the waste. Considering cooperation with the government, it will be convenient for VCs to negotiate contract with state organ office builders and similar construction programs.

### Financial Plan

A VC firm's business model is focused on providing energy conservation service; its revenue is closely related to the quantity and duration of projects. A pro forma analysis provides a detailed revenue projection for a start-up VC and consulting company:

In the first year, an ordinary VC company focuses on projects within the targeted market to establish a strong foothold there. In the following years, the company can expand both in project number and range of services. Table 3 shows the profit projection.


**Table 2: Revenue projection**

(10 thousand CNY)				Expected annual number of projects				
Project Type	Investment per project	Expected annual number	CO2 trading return/year	2009	2010	2011	2012	2013
Thermal	139.97	235.15	63	3	5	6	8	8
Lighting	99.43	88.4927	98	2	5	8	10	12
Boiler	788.84	757.286	121	0	3	5	8	10
Total annual energy savings return (ESR) for new projects				1267	5058	7672	11276	13406
Annual ESR for all projects				1267	6325	13997	24006	32354
Revenue				1013	5060	11198	19205	25883

**Table 3: Pro forma income statement**

(10 thousand CNY)	2009	2010	2011	2012	2013
Revenue	811	5060	11198	19205	25884
Investment	619	3564	5579	8425	10201
Gross margin	192	1497	5619	10781	15682
Personnel expenses	20	40	60	80	100
Administrative expenses	60	80	100	120	140
Promotion expenses	25	65	95	130	150
Overheads	81	506	1120	1921	2588
Insurance fee	50	50	50	50	50
Security deposits	57	354	784	1344	1812
Lawyer & auditing fee	100	100	100	100	100
Total expenses	393	1195	2309	3745	4940
Net income before tax	-201	302	3310	7036	10742
Tax expenses	0	25	828	1759	8057
Net income	-201	276	2483	5277	8057

### Conclusion

The Chinese government has a great task to accomplish in a short period of time and under a volatile global economy. It is difficult to project if China will be able to achieve its energy conservation goals, but it is clear that the Chinese government will attempt to utilize every method to enforce and encourage businesses to adapt their operation to become more energy efficient. There is a huge potential for both overseas and local venture capital firms to invest and grow with these local Chinese companies. When these major market players fully participate in energy conservation projects, China will be a step closer to meeting its energy conservation goal. 

1, Stand-by power is "the power used by modern appliances in order to maintain them in a convenient 'ready' state for instant use, or keep them ready to communicate with other parts of an integrated network."

# CHINA'S RESPONSIBILITY UNDER THE KYOTO PROTOCOL AND BEYOND



Simon Bai  
Winners Law Firm

## The Kyoto Protocol

The Kyoto Protocol, adopted in Kyoto, Japan, on 11 December 1997 and entered into force on 16 February 2005, is an amendment to the United Nations Framework Convention on Climate Change (UNFCCC, adopted at the Earth Summit in Rio de Janeiro in 1992). Its objective is "stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system." The major feature of the Kyoto Protocol is that it sets binding targets for 37 industrialized countries and the European community for reducing greenhouse gas (GHG) emissions.

The Kyoto Protocol establishes legally binding commitments for the reduction of four greenhouse gases (carbon dioxide, methane, nitrous oxide, sulphur hexafluoride), and two groups of gases (hydrofluorocarbons

and perfluorocarbons) produced by "Annex I of Kyoto Protocol" (industrialized) nations, as well as general commitments for all signatory countries. Under Kyoto, industrialized countries agreed to reduce their collective GHG emissions by 5.2% compared to the year 1990 over the five-year period 2008-2012.

According to Kyoto, developed countries under Annex I must meet their targets primarily through national measures. However, the Kyoto Protocol offers them additional means of meeting their targets by way of three market-based mechanisms which include:

- Emissions trading
- Clean development mechanism (CDM)
- Joint implementation (JI).

The mechanisms help to provide incentives in green investment and encourage member countries to meet their emission targets in





a cost-effective way. In summary, these three mechanisms allow Annex I countries to fulfill GHG emission limitations by purchasing GHG emission reductions credits through financial exchanges and projects that reduce emissions in non-Annex I economies, and other Annex I countries, or from Annex I countries with excess allowances.

Under Kyoto, non-Annex I economies have no GHG emission restrictions, but CDM provides financial incentives for developing countries to develop GHG emission reduction projects to receive "carbon credits" that can then be sold to Annex I buyers, encouraging sustainable development. Emission trading and JI are mainly operated and traded among developed countries.

#### **Common but differentiated responsibilities**

Toward the long term goal of combating global warming challenges confronted by human kind, UNFCCC recognizes a set of "common but differentiated responsibilities" (CBDR) among the countries across the world, which are formulated on the basis of the following considerations:

- The largest share of historical and current global emissions of greenhouse gases originated in developed countries.
- Per capita emissions in developing countries are still comparatively low.
- Developing countries, in order to meet social and development needs, will continue to emit GHG.

The practical consequences of the CBDR are that differential obligations are imposed on the parties to the Kyoto Protocol, whereas only countries listed in Annex I (developed countries and countries with economy in transition) have quantified emissions reduction obligations.

China, together with India and other developing countries, is not legally obliged to cut its emission under the Kyoto Protocol, despite the widespread claim by many

countries that China has since become one of the largest GHG emitters. However, even without commitment to reduce according to the Kyoto target, developing countries share the common responsibility of all countries to reduce emissions.

The official position of Chinese government has been rather adamant that CBDR remains the cornerstone of Kyoto Protocol and the key to any future success of addressing the global climate change. In addition it represents the consensus of the international community. China and other developing countries note that developed

countries, in their industrialization and modernization process, were the sources of unrestricted emissions of GHG; developed nations accounted for 95% of carbon dioxide emissions worldwide from the use of fossil fuels from the Industrial Revolution in 18<sup>th</sup> century to 1950, and for 77% in the 1950-2000 period.

Therefore, developing nations say, developed countries have to take on unshirkable responsibilities for climate change and should fulfill their major obligations before requesting the commitment of develop-

ing countries, such as China. They should fully meet emissions reduction targets set by the Kyoto Protocol and continue to take the leading role in cutting emissions beyond 2012, when the protocol expires and a new international treaty has to be negotiated as a replacement.

China insists that the accumulative emissions of developing countries, in the past and per capita, are relatively low, so their primary task at present remains economic growth and poverty eradication. To this end, developing countries will have a growing demand for energy that is indispensable for their development. Developing countries, therefore, have every legitimate right to develop their economy and exercise their historical and natural rights in utilizing natural resources.



**For any global efforts on greenhouse gas reduction to be meaningful, reducing emissions in China has to be taken into account.**

China also takes the stance that at the current stage, it is inappropriate and unfair to impose compulsory emissions reduction targets on developing countries. Developing countries, they say, should be able to move at their own pace and take appropriate actions in accordance with their specific conditions and circumstances, which is still conducive to tackling climate change. CBDR also help maintain and promote international cooperation, particularly in calling for increased assistance to developing nations. This assistance includes the transfer of environment-friendly and energy-efficient technology, R&D in energy conservation and renewable energies, capital investment in such fields by developed countries and financial assistance to help developing countries mitigate and adapt to climate change. Moreover, mechanisms such as CDM provide effective ways for developing countries to be involved in global efforts of GHG reduction.

#### Beyond the Kyoto Protocol

China's limited obligations under the Kyoto Protocol have been a source of controversy in the international community ever since the late 20<sup>th</sup> century.

Under the Kyoto treaty, China is not required to reduce emissions, but rather to simply monitor and report them to the UNCCC. Some critics allege that China surpassed the US in 2006 in total GHG emissions to become the world's number-one carbon polluter, and that it now accounts for more than one-fifth of global GHG emissions.

They argue that for any global efforts on GHG reduction to be meaningful, reducing emissions in China has to be taken into account. China responded that those criticisms were unjust, citing the studies of carbon leakage across the world which suggest that nearly a quarter of China's emissions result from exports for consumption by developed countries.

In short, this issue of whether, when or how much China shall be held accountable for the global warming crisis in the future international treaties has become a major point of contention for a new treaty that will replace Kyoto.

To ensure the integrity of a multilateral environment agreement beyond 2012, the climate regime requires the participation of all countries, including China and US, while addressing the issue of equity by taking into account diverse national circumstances. China will be hard-pressed to shoulder the responsibilities that the rest of the world will undoubtedly seek to impose upon it. □

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# JULY CHINESE ECONOMY REPORT

By David Kwon

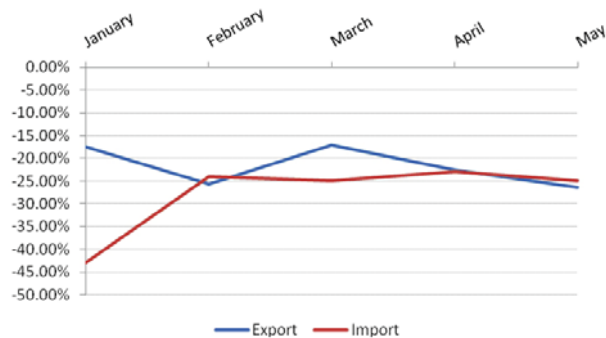
## Trade

### *Chinese exports, will they ever bottom out?*

China's exports fell by a record of 26.4% in May (year-on-year) according to China's customs bureau on 11 June. That was the biggest drop in exports in 2009, followed by 25.7% in February. More so, it was the biggest decline since Bloomberg data began to track Chinese exports in 1995. On 11 June, Bloomberg reported, "exports may be at the bottom," quoting Wang Qian, a Hong Kong-based economist at JPMorgan. "A sustained recovery is unlikely until demand from major economies picks up around the middle of this year."

The Chinese government announced that a quick rebound in trade is becoming less likely and unveiled higher export rebates on some steel products, electronics, machinery and toys, the seventh increase since August 2008. "A holiday may have amplified the slump in shipments in May and the recovery will be gradual and slow," said Xing Ziqiang, a Beijing-based economist at China International Capital Corp.

Year-on-year trade changes in 2009



### *Positive signs amid the biggest export decline*

Although China experienced the biggest export decline since Bloomberg data began tracking in 1995, Chinese import volumes of many commodities and natural resources surged in May, indicating a rebound in infrastructure building, reported Financial Times on 11 June. The report supported the jump in commodities import, with 32.9% higher fixed-asset investment in the first five months of 2009 y-o-y. "While government-led infrastructure investments continue to lead the charge,

private investments are showing positive signs as well," said Yu Song, Goldman economist.

The booming real estate market and surging exports were the two main drivers of Chinese economy in the past decade. May trade numbers indicate at least one of those two engines is partially improving. Growth in property-related fixed-asset investment accelerated to 6.8% from a year earlier in the first five months, compared with 4.9% year-on-year growth between January and April. Some economists, however, are uncertain about the accuracy of the statistics because sales volume of commercial and residential real estate rose 45.3% in the first five months y-o-y yet the high turnover rate did not actually boost prices. In Beijing, real estate sales volumes more than doubled in the first five months from a year earlier, though the average price was actually down 1.1% in May from a year earlier.

## China's exports fell by a record of 26.4% in May.

"The surge in bank lending has resulted in a large increase in real estate transactions, possibly of a speculative nature, which may explain the rise in volumes. Fixed asset investment in China continues to increase on the back of state-directed projects. This will help keep the economy growing, but there are increasing concerns about the amount of lending that has been required to fund the projects," said Alastair Chan, an economist at Moody's.

## Stock Market

### *New IPO rules in China; more tradable shares*

China's securities regulator said it aims to increase the quantity of shares available for trading as part of rules on new-share offerings it launched on 10 June. China Securities Regulatory Commission published the first draft on 22 May to seek market feedback. The regulator has imposed an unofficial moratorium on IPOs since September because of concerns that new supply could hurt existing shares. Many analysts expected that initial public offerings of stock would



be allowed to resume in China, reported the Wall Street Journal on 11 June.

By revising the rules, the regulator intends the securities market to provide grounds for more accurate pricing of new shares by narrowing the gap between the IPO price and the trading price on a stock's debut. New issues have typically soared on their debut, suggesting the IPO price was artificially low. By increasing the number of tradable shares, it will reduce the post-IPO lockup period. This revision will help companies to release more shares to the market immediately after a company goes public and help limit the impact of speculative trading. The revision contains phrases stating that single investor can have only one stock-trading account, an effort to limit some larger investors from seeking to get their hands on more new shares by opening several accounts.

#### ***Lesson for China from the failed Chinalco-Rio Tinto Deal***

The breakup of the 19.5 billion USD investment by Chinalco in Anglo-Australian Rio Tinto has attracted international attention. Since February 2008, when Chinalco invested 14 billion USD to buy 9% of Rio, the deal was regarded as one of the greatest achievements of China's *zou chu qu* policy (走出去, which can be translated as "go overseas"). Chinalco, the state-backed aluminum company, proposed China's biggest foreign investment to secure a stable, cost-effective supply of the natural

resources to fuel its rapid growth. The failure of this multi-billion dollar deal shows that Chinese state-owned companies, which enjoyed long years of various regulatory supports from the government, now have to face the pitiless reality of western-style acquisitions. Also it reflects the international inexperience of its business leaders, mostly politicians.

When the 19.5 billion USD proposal was put on the table in February 2009, a time when markets were badly hit by the world financial crisis, Chinalco should have pressed its negotiating power harder and not allowed room for Rio to seek alternatives. In the past four months Rio's share price has doubled. Over this time Rio openly cooperated with Chinalco and secretly with BHP, in the form of a joint venture in Western Australia. "Its attempt to revive a partnership with BHP is arguably now more likely to overcome regulatory opposition because of public and political hostility to the Chinese alternative," wrote Shujie Yao, a professor of economics and head of the School of Contemporary Chinese Studies at the University of Nottingham.

The lost investment in Rio dropped Chinalco's profits 99% last year, and the collapse of global demand for aluminum this year could worsen the company's 2009 balance sheet. Nevertheless, the big four Chinese state-owned banks are lined up to lend Chinalco more than it requires for its planned second investment. They will charge interest close to

zero and have not set a time for Chinalco to pay its debts.

Chinese leaders have been reminded of the challenges they have to face in making foreign acquisitions and strategic partnerships. Even with the support of the state banking sector and the damage the global financial crisis has inflicted on western business, China cannot expect to implement its investment strategy unopposed. This will not be the last time its investment strategy creates a global furore. The dragon has woken and learned it needs to be brutal – Chinalco’s failure will not likely be repeated.

“It should either choose to buy shares in Rio’s right issues for short-term gain; or abandon its stake and dump Rio in revenge. If it takes the second option it should work with Vale or smaller miners,” stated Professor Yao. Other Chinese companies should also learn from the Chinalco- Rio Tinto case how to better handle their next global acquisition or to more covertly gain power through joint ventures with savvy western private equity businesses.

### US Treasury secretary visits China

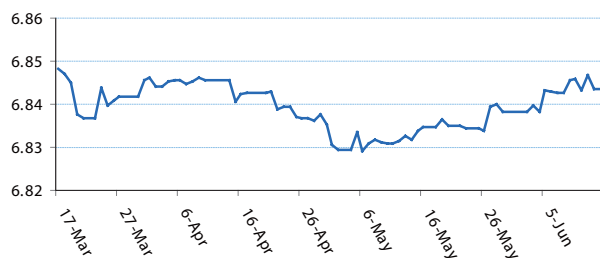
During his first visit to Beijing as US Treasury Secretary, Mr. Timothy Geithner went out of his way to assure the Chinese that their large holdings of USD assets were secure and that the administration remained committed to a strong dollar and to keeping inflation under control.

As Mr Geithner wrapped up his visit, Beijing and Washington announced plans to start their “strategic and economic dialogue” – the Obama administration’s renaming of bilateral consultations – in Washington in late July. The discussions would give both sides the opportunity to explore each others’ policies in more detail, reported Financial Times on 2 June.

Chairman Hu said the visit by Mr. Geithner, who previously irritated Beijing when he said during his confirmation hearing that China “manipulated” its currency, had helped improve cooperation between the two countries. □

## Three-month CNY trends

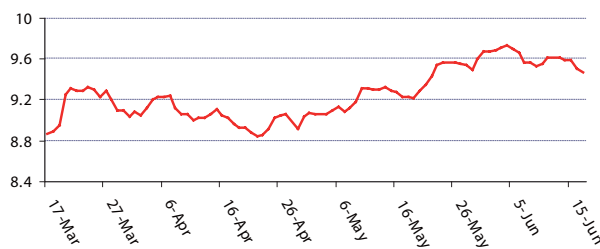
CNY vs USD



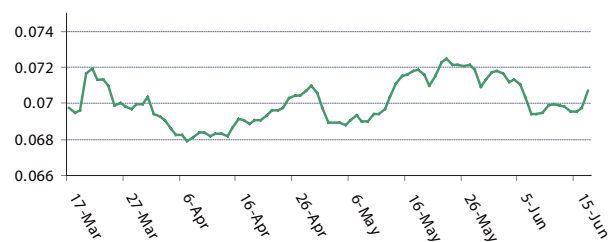
CNY vs GBP



CNY vs EUR



CNY vs JPY



► Data source: Oanda.com interbank rate

# TAX STRATEGIES FOR OUTSOURCING ENTERPRISES



Diego D'Alma



Liang Deng

by attorneys  
Diego D'Alma and  
Liang Deng,  
Garrigues Shanghai

In order to reduce their production costs and remain competitive in their marketplace, foreign enterprises are looking at sourcing in China for importing products to their countries or taking advantage of the benefits of China manufacturing. Accommodating manufacturing operations in China has become increasingly popular among multinational companies. In this context, certain tax planning strategies might be adopted to mitigate the tax burden on such product sourcing or outsourced manufacturing, bearing in mind that any arrangement should be assessed on the characteristics and legal nature of the concrete case. In particular, under the current tax landscape in China starting from 1 January 2008, many favorable tax treatments for Foreign Invested Enterprises (FIE) have been abolished subsequent to the reform of the Enterprise Income Tax (EIT), which has unified the EIT tax treatments for both FIEs and domestic enterprises.

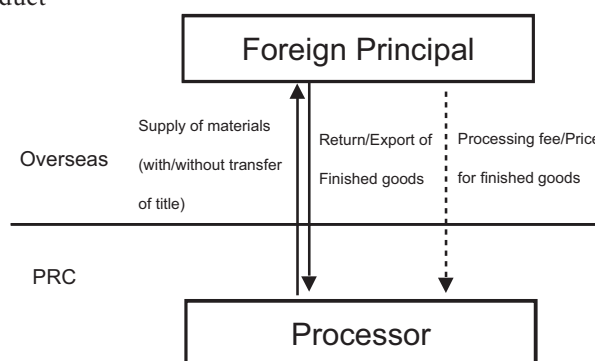
## Processing structures

Under processing trade structures, a foreign manufacturer will engage a Chinese factory for manufacturing operations in China. The Chinese factory will engage in assembly, processing and similar limited functions only, whereas the foreign principal will assume all other functions of the production and distribution chain.

For foreign companies with manufacturing operations in China, the use of such processing structures, through a processing subsidiary in China, might imply only shifting limited value functions to China, leaving more significant parts of the production and distribution value chain – such as marketing, sourcing and credit and inventory risks – in the home country. From a tax perspective, this might imply that the Chinese processing subsidiary is taxed in China only on the smaller part of profits deriving from processing, whereas the foreign company, assuming the more valuable functions,

should obtain most of the profits, hence, leaving more profit margins in the home country, where eventually lower corporate profit taxes apply than in China.

The following illustration shows the transaction flow of a case where a foreign principal outsources part of its production process to its Chinese subsidiary within the term of the processing structure:



There are two main forms of processing structures in China: processing materials supplied by the client (the processor's parent or another group company) and processing imported materials. The key difference between the two is whether the foreign principal keeps the title to the imported materials. In the former arrangement, the foreign principal has the ownership of the materials provided to and products processed by the domestic factory, who would only take a fixed amount of processing fees as remuneration. Under the latter scenario, the domestic factory would keep the ownership to the imported materials until the finished products are exported. In this way, the domestic factory may derive its profits from the sale of the finished products to the foreign principal. Hence, the tax burden under the two structures may be different and detailed tax planning would be necessary to assess the proper strategy in each case.

Provided that certain requirements were met, the tax benefits in connection to the above-mentioned routes could be the following:

- The Customs Duty (CD) and import Value Added Tax (VAT) on all imported parts and materials could be exempted. Under general rules, imported materials should be subject to CD and import VAT. But the materials imported for the purpose of a contract processing arrangement, under certain circumstances, might be exempted from CD and import VAT under the current legislation;

- The performance of mere processing functions in China might imply lower EIT for the factory in China, since there would be a lower profit margin in China;

- VAT “gap” on finished products can be mitigated or eliminated. The VAT “gap” means that under Chinese legislation, the input VAT for materials purchased in the domestic market usually cannot be fully refunded upon the export of finished products. Hence, Chinese exporting companies assume VAT costs, since they cannot credit all the input VAT paid on their supplies. By using a contract processing arrangement, the VAT “gap” could be reduced since the Chinese processor will import most of the materials free of VAT. Hence, such processor will not bear input VAT on most of its supplies.

However, processing arrangements may be subject to closer scrutiny by the tax authorities, since related party provisions might apply. Therefore, the processing fees should be reasonable from a transfer pricing perspective, i.e. the transactions under such scheme should meet the arm’s length principle, which means pricing them as if performed between independent parties. Besides, in case the foreign principal actively participates in the management or quality control process of the domestic processing factory, there is a risk that the foreign principal would be taxed on a permanent establishment (PE) basis. This could imply taxing foreign profits –

attributable to such PE – in China. So it is advisable for businesses to perform more sophisticated tax planning before carrying out such structures.

More detailed concerns, such as the formal requirements for performing processing trade, choosing the right locality, the percentage of domestic sales, frequently changing export VAT refund rates, the applicable amount of customs deposits, amongst other issues should be considered with processing structures with reference to the different cases of the parties in question and the practices of the local authorities.

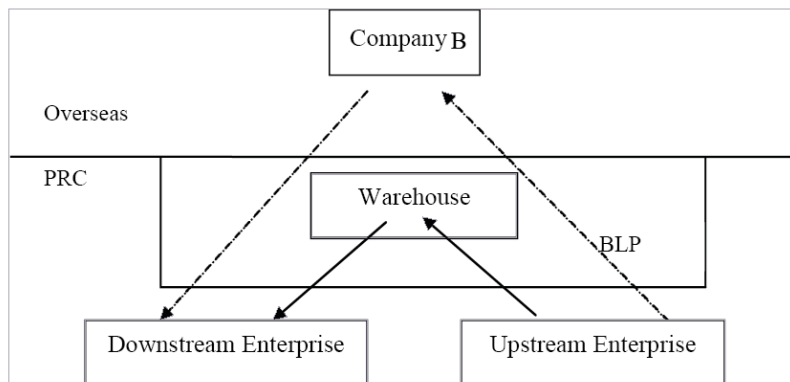
In addition, a customs handbook is adopted by the customs authority to supervise the processing arrangements through detailed records of the bonded materials imported free of VAT and CD, the exported goods, etc. Discrepancies between the physical inventories in the warehouse of the processing company, its inventory records listed in the custom handbooks and the accounting books are a potential risk very common for processing trade structures. Should an enterprise fail to explain the reasons for such discrepancies, the enterprise might be required to pay for the import CD and VAT for the missing bonded inventory, which could be deemed by the tax authorities as sold in the domestic market.

Furthermore, under certain circumstances, the processing trade enterprises in China might have to pay customs or risk deposits when they import or export goods falling under the restricted categories for processing trade or when they perform processing trade for the first time, amongst other cases. The frequent changes in the classification of the restricted categories, where customs deposits equal to 50%-100% of the exempted CD and import VAT might be due, should be tracked in avoidance of penalties deriving from non-compliance. It is recommended that professionals be engaged to conduct thorough check on processing trade operations after the incorporation of the processing trade enterprises.

**Use of Bonded Logistics Parks**

A Bonded Logistic Park (BLP) is a special surveillance zone designed for the development of modern international logistics, established in a planned bonded zone area or specified port area approved by the State Council. It is the hub of a specific area where all the activities relating to transport, logistics and goods distribution – both for national and international transit – are carried out, on a commercial basis, by various operators. The BLP boasts the key feature as an area which is treated as outside the PRC for both CD and VAT purposes.

The following illustration explains the use of BLP for processing enterprises.





Under the above scenario, Company B (overseas company) will purchase semi-manufactured products from the upstream enterprise and the products will be then transferred to a warehouse in a BLP. Such products will be treated as exported for VAT and CD purposes, although the BLP is in Mainland China. The products would then be sold to the downstream enterprise by Company B for further processing and physically transferred from the BLP to the downstream enterprise, which will be treated as an import. All invoices and documentation will be treated as an overseas trading, but the products are physically transferred within China.

The use of BLP could bring about the following benefits:

- Export VAT refund for the upstream enterprise, while the downstream enterprise could later import the materials exempted from CD and VAT due to the processing trade. Therefore, no VAT or CD would be

due during the process;

- Centralization of management. Goods in the BLP can be transferred freely without VAT and consumption tax. The goods to be imported or exported may also be divided and repackaged in the BLP. Therefore, the overseas company could establish its procurement center in the BLP, by which materials and products in China could be managed and planned as a whole, thus reducing overall management costs;

- Certain local financial subsidy may be granted for a company established in a BLP. The ratio of financial subsidy will depend on the different local policies on a case by case basis;

- The overseas company could be sourcing products from China and use such products for further processing trade in China, limiting indirect tax and transportation costs in China. Furthermore, the advantages of the processing trade could be enjoyed. The scheme is especially efficient where the sourced products proceed from within China and the processor might have

assumed VAT on the supplies from the local providers.

The BLP is now widely used for both outsourcing into and out of China. Sophisticated planning should be carried out first to avoid any potential case-by-case risks and achieve the greatest benefits possible. Here again, the scheme could trigger PE implications in China if the overseas enterprise performed certain substance functions in China.

#### **Domestic agent structure**

For many multinational companies, it is usually necessary to have local presence to exercise outsourcing and distribution functions. In a normal case where a foreign company incorporates a wholly foreign-owned enterprise (WFOE) for distribution, it will first sell products to the WFOE and the WFOE will later resell the products to Chinese customers.

As an alternative to the above structure, the foreign company could





directly enter into contracts with the Chinese customers or suppliers, shifting functions of the WFOE out of China to the extent possible and leaving in the WFOE only outsourcing agency functions, such as liaison, indentifying customers and suppliers, market research, and other similar functions, without shifting the title to the products or materials to China.

The domestic agent structure could be used when sourcing or selling goods in China with the following benefits:

- Under the domestic agent structure, the WFOE will only have a limited amount of agency fees;
- In case the WFOE engaged in after-sales services to Chinese customers for high-tech products, it may qualify as high and new technology enterprise (HNTE) and eventually enjoy the tax incentives under new EIT law, provided that the requirements for HNTE were met.

Notwithstanding the above potential benefits, the major concern from a tax perspective is that if sales functions, or other substance functions, were performed in China, the overseas companies' profits could be taxed in China on a PE basis. Furthermore, due to the related party character of the relationship between the overseas company and the WFOE, the transactions between both companies should be conducted under the arm's length principle, specially justifying the revenues derived in China for the limited agency functions in China.

The scheme would in any case imply also reviewing the taxation of the sales revenues in the overseas company's jurisdiction and comparing such taxation with China.

#### Conclusion

Currently, China's tax regime is changing very rapidly, which brings about both challenges and opportunities for foreign investors. In this con-

text, the above frequently-used tax planning strategies may be helpful for the outsourcing business. However, effective planning calls for comprehensive consideration of various factors and shall aim at not only mitigating the tax burden, but also letting enterprise's economic benefits grow. Therefore, a long term goal should be set for the continuous success of the foreign investors' operations in China, without taking decisions based on the short term tax benefits. ☐

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Garrigues has over 13 years of experience in advising companies in their investments in China. The team of experienced Western and Chinese professionals at Garrigues Shanghai provides legal advice to foreign companies on a wide range of issues such as incorporation of companies and negotiation of joint ventures, commercial contracting, M&A, tax, real estate, employment, intellectual property, arbitration and infrastructures, as well as to Chinese companies with investments abroad.



## International organizations based in Tianjin have the following open positions: (在津跨国公司招聘以下高级人员)

### IT Manager (IT经理)

Code: IM0907

#### JOB DESCRIPTION:

- Lead IT support (hardware, software, network, database analysis, etc.) and development to achieve targets on quality of services
- Build a high performance team of programmers, engineers, web designers, etc.
- Setup and develop related IT policies and work procedures
- Ensure projects get completed on time, as per agreed business scope, within budget and with high quality

#### WHO WE ARE LOOKING FOR:

- Over 10 years of working experience in IT field
- Expert at Windows server and operating systems
- Expert at maintenance of hardware and software, and telecommunication operation
- Knowledge of Web development languages such PHP and ASP
- Strong management skills in leading an IT team, managing projects, coordinating IT requests from multiple departments
- Can work independently and cooperatively
- Strong verbal and written communication skills

### Logistic & Distribution Manager (物流及发行经理)

Code: PM0907

#### JOB DESCRIPTION:

- Coordinate, supervise and instruct on domestic and international shipping arrangements to ensure secure, timely and cost effective deliveries
- Be responsible for managing third party logistics vendors to maintain and improve their quality of service
- Ensure all logistics practices are in compliance with company's policy
- Distribute the products locally and where necessary
- Inspect and instruct distribution work and find new locations to distribute our products
- Plan and control customer services including inquires and customer records

#### WHO WE ARE LOOKING FOR:

- Bachelor's degree or above, major in Logistics or Supply Chain Management are preferred
- Over three years of relative working experience
- Transportation strategy development, planning and budgeting experience
- Experience with customs clearance, CIQ procedure, shipment, inbound/outbound and import/ export
- Effective conflict resolution, data analysis and performance measurement
- Good customer and marketing industry connections
- Fluent in English for internal and external communication
- Working knowledge of MS Office and ERP system (preferred: SAP)
- Good leadership, interpersonal and organizational skills

### Accounting Manager (主管会计)

Code: AM0907

#### JOB DESCRIPTION:

- Check daily expense report
- Check daily voucher made by AR/AP and Cashier
- Make out vouchers for account transfer by the end of each month
- Close daily accounting by the end of each month
- Make out balance sheet and profit loss statement and cash flow statement monthly and yearly
- Make out profit and loss analysis monthly and yearly

#### WHO WE ARE LOOKING FOR:

- At least 3 years of work experience in a similar position
- University degree in accounting-related field
- Proficient in accounting laws and rules
- Good command of English and Chinese
- Good command of YongYou Accounting Software
- Team player, honest, outgoing and can work well under high pressure

### Commercial Director (商务总监)

Code: CD0907

#### JOB DESCRIPTION:

- Maintain, identify, develop a wide range of relationships and networks with key officers and relevant authorities in the municipality in order to facilitate success
- Develop the marketing and promotional strategy, and play a key role in driving the company's commercial success
- Drive, lead and support key deal negotiations ensuring they stay aligned with business objectives
- Develop and lead related functions as businesses expand in China
- Responsible for other related tasks as assigned by manager

#### WHO WE ARE LOOKING FOR:

- At least 8 years of experience related to commercial and sales market
- Experience working in China, over 5 years in same position
- Previous experience in Capital Goods or Assets
- Strong ability to manage 100-500 people
- Conversational English and fluent Chinese
- Energetic, dynamic and outgoing
- Highly reliable and able to treat company's information as strictly confidential
- Insightful understanding of the principles of administration in the municipality



If you are interested in any of these positions, please send your resume and mention **Code No.** to [HR@boxinren.com](mailto:HR@boxinren.com)



天津韩国商会

The Korea Chamber of Commerce & Industry in Tianjin, China

## Recent Events

(최근 현황)



경영 애로지원 세미나 실시



제4회 국제친선골프대회 개최

### 1. Follow-up seminar on business issues

Date: 12 June 2009 14:00 – 18:00

Venue: Banqueting Hall, 1F Fenglin Hotel

Topic: Tax, labor management and training to improve manufacturing

### 2. The 4<sup>th</sup> meeting of International Friendship Golf

Date: 13 June 2009

Venue: Aroma Golf Club

Sponsor: Tianjin Korea Chamber

### 3. 2009 plan on mountain-climbing for Korean expats and Jinnan Branch

Venue: Tianjin Ba Xian Shan

Date: 27 June 2009 07:00 – 18:30

Attendees: member companies of Jinnan Branch, Korean expats (families are welcome)

### 4. Xinjiang, Kashgar City Exposition

Date: 28 June – 2 July 2009 (5 days)

Venue: China Xinjiang Kashgar Technology Culture Square (No. 16 Tiannan Lu, Kashgar City)

Categories: Food, kitchenware, cosmetics, costumes, machines, electronics and household appliances, construction materials, nonferrous metal, medical machines and other new products

Organizer: Kashgar City government and Tianjin Korea Chamber

### 1. 경영 애로지원 세미나 실시

연 제 : 2009년6월12일(금) 14:00~ 18:00

어디서 : 풍림호텔 1층 연회장

주 제 : 세무·노무관리 및 생산성 향상을 위한 직무교육 세미나

### 2. 제4회 국제친선골프대회 개최

일 시 : 2009년 6월 13일

장 소 : 아로마 골프클럽(대항구)

주 최 : 천진한국상회

### 3. 2009 진남구분회 교민 등반(산)대회 안내 (계획)

장 소 : 천진시 팔선산

시 간 : 2009년06월27일(토요일) 07:00~18:30

참가대상 : 진남구회원사, 한국교민 (가족동반 가능)

### 4. 신강,카스시(喀什市) 박람회 개최 안내

일 시 : 2009년 6월 28일(일) ~ 7월 2일(목) (5일)

장 소 : 중국 新疆喀什 과거문화광장 (喀什市 天南路16號)

참가업종 : 식품, 주방, 화장품, 약세서리, 의류, 기계, 전자, 가전제품, 건축자재, 유색금속, 의료기기, 기타 (신상품)

주관지원 : 新疆喀什市政府, 천진한국상회

Address: 1F, Fenglin Hotel, No. 6 Binshui West Road, Nankai District, Tianjin  
Tel: +86 22 2395 7991~3, +86 22 2395 7991 (24-hour Hotline) Fax: +86 22 2395 7990  
Http: www.tjkorcham.net E-mail: hanshanghui@hanmail.net

EUROPEAN CHAMBER



中国欧盟商会

## EUROPEAN CHAMBER IN TIANJIN

### Event Review

#### Tianjin under the "World Economic Crisis" – VIP Dinner with Mayor Ren Xuefeng

On the evening of 12 June 2009, more than 50 top executives from member companies of European Chamber Tianjin Chapter enjoyed a VIP dinner with Tianjin Vice Mayor Mr. Ren Xuefeng, who is a key figure in the Tianjin Municipal Government and manages the city's commerce, economic cooperation and foreign affairs.

The dinner gave all member companies a unique opportunity speak directly with the high-ranking municipal official and to hear the most current economic status and latest news on the stimulus plan in Tianjin.

Vice Mayor Ren's speech covered the major points of growth and trends of GDP in Tianjin, status of first quarter's foreign direct investment in Tianjin and strategy and specific major projects of Tianjin in response to the economic crisis.



Vice Mayor Ren meets Secretary General of European Chamber



Meeting among Vice Mayor Ren, Secretary General and Local Chair of European Chamber



Question from one member of European Chamber



Speech by Vice Mayor Ren



Participants concentrate on Vice Mayor Ren's speech



Vice Mayor Ren discusses major issues with participants

### Upcoming Events

- July 23, 2009**  
 F&T Seminar:  
 Individual income tax planning for expatriates  
 Speaker: PWC
- July 16, 2009**  
 F&T Seminar:  
 How to safeguard yourself in customs audit?  
 Speaker: PWC
- July 2009**  
 HR Training: Effective Leadership  
 Speaker: Mercer
- July 2009**  
 Factory visit: Dynasty Winery

#### 2009 European Food and Beverage Celebration Evening September 11th, 2009 Radisson Plaza Tianjin Hotel

European Chamber Tianjin Chapter is now inviting companies to get involved as sponsors of the 2009 European Food & Beverage Celebration Evening. This is the 4th year we host such big social event, it will attract more than 300 people's interest with typical and appetizing western dishes, wines and beers from over 10 European countries this year.

Thanks the following sponsors confirmed so far:



Room15A17, Suite 17, Magnetic Plaza, BinShui Xi Dao, Nankai District, Tianjin 300381.

Tel: +86 22 2374 1122 Fax: +86 22 2374 1122

Email: tianjin@euccc.com.cn www.europeanchamber.com.cn



## AmCham-China Tianjin Chapter

### Recent Event

#### Tax Planning and Restructuring Your Business

3:30 - 8:00 PM, Thursday, June 11 – Tianjin Xiqing Economic Development Area



AmCham-China, Tianjin Chapter held an informative and topical seminar on June 11th that featured a panel of experts from Dezan Shira & Associates. Nearly 40 members and friends attended and learned how to effectively plan tax expenditures and how to restructure their business in these uncertain times.

A tour of the Tianjin Xiqing Economic Development Area with terrific buffet dinner was provided after the presentation.

### Upcoming Event

#### Tianjin Chapter July 4th Celebration

5:00-9:00 PM, Saturday, July 4 – Istyle Town (Italian Concession Area)

Bring your family and friends to this great party celebrating the US Independence Day! This annual AmCham-China event has drawn over 300 attendees each of the last several years, and again promises a big crowd this year.

This year's celebrations will be held in Istyle Town (Italian Concession Area), on the east bank of Haihe River. The new location offers great views of the river and some of Tianjin's picturesque historic sites.

We hope you can join AmCham-China members and their families for great American food as well as drinks, beer, performances, fireworks, live music, children's games, raffles and much more. It will be a day of fun for your whole family to remember.

Tickets are limited and are only available in advance. Please fill out the ticket form and e-mail it to the AmCham-China, Tianjin Chapter office. Act now and don't miss out, tickets will not be available at the door. We look forward to seeing you there!

#### Venue:

Tianjin Istyle Town (Italian Concession Area)  
天津市意大利风情区

#### Ticket Pricing:

- AmCham-China members 150CNY  
(Includes member company employees and their families)
- Non-Members 250CNY
- Children (5-12) 100CNY
- Children (0-5) Free

Please send your order form to the AmCham-China, Tianjin Chapter office by fax (022-23185074), or e-mail to [amandahe@amchamchina.org](mailto:amandahe@amchamchina.org). Deadline for purchasing tickets is noon, Wednesday, July 1.

Room 2918, 29F The Exchange Tower 2, 189 Nanjing Lu, Heping District  
Tel: +86 22 2318 5075 Fax: +86 22 2318 5074  
Website: [www.amchamchina.org](http://www.amchamchina.org)



The Benelux Chamber of Commerce in China strengthens the business, government and community ties between Belgium, The Netherlands, Luxembourg (Benelux) and China. By representing large, medium and small sized Benelux companies, with offices in Beijing and Shanghai, we provide a wide range of services to ensure our members' success in China.

**NEW PUBLICATION**

**Benelux Chamber of Commerce  
Business Directory China**



It is our pleasure to present to you the Benelux Chamber of Commerce business directory China 2009-2010. The business directory will be sent to all BenCham members, Belgian, Dutch, Luxembourgian and Chinese officials and business organizations at the end of this month.

In spite of economically challenging times, we see BenCham membership increase, and with it we offer an increasing number of events and services, including this new directory. The role of BenCham – to provide Benelux companies and our members in particular with a platform to exchange knowledge and vital insights in China – is of the utmost importance, especially in the present period, to build competitive advantages. We also increasingly reach out to the Chinese business community with an interest to expand their operations overseas, and can be a bridge of knowledge and ‘guanxi’ to interested Benelux partners. It is our hope that the directory may constitute an important tool to support this mutual network of businesses.

BenCham members will receive the directory for **free**. Non members can also purchase a directory for **600 RMB** per copy; members can order additional copies for **300 RMB** a piece. Student members can purchase the directory for **200 RMB** per copy.

For more information and for purchasing the directory please contact Ms. Vincy Zhu - [beijing@bencham.org](mailto:beijing@bencham.org)

**UPCOMING EVENT**

• August 23, 2009

**Welcome back party:  
Visit to the Legation Quarter in Beijing**

For more information check: [www.bencham.org](http://www.bencham.org)  
To register for our events, please send an email to [events-bj@bencham.org](mailto:events-bj@bencham.org) or register on our website.

**PAST EVENTS**

- **SME Workshop - New media**  
June 26, 2009
- **BenCham & Interconnection Cocktail**  
June 19, 2009
- **Green Energy - Joint event with the Danish Chamber**  
June 18, 2009
- **Tianjin Biz Socializer**  
June 16, 2009
- **Airbus Company Visit**  
June 16, 2009
- **Maximize opportunities under the new M&A tax rules**  
June 10, 2009



**MISSION**

To strengthen the business, government and community ties between the Benelux countries and China by providing a dynamic networking platform to its members.

**NEW CORPORATE MEMBER**



BenCham team

**BENCHAM BEIJING OFFICE**

Rm. 5006 Xinhe Dasha,  
Sanyuanli No.14, Shunyuan Street,  
Chaoyang District,  
Beijing, 100027  
Tel: + 86 (0)10 6465 0320 / 0985  
Fax: +86 (0)10 6465 2080  
[beijing@bencham.org](mailto:beijing@bencham.org)  
[www.bencham.org](http://www.bencham.org)

北京市朝阳区顺源街  
三源里小区14号信和大厦5006室。  
邮政编码: 100027  
Tel: + 86 (0)10 6465 0320 / 0985  
Fax: +86 (0)10 6465 2080  
[beijing@bencham.org](mailto:beijing@bencham.org)  
[www.bencham.org](http://www.bencham.org)

**YEARLY SPONSORS**





Camera di Commercio Italiana in Cina  
中国意大利商会  
China-Italy Chamber of Commerce

## JOINING THE CHAMBER

The CICC is a free and elective association incorporated in the People's Republic of China. It is made up of Italian and foreign entrepreneurs and economic organizations. Membership is granted to Italian and foreign entities, incorporated in China or not, and Italian and foreign individuals, resident in China or not.

The 2009 Membership campaign is still open, and joining as a **Supporting Member** is now more convenient than ever:

- One **rotational banner** published on the home page of the CICC website for the entire association period;
- One "information and contacts" or one "assistance service" **free of charge**;
- Two **Membership Cards**;
- Two copies of the 2008-09 **Membership Directory**.

## BENEFITS

The CICC works in order to offer to its members a wide range of benefits. Thanks to special and exclusive agreements with institutions and companies, the **new benefits** for 2009 include the opportunity of having **discounted rates to fly** Lufthansa/Swiss Air or KLM/Air France from China to Europe; **special insurance package** provided by Generali China Life Insurance Co., Ltd. and simplification of the procedure necessary to obtain a **Business Entry Visa** for your Chinese employees or Chinese partners.

The CICC provides **services** such as: Information and Contacts; Assistance; Communication and Advertising; Logistics Assistance (including office & desk rentals).

Check the many other benefits as well as the services we provide on our website:

[www.cameraitacina.com](http://www.cameraitacina.com)

## PUBLICATIONS

- **Il Quaderno**: the CICC's quarterly monographic review, written both in English and Italian language, with a Chinese presentation. Each issue analyses several aspects of a specific industry sector, highlighting the industry experts' opinions about its major issues and problems, and pointing out possible solutions (last issue: Tourism).

- **The Economic Bulletin of PRC**:



the semi-annual publication informs about economic issues of national and international interest, governmental policies and directives, giving a macroeconomic analysis of the past semester in order to give a prospective about the Chinese markets future trends.



- **iFood**: our electronic magazine about the state of the Italian food & beverage sector in China. Through interviews with sector dealers, market research and in-depth analyses of products and scenarios involving Italy atop Chinese kitchen tables, iFood promotes developing the Chinese palate to further appreciate our cuisine. The next issue of iFood starts with an introduction on Italian breakfast, focusing on two Italian delicacies: coffee and chocolate. Download the latest issues of iFood from CICC's website: [www.cameraitacina.com](http://www.cameraitacina.com)

## EVENT REVIEW

The CICC is supporting the event Dreaming of Italy. The initiative showcases the peculiarities of Italian Style via business opportunities and unique and spectacular performances. An invitation is directed to all Italian firms and institutions who want to promote their products in a market rich with precious opportunities.

Art, Luxury, Fashion, Design, Technology, Automotive, Training, Tourism, and Food Farming, all the excellences of "Made in Italy" melt into a sensorial path to involve, excite and move.

For any information or request, please visit our website [www.cameraitacina.com](http://www.cameraitacina.com) or contact our offices:

Beijing  
Unit 2607, Full Tower, 9, Dong San Huan  
Zhong Lu Chaoyang District, 100020,  
Beijing China  
Tel: 0086-10-85910545 Fax:  
0086-10-85910546  
[info@cameraitacina.com](mailto:info@cameraitacina.com)

Shanghai  
Unit 3605-3606A, The Center,  
989 Changle Road 200031  
Shanghai, China  
Tel: 0086-21-54075181 Fax:  
0086-21-54075182  
[infoshanghai@cameraitacina.com](mailto:infoshanghai@cameraitacina.com)

Guangzhou  
Room 1401, International Financial Place,  
No.8 Huaxia Road,  
Pearl River New City 510425  
Tel: 0086-20-85160147 Fax:  
0086-20-85160149  
[infoguangdong@cameraitacina.com](mailto:infoguangdong@cameraitacina.com)

Shenzhen  
Room 220, 2/F, Int'l Chamber of Commerce Tower, 3rd Fuhua Road, Futian District, 518048 Shenzhen, China  
Tel: 0086-755-88311675  
Fax: 0086-755-88312127  
[infoshenzhen@cameraitacina.com](mailto:infoshenzhen@cameraitacina.com)





Radisson SAS Hotel Beijing 6A, East Beisanhuan Road  
Chaoyang District, Beijing, 100028  
Tel: +86 10 6467 2252 Fax: +86 10 6467 7130  
E-mail: [mail@dccc.com.cn](mailto:mail@dccc.com.cn) Website: [www.dccc.com.cn](http://www.dccc.com.cn)

The objectives of the Danish Chamber of Commerce in China (DCCC) are to advance, study and protect trade, investment, commercial and other relations between Denmark and China. The DCCC will seek to meet its objectives by:

- Engaging Chinese and Danish governments and other authorities in a dialogue on legislative and other measures affecting trade between Denmark and China;
- Organizing regular member activities such as lectures, seminars, workshops, fairs as well as social events,
- Providing information and advice to Danish companies and organizations considering a presence in China;
- Broadening the understanding in Denmark of China and of the opportunities existing for enhancing commercial relations between China and Denmark;

### Upcoming Events

July 1<sup>st</sup> - Stambord at the Opposite House

**The Danish Chamber of Commerce wishes you all a great summer!  
See you again in August!**

*Events are subject to changes*

More events will follow. For an updated schedule of events please go to our website: [www.dccc.com.cn](http://www.dccc.com.cn)

If you wish to receive invitations to events and news from the DCCC please send a request to [mail@dccc.com.cn](mailto:mail@dccc.com.cn)

Best Regards,  
DCCC



### Gaelic Football, Writers and Porter

**The INC celebrates China going Gaelic, promotes the works of James Joyce**



The Irish Network China wants to congratulate the Beijing Gaelic Football club (also known as Beijing GAA) on their magnificent achievements in the All China Gaelic Games finals in Shanghai on 30 May. The Beijing ladies A team and B team narrowly lost finals at the competition, which brought together teams from Dalian, Hong Kong, Shanghai and Shenzhen. Beijing men's team

won the All-China plate, the second most important award at the event, with the silverware handed over by Ireland's ambassador to China.

The Irish Network financially supports Beijing GAA in bringing Ireland's most popular sport to China. Gaelic football and hurling have been played for hundreds of years, since Celtic times in Ireland. This western European country of 5 million has also produced world-renowned icons of other ball games, like soccer and rugby.

Please note the next two big events on the Irish Network calendar: Bloomsday and Arthur Guinness Day. These July events will celebrate two famous Irishmen: writer James Joyce and Arthur Guinness, founding father of the famous Guinness brewing company and the originator of the famous black beer drank in Irish pubs around China.

See [www.irishnetworkchina.com](http://www.irishnetworkchina.com) for more details on these two events.

# DOMESTIC FLIGHTS

(1=Mon, 2=Tue, 3=Wed, 4=Thu, 5=Fri, 6=Sat, 7=Sun)

## From Tianjin

DEST	DEP	ARR	Flight No	Days
Changchun	11:10	12:40	ZH9253	1234567
Changsha	13:00	15:10	BK2811	1234567
Chengdu	13:00	15:50	8L9976	..34567
Chongqing	11:55	16:15	BK2853	1234567
Dalian	08:15	09:05	BK2859	1234567
Fuzhou	19:10	23:05	MF8138	.2.45.7
Guangzhou	13:30	16:20	HU7201	1234567
	19:35	22:10	CZ3136	123456.
Guilin	14:25	18:50	MF8323	.2..5.7
Guiyang	08:10	12:20	GS7465/HU7465	1234567
Haikou	08:50	13:50	GS7471/HU7471	..3.5.7
Hangzhou	07:30	09:40	BK2825	1234567
	17:15	18:55	MF8126	1234567
Harbin	07:00	08:50	BK2821	1234567
Hefei	07:00	08:30	BK2847	1234567
Hohhot	09:35	10:45	CA4717/SC4717	1234567
Jinjiang	07:00	10:40	BK2857	1234567
Kunming	13:00	17:50	8L9976	..34567
Macao	08:15	12:50	MF893	....5.7
Nanjing	16:10	17:30	ZH9254	1234567
Ningbo	16:10	18:00	MU2398	1234567
Qingdao	15:05	16:00	GS7455/HU7455	1234567
Sanya	17:20	20:50	FM9159	1234567
Shanghai	09:00	10:45	FM9134/MU8964	1234567
	15:35	17:25	FM9902/MU5146	1234567
	16:50	18:35	FM9958/MU5498	1234567
	19:55	21:40	FM9908/MU5190	1234567
Shenyang	11:55	13:10	3U8861	1234567
Shenzhen	09:10	12:10	FM9125	123456.
	16:30	19:25	ZH9936	1234567
Taiyuan	11:55	13:00	BK2853	1234567
Urumqi	16:05	21:35	CZ6928	1.3.5..
Wuhan	19:10	20:55	MF8138	.2.45.7
Xiamen	14:30	17:05	MF855	1234567
	17:15	21:10	FM8126	1234567
Xi'an	08:10	09:50	GS7465/HU7465	1234567
	14:20	17:00	GS7581/HU7581	1234567
Yantai	08:40	09:30	GS7421/HU7421	1234567
Zhengzhou	15:30	16:40	ZH8312/VD8312	1234567
Zhuhai	15:35	18:25	BK2831	1...5.7

## To Tianjin

ORIGIN	DEP	ARR	Flights No	Days
Changchun	13:25	15:10	ZH9254	1234567
Changsha	21:30	23:30	BK2812	1234567
Chengdu	09:50	12:10	8L9975	..34567
Chongqing	17:15	20:50	BK2854	123456
Dalian	09:55	10:50	BK2860	1234567
Fuzhou	09:00	13:20	MF8137	123.567
Guangzhou	17:15	20:10	HU7202	1234567
	16:05	18:55	CZ3135	1234567
Guilin	19:35	23:35	MF8324	.2.45.7
Guiyang	13:00	17:10	GS7466/HU7466	1234567
Haikou	14:30	19:50	GS7472/HU7472	..3.5.7
Hangzhou	10:30	12:10	BK2826	1234567
	11:45	13:30	MF8125	1234567
Harbin	09:30	11:25	BK2822	1234567
Hefei	15:50	17:20	BK2848	1234567
Hohhot	15:50	16:55	CA4718/SC4718	1234567
Jinjiang	11:10	15:00	BK2858	1234567
Kunming	07:50	12:10	8L9975	..34567
Macao	13:45	18:20	MF894	1234567
Nanjing	08:40	10:20	ZH9253	1234567
Ningbo	13:30	15:30	MU2397	1234567
Qingdao	16:30	17:25	GS7456/HU7456	1234567
Sanya	21:50	01:20(+1)	FM9160	1234567
	08:15	10:15	FM9131/MU8959	1234567
Shanghai	14:10	16:00	FM9957/MU5497	1234567
	17:55	19:45	HU7208	1234567
	20:20	22:10	CA1528	1234567
Shenyang	14:10	15:30	3U8862	1234567
Shenzhen	13:00	15:30	FM9126	1234567
	12:50	15:50	ZH9935	123456.
Taiyuan	19:40	20:50	BK2854	1234567
Urumqi	09:35	15:05	CZ6927	1.3.5..
Wuhan	11:10	13:20	MF8137	123.567
Xiamen	13:45	16:15	MF856	1234567
	09:30	13:30	FM8125	1234567
Xi'an	15:40	17:10	GS7466/HU7466	1234567
	18:00	20:30	GS7582/HU7582	1234567
Yantai	19:50	18:50	GS7422/HU7422	1234.67
Zhengzhou	17:20	18:30	ZH8311/VD8312	1234567
Zhuhai	22:35	01:25	BK2832(+1)	1...5.7

Updated on 18 June 2009.

### Airline Code

<b>3U</b> Sichuan Airlines	<b>FM</b> Shanghai Airlines	<b>MF</b> Xiamen Airlines	<b>VD</b> Kunpeng Airlines
<b>8L</b> Lucky Air	<b>GS</b> Grand China	<b>MU</b> China Eastern Airlines	
<b>BK</b> Okay Airways	<b>HO</b> Juneyao Airlines	<b>NS</b> Northeast Airlines	
<b>CA</b> Air China	<b>HU</b> Hainan Airlines	<b>SC</b> Shangdong Airlines	
<b>CZ</b> China Southern Airlines	<b>JD</b> Deer Air	<b>ZH</b> Shenzhen Airlines	

CUT OUT AND CARRY THESE TABLES

Updated on 18 June 2009

TRAINS

BJ~TJ~TEDA (¥14)

Train	Departs	Arrives
4493	13:10	16:08

TEDA~TJ~BJ (¥14)

Train	Departs	Arrives
4494	08:05	11:21

LIGHT RAIL

TJ ~ BINHAI (¥6)

Train	Monday ~ Friday		Saturday ~ Sunday	
	Periods of Time	Interval(min)	Periods of Time	Interval(min)
<b>Zhong Shan Men</b> (TJ ~ Binhai) ¥6 First: 06:30 Last: 21:00	06:30 ~ 06:45	15	06:30 ~ 06:50	20
	06:45 ~ 07:54	5 ~ 10	06:50 ~ 08:20	12 ~ 13
	07:54 ~ 11:00	10 ~ 12	08:20 ~ 10:55	8 ~ 10
	11:00 ~ 15:45	15	10:55 ~ 15:20	12 ~ 15
	15:45 ~ 18:15	10 ~ 13	15:20 ~ 16:50	10
<b>Dong Hai Lu</b> (Binhai ~ TJ) ¥6 First: 06:30 Last: 21:00	18:15 ~ 20:00	15	16:50 ~ 21:00	12 ~ 15
	20:00 ~ 21:00	20	—	—
	06:30 ~ 07:40	10 ~ 20	06:30 ~ 08:10	15 ~ 20
	07:40 ~ 10:05	8 ~ 13	08:10 ~ 10:50	10 ~ 13
	10:05 ~ 15:05	15	10:50 ~ 12:20	15
	15:05 ~ 16:55	10 ~ 12	12:20 ~ 18:10	10 ~ 12
	16:55 ~ 18:00	5 ~ 8	18:10 ~ 21:00	13 ~ 15
	18:00 ~ 20:00	10 ~ 15	—	—
	20:00 ~ 21:00	20	—	—

Stops:



AIRPORT Shuttle Bus

Tianjin ~ Beijing Airport Terminal 3

¥70 one way  
04:00-18:00, runs every 45 minutes till 18:00.  
Tian Huan Long Distance Bus Passenger Station at the junction of Hong Qi Lu and An Shan Xi Dao.  
Tel: +86 22 2305 0530 +86 22 2305 0533

Beijing Airport Terminal 3 ~ Tianjin

¥70 one way  
07:00, 08:00, 09:00 then every 30 minutes until 23:00  
Exit on the first floor at Gate 3, Terminal 2,3  
Tel: +86 10 64558718 +86 10 8433 5878

TAXIS in Tianjin

3km	4km	5km	6km	7km	8km	9km	10km	11km
¥8	¥9.7	¥11.4	¥13.1	¥14.8	¥16.5	¥18.2	¥19.9	¥20.8
12km	13km	14km	15km	16km	17km	18km	19km	20km
¥25	¥27.6	¥30.1	¥32.7	¥35.2	¥37.8	¥40.3	¥42.9	¥45.4

No. 1 Metro Stops:

METRO Tianjin

**Metro line 1**  
Metro line 1 is from Liu Yuan station to Shuang Lin station. It crosses Bichen, Hongqiao, Nankai, Heping, and Jinnan districts.  
Price: ¥2-5 depend on distance travelled  
Hours: 06:00 - 22:00 Tel: +86 22 6028 6777  
Subways run every 10 minutes, 5 minutes during peak hour.



BULLET (C) TRAIN

TJ ~ BJ (¥58 - ¥69)

Train	Tianjin	Beijing
C2002	06:25	06:55
C2202	06:40	07:15
C2004	06:55	07:25
C2006	07:10	07:40
C2008	07:25	07:55
C2010	07:45	08:15
C2012	07:55	08:25
C2014	08:20	08:50
C2016	08:35	09:05
C2018	08:45	09:15
C2272	08:55	09:25
C2020	09:20	09:50
C2022	09:30	10:00
C2024	09:55	10:25
C2026	10:05	10:35
C2204	10:15	10:50
C2028	10:30	11:00
C2030	10:40	11:10
C2032	10:50	11:20
C2034	11:10	11:40
C2036	11:35	12:05
C2038	12:00	12:30
C2040	12:30	13:00
C2042	13:20	13:50
C2206	13:30	14:05
C2044	13:50	14:20
C2046	14:00	14:30
C2048	14:25	14:55
C2050	14:50	15:20
C2052	15:05	15:35
C2054	15:20	15:50
C2056	15:35	16:05
C2058	15:55	16:25
C2060	16:20	16:50
C2208	16:30	17:05
C2062	16:45	17:15
C2064	17:05	17:35
C2066	17:15	17:45
C2068	17:45	18:15
C2210	18:15	18:50
C2070	18:30	19:00
C2072	18:40	19:10
C2074	19:00	19:30
C2076	19:10	19:40
C2078	19:20	19:50
C2080	19:45	20:15
C2082	20:35	21:05
C2212	21:00	21:35
C2084	21:15	21:45
C2086	21:25	21:55
C2088	21:35	22:05
C2090	21:55	22:25
C2282	22:05	22:35
C2092	22:15	22:45
C2094	22:45	23:15

BJ ~ TJ (¥58 - ¥69)

Train	Beijing	Tianjin
C2001	06:35	07:05
C2003	07:00	07:30
C2005	07:10	07:40
C2271	07:20	07:50
C2007	07:30	08:00
C2009	07:45	08:15
C2011	08:00	08:30
C2013	08:10	08:40
C2015	08:45	09:15
C2201	05:55	09:30
C2017	09:10	09:40
C2019	09:30	10:00
C2021	09:40	10:10
C2023	09:55	10:25
C2025	10:05	10:35
C2027	10:15	10:45
C2203	10:30	11:05
C2029	10:55	11:25
C2031	11:30	12:00
C2033	11:45	12:15
C2035	11:55	12:25
C2037	12:15	12:45
C2205	12:55	13:30
C2039	13:15	13:45
C2041	13:40	14:10
C2043	13:50	14:20
C2045	14:10	14:40
C2047	14:45	15:15
C2049	15:00	15:30
C2051	15:10	15:40
C2053	15:20	15:50
C2207	15:40	16:15
C2055	16:20	16:50
C2057	16:30	17:00
C2059	16:40	17:10
C2061	16:55	17:25
C2063	17:25	17:55
C2065	17:40	18:10
C2067	17:50	18:20
C2069	18:00	18:30
C2071	18:20	18:50
C2209	18:30	19:05
C2073	19:05	19:35
C2075	19:15	19:45
C2077	19:40	20:10
C2079	19:50	20:20
C2081	20:05	20:35
C2281	20:25	20:55
C2083	20:45	21:15
C2211	21:15	21:50
C2085	21:40	22:10
C2091	21:50	22:20
C2087	22:20	22:50
C2089	22:30	23:00
C2093	23:00	23:30

TG ~ BJ (¥70 - ¥118)

Train	Tanggu	Beijing
C2272	08:29	09:25
C2274	12:14	13:10
C2276	13:44	14:40
C2278	17:04	18:00
C2280	19:59	20:55

BJ ~ TG (¥70 - ¥118)

Train	Beijing	Tanggu
C2271	07:20	08:14
C2273	10:45	11:39
C2275	12:35	13:29
C2277	15:55	16:49
C2279	18:50	19:44

Wuqing ~ BJ

Train	Wuqing	Beijing
C2202	06:51	07:15
C2204	10:26	10:50
C2206	13:41	14:05
C2208	16:41	17:05
C2210	18:26	18:50
C2212	21:11	21:35

BJ ~ Wuqing

Train	Beijing	Wuqing
C2201	08:55	09:15
C2203	10:30	10:50
C2205	12:55	13:15
C2207	15:40	16:00
C2209	18:30	18:50
C2211	21:15	21:35

\* Beijing-Tianjin Bullet (C) Train opened on 1 August from Beijing South Railway Station to Tianjin Railway Station. The price of the first class is 69RMB while the price of second class is 58RMB.  
Beijing-Tanggu Bullet (C) Train opened on 24 September From Beijing South Railway Station to Tanggu Railway Station. The price of the luxury class is 118RMB, the first class is 84RMB and the second class is 70RMB. Please call +86 22 6053 6053 for details.

CUT OUT AND CARRY THESE TABLES

# INTERNATIONAL FLIGHTS

(1=Mon, 2=Tue, 3=Wed, 4=Thu, 5=Fri, 6=Sat, 7=Sun)

## From Beijing

DEST	DEP	ARR	Flight No	Days
Abu Dhabi	19:10	00:20 (+1)	EY889	12.4.6.
Amsterdam	11:55	15:10(+1)	KL898/CZ767	1234567
Bangkok	17:05	22:00	TG615	1234567
Cairo	20:00	06:15(+1)	MS961	1.3.5.6.
Colombo	14:40	21:50	UL889	...3.5.7
Doha	23:50	04:05(+1)	QR899	12.45..
Dubai	23:30	04:50(+1)	EK307	1234567
Frankfurt	11:25	14:35(+1)	LH721/CA6221	1234567
Helsinki	11:40	14:15(+1)	AY052/CA3007	1234567
Hong Kong	07:50	11:25	CX 317	1234567
Istanbul	23:55	04:35(+1)	CA3005	1234567
London	12:15	15:05(+1)	BA038	12..5.7
Los Angeles	21:00	16:30(+1)	UA4455	123.5.7
Melbourne	15:35	09:00(+1)	NZ4907/CA177	1.3.5..
Moscow	11:50	15:10	SU572	1234567
Munich	14:20	18:10(+1)	LH723/CA6223	.23.567
Paris (CDG)	10:35	14:40(+1)	AF129	.2.4.6.
	13:45	17:40	AF129	.2.4.6.
San Francisco	13:40	09:04(+1)	UA888/CA8888	123.567
	11:55	14:55	KE852	1234567
Seoul*	23:50	00:10(+1)	KE854	1234567
	21:15	16:50	KE856	1.3.5.7
Singapore	08:45	15:10	SQ803	1234567
Tel Aviv	22:00	03:00(+1)	LY096	.2.4..7
Tokyo	08:25	12:45	JL780	1234567
Toronto	19:00	18:55	AC032	12.4.6.
Vancouver	15:50	10:30(+1)	CA991	1234567
Washington	19:00	19:35(+1)	UA898/CA8898	1234567

## To Beijing

ORIGIN	DEP	ARR	Flight No	Days
Abu Dhabi	23:45	11:30(+1)	EY888	1.....7
Amsterdam	17:40	09:55(+1)	KL897/CZ768	1234567
Bangkok	10:50	16:30	TG614	1234567
Cairo	22:40	18:30(+1)	MS960	.2.45.7
Colombo	01:45	13:20	UL888	...3.5.7
Doha	01:30	14:40	QR898	12.45..
Dubai	03:00	14:45	EK306	1234567
Frankfurt	17:15	09:25(+1)	LH720/CA6220	1234567
Helsinki	20:00	05:30(+1)	AY051/CA3008	1234567
Hong Kong	17:00	20:15	CX312	1234567
Istanbul	23:05	14:20	CA3006	1234567
London	16:45	10:30(+1)	BA039	1234.67
Los Angeles	00:40	5:30(+1)	UA4456	1234567
Melbourne	10:45	22:25	CA178	.2.4.6.
Moscow	21:30	09:50(+1)	SU571	1234567
Munich	19:45	12:35(+1)	LH722/CA6222	12.456.
Paris (CDG)	15:55	11:50(+1)	AF126	1234567
	18:55	08:50(+1)	AF128	1.3.5..
San Francisco	11:00	15:35(+1)	UA889/CA8889	1234567
	09:30	10:35	KE851	1234567
Seoul*	19:00	20:05	KE853	1234567
	11:35	12:40	KE855	1.3.5.7
Singapore	08:45	14:50	SQ802	1234567
Tel Aviv	00:45	16:35	LY095	.2.4..7
Tokyo	10:50	14:00	JL781	1234567
Toronto	14:35	17:00(+1)	AC031	1.3.5.7
Vancouver	12:50	16:30(+1)	AC992	1234567
Washington	12:21	15:30(+1)	UA897/CA8897	1234567

## From Tianjin

DEST	DEP	ARR	Flight No	Days
Chubu	13:25	17:15	JL788	1234567
Hong Kong	08:35	11:50	KA1103	1234567
Seoul*	12:15	15:05	KE806	1234567
Nagoya	13:25	17:15	MU8719/JL788	1234567
Kuala Lumpur	08:35	14:50	D7 2615	12.45.7

## To Tianjin

ORIGIN	DEP	ARR	Flight No	Days
Chubu	10:10	12:15	JL787	1234567
Hong Kong	12:50	16:00	KA1104	1234567
Seoul*	09:30	10:20	KE805	1234567
Nagoya	10:30	12:55	MU8718/JL787	1234567
Kuala Lumpur	01:00	07:05	D7 2614	12.45.7

\* Flights from Beijing/Tianjin to Seoul, from Seoul to Beijing/Tianjin provided by Korean Air.  
Tianjin-Kuala Lumpur flights provided by AirAsia. *AirAsia*  
Schedules are subject to government approval and may be changed without prior notice.

Updated on 18 June 2009

### Airline Code

<b>AC</b> Air Canada	<b>EK</b> Emirates	<b>LY</b> El Al Airlines	<b>SQ</b> Singapore Airlines
<b>AF</b> Air France	<b>ET</b> Ethiopian Airlines	<b>MS</b> Egypt Airlines	<b>SU</b> Aeroflot Airlines
<b>AY</b> Finnair	<b>EY</b> Etihad Airways	<b>NH</b> All Nippon Airways	<b>TG</b> Thai Airways International
<b>BA</b> British Airways	<b>JL</b> Japan Airlines	<b>NZ</b> Air New Zealand	<b>UA</b> United Airlines
<b>CX</b> Cathay Pacific	<b>KE</b> Korean Air	<b>QF</b> Qantas Airways	<b>UL</b> Sri Lanka Airlines
<b>CZ</b> China Southern Airlines	<b>KL</b> KLM-Royal Dutch Airlines	<b>QR</b> Qatar Airways	
<b>D7</b> Air Asia	<b>LH</b> Lufthansa	<b>SK</b> Scandinavian Airlines	

# REUNION ISLAND COOPERATES WITH TIANJIN

*DIALOGUE with Mr. Pierre Vergès, President of SR21,  
Reunion Island Agency for Sustainable Development and Innovation*

**R**eunion Island, formally La Réunion, is a sublime Island located in the Indian Ocean, east of Madagascar and southwest of Mauritius. Reunion is one of the 26 regions of France and an intact part of the Republic sharing the same eminence as those on the European continent.

SR21 is an agency working towards sustainable development and innovation on Reunion Island.

In 2003, Reunion Island initiated cooperation with the Tianjin Municipality, further formalizing the relationship in March 2004. In 2008, Reunion Island opened a representative office in Tianjin.

Business Tianjin had the opportunity to interview Mr. Pierre Vergès, president of SR21 in Reunion Island. Mr. Vergès also delegated the first Sino-French decentralized cooperation in Wuhan, China in October 2005.

## **What does SR21 do?**

SR21 was founded in 2002. It is a Reunion Island agency for sustainable development and innovation, owned by half-private half-public investors. We are committed to transforming the island into one of the world's leaders in sustainable development research and innovation. Our strategic sectors are agro-nutrition in tropical areas; energetic technology applied to the environment, predicting self-sufficiency

by 2030; Information and Communication Technologies; and Tourism.

## **What are SR21's objectives in China & in Reunion?**

Reunion is a part of France. However, we are distanced from the European continent. Our main objective is to create middle- and long-term links with the rest of the world, particularly with China. We signed an agreement with the Municipality of Tianjin to strengthen our business relations. Mainly, we seek to help Chinese companies with their development projects in Reunion, as well as promoting Reunion to potential Chinese investors.

Our area of focus is to create links so





that investors can make exchanges in China and Reunion in the fields of Research and Development. The other major objective is to create visa availability for tourists in the coming few months and also abiding provision for higher education.

**Why was SR21 established in Tianjin, an industrial city, as opposed to Shanghai or Beijing?**

Chinese government initially proposed us to be in Tianjin, probably because the city is now the most important focus of the Chinese government. It's the third largest city in China and is also near to Beijing. We respect the decision of the Chinese government, and it is our honor to make exchanges in Tianjin.

**What are your primary objectives as president of SR21?**

My main concern as president of SR21 is to solve pending problems such as visa access difficulties between Reunion and China. For this matter, we intend to create cooperation protocols with the Municipality of Tianjin, starting with education protocols.

**What exchanges have already occurred or are occurring between Reunion and Tianjin?**

We have already initiated, in another location, educational relations. It is also in our interest to promote the Chinese language and culture through the establishment of a Confucius Institute in Reunion. In addition we are about to inaugurate the Chinese Consulate in Reunion.

**Which areas represent stronger cooperation potential between Reunion and China?**

I believe the areas of energy, environment and industry. Reunion has developed several innovative equipments that can be applied throughout the world. For example, in China there is an area where sugarcane is produced. In Reunion we

developed techniques for the production of energy from sugarcane. We also have effective water cleaning equipment that can be most useful in China. Cooperation in this sector might be relevant.

### Being patient implies loyalty, and that is the basic idea for a long-lasting, solid relationship.

#### Investments have fallen worldwide over the past 6 months. How do you think this will affect China's interaction with Reunion?

Unlike many other regions, Reunion hasn't felt a significant impact caused by the world's financial crisis. We mostly support our economy in sectors that are not affected by it. The potential for cooperation between China and Reunion should only be amplified. In other words, this crisis hasn't been aggressive on Reunion, and due to the distance from France, we benefit from communitarian funds.



#### What are the keys to a successful cooperation with China?

The key is to be patient and commit to this principle. Being patient implies loyalty, and that is the basic idea for a long-lasting, solid relationship.

#### How does the presence of a Chinese community in Reunion reflect the need for collaboration with China?

There is the need to wisely choose agents interested in this line of activity. As I said before, there is a concern to promote China and its culture in Reunion. Again, the need to appropriately manage visas is still present.

#### How do you plan to promote Reunion Island in China?

We intend to promote our natural resources, our touristic vast potential. Communicating in China is rather challenging and appealing if we consider not only the Chinese population but also a few million foreigners living there.

The main initiatives would start with facilitating visa conditions, increase the number of flight connections between Reunion and China, and communicate all the possibilities Reunion represents using a new and attractive website. ☑

Reunion Island's representative in China, Tianjin Office  
Contact: Gaelle Hao Law Chong  
Address: Magnetic Plaza, Building 17, Office 5A07,  
Binshui West Road, Nankai District, Tianjin, China  
Tel/Fax: +86 22 2374 1220  
E-mail: [gaelle.hlc@sr21.re](mailto:gaelle.hlc@sr21.re)



## CONDUCTING AN INTERVIEW

VOLUME 19

Can you sell yourself in under two minutes?

你能(1) 在 | 两 | 分钟 | 内(2) | 自我 | 推荐(3) | 吗?  
 nǐ néng zài | liǎng fēnzhōng nèi | zìwǒ tuījiàn | ma?

Please summarize your current job description.

请(4) 对 | 你 | 目前 | 的(5) | 工作 | 描述(6) | 做个 | 概括 | 说明(7)。  
 qǐng | duì | nǐ | mùqián de | gōngzuò miáoshù zuògè gàikuò shuōmíng.

Why did you leave your last job?

你 | 为什么(8) | 离职(9) | 呢?  
 nǐ | wèishénme | lízhí | ne?

What contribution did you make to your current (previous) organization?

你 | 对 | 目前/ | 以前的(10) | 工作 | 单位(11) | 有何 | 贡献(12)?  
 nǐ | duì | mùqián/ | yǐqián de | gōngzuò dānwèi | yǒuhé gòngxiàn?

What do you think you are worth to us?

你 | 怎么 | 认为(13) | 你 | 对 | 我们 | 有 | 价值(14) | 呢? |  
 Nǐ | zěnmē rènwéi | nǐ | duì | wǒmen | yǒu | jiàzhí | ne? |

What makes you think you would be competent for this position?

你 | 如何 | 知道(15) | 你 | 能 | 胜任(16) | 这份 | 工作(17)?  
 nǐ | rúhé zhīdào | nǐ | néng | shèngrèn | zhèfèn gōngzuò?

Are you a multi-tasker?

你 | 是 | 一位(18) | 可以 | 同时(19) | 承担(20) | 多项 | 工作(21) | 的 | 人 | 吗?  
 nǐ | shì | yíwèi | kěyǐ | tóngshí | chéngdān | duōxiàng gōngzuò | de | rén | ma?

Can you handle stress well?

你 | 能 | 承受(22) | 工作 | 压力(23) | 吗?  
 nǐ | néng | chéngshòu | gōngzuò yālì | ma?

What provides you with a sense of accomplishment?

什么 | 会 | 让(24) | 你 | 有 | 成就感(25)?  
 shénme | huì | ràng | nǐ | yǒu | chéngjiùgǎn?

How long could you stay with our company?

你 | 会 | 在 | 本 | 公司(26) | 服务(27) | 多久(28)呢?  
 nǐ | huì | zài | běn | gōngsī | fúwù | duōjiǔ?

What do you see yourself doing five years from now?

你 | 考虑(29) | 过 | 五年后(30) | 你 | 会 | 做 | 什么吗?  
 Nǐ | kǎolǔ | guò | wú nián hòu | nǐ | huì | zuò | shénme ma?

What is your strongest personality trait?

你 | 个性(31) | 最大 | 的 | 特点(32) | 是 | 什么?  
 nǐ | gèxìng | zuìdà de | tèdiǎn | shì | shénme?

What leadership qualities did you develop as an administrative personnel?

作为(33) | 行政 | 人员(34), | 你 | 有 | 什么样(35) | 的 | 领导 | 才能(36)?  
 zuòwéi | xíngzhèng | rényuán, | nǐ | yǒu | shénmeyàng | de | língdǎo | cái néng?

How do you normally handle criticism?

你 | 通常(37) | 如何(38) | 处理(39) | 别人 | 的 | 批评(40)?  
 nǐ | tōngcháng | rúhé | chǔlǐ | biérén | de | pīpíng?





How do you handle conflict with colleagues at work?

你 | 如何 | 处理 | 与 | 同事(41) | 在 | 工作中(42) | 的 | 分歧(43)?  
nǐ | rúhé | chùlǐ | yǔ | tóngshì | zài | gōngzuòzhōng | de | fēnqī?

How do you handle failures?

你 | 怎样 | 对待(44) | 自己 | 的 | 失败(45)?  
nǐ | zěnyàng | duìdài | zìjǐ | de | shībài?

(1) 能	néng	Can	(23) 压力	yāli	stress/pressure
(2) 两分钟内	liǎngfēnzhōng nèi	within two minutes	(24) 会让	huìràng	to let
(3) 自我推荐	zìwǒ tuījiàn	sell oneself	(25) 成就感	chéngjiùgǎn	a sense of accomplishment
(4) 请	qǐng	please	(26) 本公司	běn gōngsī	our company
(5) 目前的	mùqián de	current	(27) 服务	fúwù	serve or stay with
(6) 工作描述	gōngzuò miáoshù	job description	(28) 多久	duōjiǔ	how long (duration)
(7) 做个概括说明	zuògè gài kuò shuōmíng	make a summary	(29) 考虑	kǎolǔ	consider
(8) 为什么	wèishénme	why	(30) 五年后	wú nián hòu	after five years
(9) 离职	lízhí	leave one's job	(31) 个性	gèxìng	personality
(10) 以前的	yǐqián de	previous	(32) 最大的特点	zuìdà de tèdiǎn	strongest point
(11) 工作单位	gōngzuò dānwèi	organization	(33) 作为	zuòwéi	as
(12) 有何贡献	yǒuhé gòngxiàn	what contribution	(34) 行政人员	xíngzhèng rényuán	administrative personnel
(13) 怎么认为	zěnnè rēnwéi	what do you think	(35) 什么样	shénmeyàng	what kind of
(14) 价值	jiàzhí	be worth	(36) 领导才能	língdǎo cáinéng	leadership qualities
(15) 如何知道	rúhé zhīdào	what makes you think	(37) 通常	tōngcháng	normally
(16) 胜任	shèngrèn	be competent for	(38) 如何	rúhé	how
(17) 这份工作	zhèfèn gōngzuò	this position	(39) 处理	chùlǐ	handle
(18) 一位	yíwèi	individual	(40) 批评	pīpíng	criticism
(19) 同时	tóngshí	at the same time	(41) 同事	tóngshì	colleagues
(20) 承担	chéngdān	undertake	(42) 工作中	gōngzuòzhōng	at work
(21) 多项工作	duōxiàng gōngzuò	multi-tasked	(43) 分歧	fēnqī	conflict
(22) 承受	chéngshòu	to bear	(44) 对待	duìdài	treat or handle
			(45) 失败	shībài	failure



If you meet any problems in learning Chinese, please send us an email at

[bizclass@businesstianjin.com](mailto:bizclass@businesstianjin.com)

We'll do our best to help you. See you next month.



# GREEN WITH ENVY

AT THE EXPAT SHOW BEIJING

By Joei Villarama

With so many activities to participate in, organizations to join, products to ogle, I was positively green with envy at what Beijing has laid out to offer expats. When will there be as many choices and as much variety for those living in Tianjin and TEDA? This is the second year of the Expat Show Beijing, and 7,800 visitors trooped to the China World Trade Center at Guomao, including busloads of people from neighbouring Tianjin.

With an estimated 300,000 expats living in Beijing, the number of attendees is but a fraction of the whole pie. That slice was enough though to attract over 150 exhibitors showcasing their wares and services ranging from educational institutions to health providers, from cause-oriented groups to for-profit enterprises. For newbies in Beijing, the event is a godsend for getting

one's bearings, acquiring a speedy orientation and cramming information into an as-of-yet relatively empty calendar. For medium- and long-timers in Beijing, the show still provides some surprises and revelations.

Often managers and entrepreneurs who want to pursue their MBA are confused by the number of selections available. The Expat Show gathers several business schools under one roof so it's easier for people to compare. Some Chambers of Commerce made their presence felt through their booths while attendees can seek out groups by nationality. To help facilitate decision making, there were also several Chinese learning institutions and centres for expats who are not satisfied until they've upgraded their zhongwen skills. Translation gadgets and devices abound, too.



## expat show

Beijing



Koryo Tours specialize in travel packages to North Korea while Friends of Nature organize nature appreciation tours including bird watching, hiking and botanical studies. The former's claim to fame are three award winning documentaries about life in the DPRK while the latter publishes a Green Map of local sites perfect for lovers of exploration with "green" in mind.

The Bread of Life Bakery helps orphans and children with orthopaedic needs. The Positive Art Workshop gives opportunities for artistic self-expression and a means of earning for people living with HIV. The Starfish Project empowers migrant and trafficked women by training them in jewellery-making. Jane Goodall's Roots and Shoots is organizing the Yunnan Bicycle Challenge among their other regular environment-saving actions. And a barbecue benefit is being held by Morning Tears for children whose parents are in prison or have been executed.

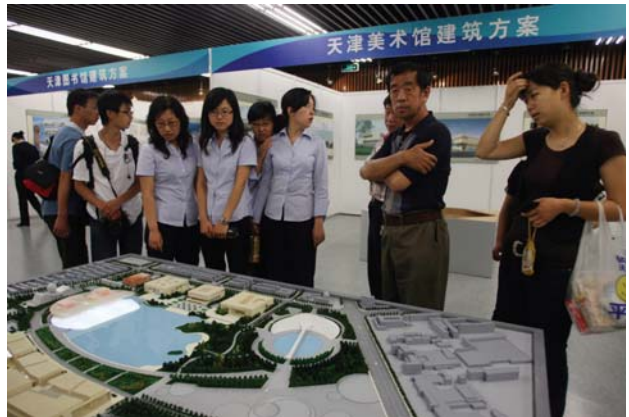
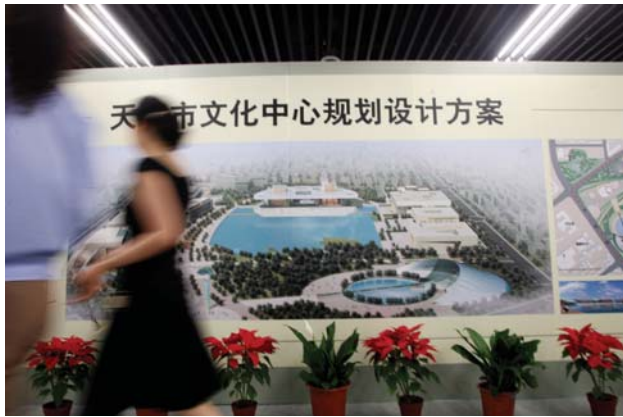
Children were playing football in one area while next to it, people were having their fill of Indian, Mexican, Japanese, Italian or healthy organic food. There was delectable cheese made in China to sample and Belgian chocolates to be savoured. Food trippers merely delight

in being able to mix and match from among the United Nations of cuisine. Watch out though, because Weight Watchers has also arrived in Beijing with its signature program for subtracting excess pounds.

Spa promotions, sports groups, international schools, an array of media outfits for all your information requirements, housing experts and whatever else a typical relocated expat would need – these were all in the show, meeting or exceeding expectations. As one visitor commented, "Everything's here. It's so comprehensive." "I just wish we had something like this in Tianjin," another one quipped, "but maybe it won't be as big and abundant."

From fairs such as this, visitors take home a load of freebies – brochures, fans, key chains, pens, magazines – packed into the paper bag given at the entrance and filled to the brim upon exiting. Upon reaching home, there's a quick (or delayed) painless sorting process to weed out the junk from the truly useful. And until next year's Expat Show, we'll see which ones materialize into something more definitive and active than a pocketed business card.





Tianjin municipal Party committee and government collected suggestions from Tianjin citizens on *Plans of Tianjin Urban Space Development and Design Proposal for Tianjin Culture Center*. **Three thousand visitors** to the Tianjin Urban Planning Exhibition Center **wrote their expectations for city planning** on 3 June, the first day of the event.



More than 50 ladies competed in a **high-heel shoes contest** on Nanjing Road on the afternoon of 23 May. Contestant #107 won, wearing 12.5cm stilettos as measured by the referee.



China's **2009 University Entrance Examination** began on 7 June.



# Local Events in July 2009 ▶▶▶



## ▶ Business Events

Date	Event	Location	Organizer
July 1-3	Wire Asia Tianjin 2009 (exhibition for wire, cable, fasteners, springs and other products)	Tianjin China International Exhibition Center	AIT Events Co., Limited Tel: +86 10 8586 8930 ext. 212/207
July 16	F&T Seminar: How to safeguard yourself in customs audit?	Hotel Nikko Tianjin	EUCCC TJ Tel: +86 22 2374 1122 See P45
July 23	F&T Seminar: Individual income tax planning for expatriates	Hotel Nikko Tianjin	EUCCC TJ Tel: +86 22 2374 1122 See P45

## ▶ Leisure Events

Date	Event	Location	Organizer
July 1 - Sept.1	Children's summer camp Swimming Class: 5-15 year olds Tennis Class: 7-15 year olds	No.8, Meiyuan Road Huayuan Industrial Zone, New Technology Industry Park, Tianjin 天津新技术产业园区华苑产业 区梅苑路8号	Tianjin Saixiang Hotel Tel: + 86 22 2376 8888 ext. 3904
July 1- July 10	China's Ancient calligraphy and Painting Simulation Art Exhibition	Tianjin Museum	Tianjin Museum Tel: +86 22 5879 3000
July 4 5pm-9pm	American Independence Day celebration	Istyle Town (Italian Concession Area)	AmCham, Tianjin Chapter Tel: +86 22 2318 5075
July 11 7:30pm	Spirited Away - Music Works of Joe Hisaishi / Hayao Miyazaki's Animation Symphony Tianjin Concert	Tianjin Grand Theatre	Tel: +86 22 2721 8388
July 12	Wedding Show at Holiday Inn Tianjin Riverside	Bldg. A, Phoenix Shopping Mall, Haihe Dong Lu, Hebei District 河北区海河东路凤凰商贸广场 A区	Holiday Inn Tianjin Riverside Tel: +86 22 2627 8888

## ▶ Special Days

July 1	12th anniversary of Hongkong's handover	July 7	Xiǎo Shǔ (Slight heat)
	CCP's Birthday	July 11	China's Maritime Day
July 2	International Sports Journalist Day	July 23	Dà Shǔ (Great heat)

## Chinese

**China Station**

2F, Radisson Plaza Hotel Tianjin,  
No. 66 Xinkai Lu, Hedong District  
Tel: +86 22 2457 8888

中国站

河东区新开路66号天津天诚丽笙  
世嘉酒店二层

**Cuiheng Village**

2F Block C, Huasheng Plaza,  
No. 146 Weidi Dao, Hexi District  
Tel: +86 22 8823 8986

翠亨邨

河西区围堤道146号华盛广场C座  
2层

**Ding Tai Fung**

No. 18 Binshui Dao, Hexi District  
Tel: +86 22 2813 8138

Hrs: 11:30-14:30, 17:30-21:50

鼎泰丰

河西区宾水道18号

**Fountain Lounge**

Hyatt Regency Jing Jin City Resort  
and Spa, No. 8 Zhujiang Da Dao,  
Zhoulaiang Zhuang, Baodi District  
Tel: +86 22 5921 1234

碧泉茶园

天津宝坻区周良庄珠江大道8号  
京津新城凯悦酒店

**Fortune Restaurant**

2F, Crowne Plaza Tianjin Binhai  
No. 55, Zhongxin Da Dao,  
Airport Industrial Park  
Tel: +86 22 5867 8888 ext. 2355

富淳中餐厅

天津空港物流加工区中心大道55  
号天津滨海圣光皇冠假日酒店2楼

**Go Believe**

Shiping Jie, Heping District  
Tel: +86 22 2727 1116

狗不理

和平区食品街

**Tao Li Chinese Restaurant**

6F, Hotel Nikko Tianjin,  
189 Nanjing Lu, Heping District  
Tel: +86 22 8319 8888 ext.3561  
Hrs: 11:30-14:00/17:30-22:00

桃李中餐厅

和平区南京路189号天津日航酒店  
六层

**Wan Li Chinese Restaurant**

2F Renaissance Tianjin TEDA  
Hotel, 29 2<sup>nd</sup> Avenue, TEDA  
Tel: +86 22 6621 8888 ext. 6750

万丽轩中餐厅

天津经济技术开发区第二大街29号

## Japanese

**Benkay Japanese Dining**

5F, Hotel Nikko Tianjin, No. 189  
Nanjing Lu, Heping District  
Tel: +86 22 8319 8888 ext. 3558

Hrs: 11:30-14:00/17:30-22:00

弁慶日本料理餐厅

和平区南京路189号天津日航酒店  
五层

**Chitose**

5F, Ningfa Group  
No. 21, Shuishang Dong Lu,  
Nankai District  
Tel: +86 22 2392 0287

千登世

南开区水上东路21号宁发集团5楼

**Kushi**

2F, Radisson Plaza Hotel Tianjin,  
No. 66 Xinkai Lu, Hedong District  
Tel: +86 22 2457 8888

串烧

河东区新开路66号天津天诚丽笙  
世嘉酒店二层

**Kasumi**

1F, Crowne Plaza Tianjin Binhai  
No. 55, Zhongxin Da Dao, Airport  
Industrial Park  
Tel: +86 22 5867 8888 ext. 2322

霞日式料理

天津空港物流加工区中心大道55  
号天津滨海圣光皇冠假日酒店1楼

**Sake n Sushi Bar**

11F, Holiday Inn Binhai Tianjin  
No. 86, 1st Avenue, TEDA  
Tel: +86 22 6628 3388 ext. 2730

Hrs: 11:30 - 23:00

寿司吧

开发区第一大街天津滨海假日酒  
店11层

**Seitara**

Zi Jin Shan Lu, Hexi District  
Tel: +86 22 2335 0909

Hrs: 10:00 - 22:00

清太郎日本料理

河西区紫金山路喜来登大酒店

## Indian

**Alibaba Indian Restaurant & Bar**

2F, Sports Hotel,  
No.90, Wei Jin Nan Lu, Nankai  
District  
Tel: +86 22 2391 6368

阿里巴巴印度餐厅酒吧

南开区卫津南路90号体育中心  
体育宾馆2楼

**Bawarchi Indian Restaurant**

No. 69 Bldg B, Shang Gu,  
Tian Ta Lu, Nankai District  
Tel: +86 22 2341 2786

芭瓦琪印度餐厅

南开区天塔道上谷商业街  
西区B座69号

## Thai

**YY Beer House**

No.3, Ao Men Lu, Heping District  
Tel: +86 22 2339 9634

Hrs: 10:30-02:00

粤园泰餐厅

和平区澳门路3号(国际大厦后)

**Golden Elephant Thai Restaurant**

No. 78 Guangdong Lu,  
Hexi District,  
(Behind Yonghe Dou Jiang Fang)  
Tel: +86 22 2328 7801

金象苑泰国餐厅

天津市河西区广东路78号

## Western

**Brasserie Restaurant**

Renaissance Tianjin TEDA Hotel &  
Convention Centre  
No. 29, 2nd Avenue, TEDA  
Tel: +86 22 6621 8888 ext. 3711

万丽西餐厅

开发区第二大街29号天津万丽泰  
达酒店及会议中心

**Broadies Tavern**

No. 5 Bar Street,  
Youyi Lu, Hexi District  
Tel: +86 22 8837 0933

部落地西餐厅酒吧

河西区友谊路风情街5号

**Buffalo**

South Entrance No.5, TEDA  
Football Field, 5<sup>th</sup> Avenue, TEDA  
Tel: +86 22 6628 2666

水牛石西餐厅

天津经济技术开发区第五大街  
泰达足球场5号门南侧

**Café@66**

1F, Radisson Plaza Hotel Tianjin,  
No. 66 Xinkai Lu, Hedong District  
Tel: +86 22 2457 8888

咖啡66

河东区新开路66号天津天诚丽笙  
世嘉酒店一层

**C'est La Vie French Restaurant**

3F, Bldg D, Shang Gu  
Tian Ta Lu, Nankai District  
Tel: +86 22 2341 9808

三乐味法国餐厅

南开区天塔道上谷商业街D座3层

**Glass House**

Hyatt Regency Jing Jin City Resort  
and Spa, No. 8 Zhujiang Da Dao,  
Zhoulaiang Zhuang, Baodi, District  
Tel: +86 22 5921 1234

水晶厨房

天津宝坻区周良庄珠江大道8号  
京津新城凯悦酒店

**Hank's Sports Bar & Grill**

1F, Bldg B, Shang Gu, Tian Ta Dao,  
Nankai District  
Tel: +86 22 2341 7997

汉克斯运动酒吧

天津南开区天塔道上谷商业街  
B座一层

**Harvest Book & Coffee**

Room 101 Gate 3, Bldg 27, Jiuhuali  
Garden, No.191 Yingshui Dao,  
Nankai District  
Tel: +86 22 2373 3461

哈维斯特咖啡

南开区迎水道191号久华里27号楼3门

**La Seine Café**

No.7-9, Area B, Magnetic Plaza,  
Ling Bin Lu, Nankai District  
Tel: +86 22 2385 5018

Hrs: 10:30 - 21:00

塞纳咖啡屋

南开区时代奥城商业广场B区7-9

**Pan Shan Grill & Wine**

2F Main Building,  
Sheraton Tianjin Hotel  
Zijinshan Lu, Hexi District  
Tel: +86 22 2334 3388 ext.1820

Hrs: 18:00 - 23:00

盘山葡萄酒扒房

河西区紫金山路天津喜来登大酒店  
主楼二楼

**Parrot Restaurant & Bar**

No. 88 Huanghai Lu, TEDA  
Tel: +86 22 6620 1663

Hrs: 10:00 - 24:00

鹦鹉西餐厅酒吧

天津经济开发区黄海路88号

**Pizza Hill**

Bldg B, Magnetic Plaza  
Lingbin Lu, Nankai District  
Tel: +86 22 2385 5025

天津嘉喜来比萨餐饮有限公司  
南开区凌宾路奥城商业广场B区

**Spectrum All-Day Dining**

7F, Hotel Nikko Tianjin, No. 189  
Nanjing Lu, Heping District  
Tel: +86 22 8319 8888 ext. 3570

Hrs: 11:30-14:30/18:00-21:30

彩西餐厅

和平区南京路189号

天津日航酒店七层

**The Spot Cafe**

Opposite to Tianyun Hotel,  
Diantai Dao, Nan Fu Fang Street,  
Heping District  
Tel: +86 22 2783 7764

聚点咖啡馆

和平区南浮房大街电台道天宇大  
酒店对面

**Wyndsong Restaurant**

1F, Crowne Plaza Tianjin Binhai  
No. 55, Zhongxin Da Dao,  
Airport Industrial Park  
Tel: +86 22 5867 8888 ext. 2333

风之细语西餐厅

天津空港物流加工区中心大道55  
号天津滨海圣光皇冠假日酒店1楼

**Apartments**

**Astor Apartment**

No.33, Tai Er Zhuang Lu, Heping District  
利顺德公寓  
和平区台儿庄路33号

**Crystal Palace Hotel Apartment**

No.28, Youyi Lu, Hexi District  
Tel: +86 22 2835 6666  
水晶宫饭店公寓  
河西区友谊路28号

**Sheraton Apartment**

Zi Jin Shan Lu, Hexi District  
Tel: +86 22 2334 3388  
喜来登公寓  
河西区紫金山路

**Somerset Olympic Tower**

No.126, Chengdu Dao, Heping District  
Tel: +86 22 2335 5888  
天津盛捷奥林匹克大厦服务公寓  
和平区成都道126号

**TEDA International Club (Tianjin)**

No.7, FuKang Lu, Nankai District  
Tel: +86 22 5869 5555  
天津泰达国际会馆公寓  
南开区复康路7号

**Tianjin Centre Residences**

No.219, Nanjing Road, Heping District  
Tel: +86 22 5868 2888  
天津中心公寓  
和平区南京路219号

**Tianjin International Building**

No.75, Nanjing Lu, Heping District  
Tel: +86 22 2330 6666  
国际大厦  
和平区南京路75号

**Banks**

**Agricultural Development Bank, Tianjin Branch**

No.120, Jiefangbei Lu, Heping District  
Tel: +86 22 2330 0801  
中国农业银行天津市分行  
和平区解放北路120号

**Bank of East Asia (BEA)**

Bldg G, Garden, No.47, Youyi Bei Lu Rome, Hexi District  
Tel: (+86) 22 2332 1662  
Fax: (+86) 22 2332 3165  
东亚银行有限公司  
河西区友谊北路47号G楼罗马花园

**Bank of China, Tianjin Branch**

No.80 JiefangBei Lu, Heping District  
Tel: +86 22 2710 2001  
中国银行天津分行  
和平区解放北路80号

**BNP**

The Exchange, 11F, No.189, Nanjing Lu, Heping District  
Tel: (+86) 22 2318 7000  
法国巴黎银行  
和平区南京路189号津汇广场11层

**China Bohai Bank**

No.201-205, Machang Dao, Hexi District  
Tel: +86 22 5831 6666  
渤海银行  
天津市河西区马场道201-205号

**China Construction Bank, Tianjin Branch**

No.19-1, Nanjing Lu, Hexi District  
Tel: +86 22 2340 1616  
中国建设银行天津分行  
河西区南京路19号增1号

**China Construction Bank, Tianjin Branch**

No.19-1, Nanjing Lu, Hexi District  
Tel: +86 22 2340 1616  
中国建设银行天津分行  
河西区南京路19号增1号

**Citibank**

18F, The Exchange, No.189, Nanjing Lu, Heping District  
Tel: +86 22 8319 1988 ext. 73812  
花旗银行  
和平区南京路189号津汇广场18层

**HSBC, Tianjin Branch**

No.1, Ocean Shipping Plaza, Haihe Dong Lu, Hebei District  
Tel: +86 22 5858 8888  
香港上海汇丰银行天津分行  
河北区海河东路远洋广场1号

**Standard Chartered**

36F, The Exchange, No.189, Nanjing Lu, Heping District  
Tel: +86 22 8319 1360  
渣打银行  
和平区南京路189号津汇广场1号楼36层

**Car Dealers**

**Tianjin Tianbao Auto Sales & Service Co., Ltd**

No.70, Huanhe bei Lu, Tianjin Airport Industrial Park  
Tel: +86 22 8827 7777  
天津天宝汽车销售服务有限公司  
空港物流区环湖北路70号

**Tianjin Star**

No.28, Huanhe bei Lu, Tianjin Airport Industrial Park  
Tel: +86 22 8490 9090  
天津之星  
空港物流区环湖北路28号

**Porsche Center Tianjin**

No.59, Autopark Middle Road, Airport Industrial Park  
Tel: +86 22 2435 9911  
天津保时捷中心  
天津空港物流加工区汽车园中路59号

**Chambers**

**European Chamber Tianjin Chapter**

Room15A17, Suite 17, Magnetic Plaza, Binshui Xi Dao, Nankai District,  
Tel: +86 22 2374 1122  
Tianjin@euccc.com.cn  
中国欧盟商会天津分会  
南开区滨水西道奥城商业广场17座15A17室

**German Business Circle Tianjin Deutscher Unternehmerkreis Tianjin, DUT**

Office 803, Huake Center, No.3, Kaihua Dao, Huayuan Industrial Area  
Tel: +86 22 8371 7855  
Fax: +86 22 8371 7859  
天津德国人联谊会  
天津市华苑产业园区开华道3号华科创业中心803室

**German Chamber of Commerce, Tianjin Office**

No.3, Yuliang Lu, Nankai District  
Tel: +86 22 2301 1709  
德国商会天津分会  
南开区育梁路3号

**The American Chamber of Commerce, Tianjin Chapter**

Room 2918, 29F, The Exchange Tower 2, No.189, Nanjing Lu, Heping District  
Tel: +86 22 2318 5075  
www.amchamchina.org  
美国商会天津分会  
和平区南京路189号津汇广场B座2918室

**Tianjin Japanese Association**

Room 607, International Building No.75, Nanjing Lu, Heping District  
Tel: +86 22 2313 2522  
www.tjja.net  
天津日本人会  
和平区南京路75号国际大厦607室

**Tianjin Korean Chamber of Commerce & Industry**

1F Fenglin Hotel No.6, Binshui Xi Dao, Nankai District  
Tel: +86 22 2395 7991  
天津韩国商会  
天津市南开区滨水西道6号枫林宾馆1楼

**Tianjin Korean Society**

1F Fenglin Hotel No.6, Binshui Xi Dao, Nankai District  
Tel: +86 22 2395 6600  
天津韩国人会  
天津市南开区滨水西道6号枫林宾馆1楼

**Tianjin TEDA Chamber of Commerce/International Chambers of Commerce**

A-2, Investment Service Center No. 19, Hongda Jie, TEDA  
Tel: +86 22 2520 1071  
天津开发区商会/国际商会  
开发区宏达街19号投资服务中心A-2

**Education**



**German Language Centre, Tianjin Foreign Studies University**

Bldg. 3, Tianjin Foreign Studies University, No.117, Machang Dao, Hexi District  
Tel: +86 22 2326 5642  
Fax: +86 22 2326 5644  
Email: kurse@goethe-slz.tj.cn  
Website: www.goethe-slz.tj.cn  
天津外国语学院 歌德语言中心  
河西区马场道117号天津外国语学院马场道校区3号楼

**Gymboree Tianjin Binhai Center**

3F, Citizen Plaza, 1st Avenue, TEDA  
Tel: +86 22 5981 5252  
金宝贝天津滨海中心  
开发区第一大街市民广场3层

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## Lifestyle Listings

### International School of Tianjin

Weishan Lu, Shuanggang,  
Jinnan District  
Tel: +86 22 2859 2001  
Fax: +86 22 2859 2007  
www.istianjin.org  
天津经济开发区国际学校天津分校  
津南开发区双港微山路

### Teda International School

No.72, 3rd Avenue, TEDA  
Tel: +86 22 6622 6158  
Fax: +86 22 6200 1818  
www.tedainternationalschool.net  
泰达国际学校  
开发区第三大街72号

### Tianjin International School

No.1, Meiyuan Lu, Huayuan  
Industrial Area, Nankai District  
Tel: +86 22 8371 0900  
Fax: +86 22 8371 0400  
www.tiseagles.com  
天津国际学校  
南开区华苑产业区梅苑路一号

### Tianjin Rego International School

No.38, Huandao Dong Lu,  
Meijiangan Residential Zone  
Tel: +86 22 8816 1180  
Fax: +86 22 8816 1190  
www.regoschool.org  
天津瑞金国际学校  
河西区梅江南居住区环岛东路38号

### Tianjin TEDA Maple Leaf International School

No.71, 3rd Avenue, TEDA  
Tel: +86 22 6622 6888  
Fax: +86 22 6622 6288  
www.mapleleaf.net.cn  
天津泰达枫叶国际学校  
天津市经济技术开发区第三大街71号

## Event Planning

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• Selecting and reserving the event site  
• Transportation and parking  
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gm@intermediachina.com

## Exhibition Centers

### Tianjin International Exhibition Center

No.32, Youyi Lu, Hexi District  
Tel: +86 22 2801 2988  
天津国际会展中心  
河西区友谊路32号

### Tianjin Binhai International Convention & Exhibition Center

5th Avenue, TEDA, Tianjin  
Tel: +86 22 6530 2888  
天津滨海国际会展中心  
天津经济技术开发区第五大街

## Golf Clubs

### Aroma (Tianjin) Golf Club

Green base, Guangang Senlin  
Park, Dagang District  
Tel: +86 22 6328 5000  
阿罗马(天津)高尔夫俱乐部  
天津市大港区官港森林公园绿化  
基地处

### Fortune Lake Golf Club

Tuanbo Town, Jinghai County  
Tel: +86 22 6850 5299  
天津松江团泊湖高尔夫球会  
静海县团泊镇

### Regal Rivera Golf Club

No.1, Zhujiang Nan Lum Jingjin  
New City, Baodi District  
Tel: +86 22 2966 9266  
帝景高尔夫俱乐部  
宝坻区京津新城珠江南路1号

### Tianjin International Hot Spring Golf Club

South of GuanZhuang Village,  
Huaming Town, Dongli district  
Tel: +86 22 2489 0391  
天津国际温泉高尔夫俱乐部  
东丽区华明镇贲庄村南

### Tianjin Warner International Golf Club

No.1, Nanhai Lu, TEDA  
Tel: +86 22 2532 6009  
天津华纳高尔夫俱乐部  
经济技术开发区南海路1号

### Yangliuqing Golf Club

Yijing Lu, Yangliuqing,  
Xiqing District  
Tel: +86 22 2792 2792  
杨柳青高尔夫俱乐部  
西青区杨柳青镇一经路立交桥北

## Gyms

### Holiday Inn Binhai Hotel Fitness Center

15F, Holiday Inn Binhai Tianjin  
No.86, 1st Avenue, TEDA  
Tel: +86 22 6628 3388 ext. 2960  
Hrs: 06:00 - 22:00  
天津滨海假日酒店健身中心  
天津滨海假日酒店15层

### GLO Fitness & Health Club

6F, Hotel Nikko Tianjin  
No.189, Nanjing Lu, Heping District  
Tel: +86 22 8319 8888 ext. 3290  
焕 - 健康中心  
和平区南京路189号天津日航酒店  
6层

### Powerhouse GYM

1F Jinhuang Building  
No.20, Nanjin Lu, Hexi District  
Tel: +86 22 2302 2008  
Hrs: 07:00 - 22:00 (Mon - Fri)  
Hrs: 09:00 - 22:00 (Sat)  
Hrs: 10:00 - 22:00 (Sun)  
宝力豪健身俱乐部  
河西区南京路20号金皇大厦1层  
Tianjin Olympic Center Stadium,  
Entrance of Area C,  
90 Weijin Nan Lu, Nankai District  
Tel: +86 22 2338 2008  
奥体中心店: 南开区卫津南路90号  
奥林匹克场馆 C区入口

### Sheraton Hotel Fitness Center

Zijinshan Lu, Hexi District  
Tel: +86 22 2334 3388 ext. 2228  
Hrs: 06:00 - 24:00  
喜来登健身美容中心  
河西区紫金山路喜来登饭店内

## Hotels



### Crowne Plaza Tianjin Binhai

No.55, Zhongxin DaDao, Airport  
Industrial Park  
Tel: +86 22 5867 8888  
天津滨海圣光皇冠假日酒店  
空港物流加工区中心大道55号

### Dosen Residences

TEDA Fashion Plaza  
Aoyun Lu, TEDA  
Tel: +86 22 6628 5656  
德圣公馆  
开发区奥运路泰达时尚广场

### Golden Crown Hotel

No.18, Nanjing Lu, Hexi District  
Tel: +86 22 2303 8866  
金皇大酒店  
河西区南京路18号

### Golden Ocean Hotel

No.338, Nanjing Lu, Nankai District  
Tel: +86 22 2746 6666  
金泽大酒店  
南开区南京路338号

### Holiday Inn Binhai Tianjin

No.86, 1st Avenue, TEDA  
Tel: +86 22 6628 3388  
天津滨海假日酒店  
开发区第一大街86号

### Holiday Inn Express Tianjin Binhai

TEDA Fashion Plaza  
No.11, Aoyun Lu, TEDA  
Tel: +86 22 59888999  
天津滨海快捷假日酒店  
开发区奥运路11号泰达时尚广场

### Hotel Nikko Tianjin

No.189, Nanjing Lu, Heping District  
Tel: +86 22 8319 8888  
天津日航酒店  
和平区南京路189号

### Hyatt Regency Jing Jin City Resort and Spa

No.8, Zhujiang Da Dao,  
Zhouliang Zhuang, Baodi District  
Tel: +86 22 5921 1234  
天津新城凯悦酒店  
天津宝坻区周良庄珠江大道8号

### Radisson Plaza Hotel Tianjin

No.66, Xinkai Lu, Hedong District  
Tel: +86 22 2457 8888  
天津天诚丽笙世嘉酒店  
河东区新开路66号

### Renaissance Tianjin Hotel

No.105, Jianshe Lu, Heping District  
Tel: +86 22 2302 6888  
天津滨江万丽酒店  
和平区建设路105号

### Renaissance Tianjin TEDA Hotel & Convention Centre

No.29, 2nd Avenue, TEDA  
Tel: +86 22 6621 8888  
天津万丽泰达酒店及会议中心  
天津经济技术开发区第二大街29号

### Sheraton Tianjin Hotel

Zi Jin Shan Lu, Hexi District  
Tel: +86 22 2334 3388  
喜来登大酒店  
河西区紫金山路

### TEDA International Club (Tianjin)

No.7, Fukang Lu, Nankai District  
Tel: +86 22 5869 5555  
天津泰达国际会馆  
南开区复康路7号

### TEDA International Hotel & Club

No.8, 2nd Avenue, TEDA  
Tel: +86 22 2532 6000  
泰达国际酒店暨会馆  
开发区第二大街8号

### The Westin Tianjin

The junction of Hebei Lu and  
Chengdu Dao  
Tel: +86 22 2339 0670  
天津君隆威斯汀酒店  
和平区成都道与河北路交口

### Tian Bao International Hotel

No.368, Jingmen Da Dao,  
Baoshui District  
Tel: +86 22 2576 1588  
天津天保国际酒店  
保税区京门大道368号

### Tianjin Ruiwan Hotel

No.2527, Yihao Lu, Xin Gang,  
Tanggu District  
Tel: +86 22 2578 0001  
天津瑞湾酒店  
塘沽区新港一号路2527号

### Tianjin Saixiang Hotel

No.8, Meiyuan Lu, Huayuan  
Industrial Zone, New Technology



## Lifestyle Listings

Industry Park, Tianjin  
Tel: +86 22 2376 8888  
天津赛象酒店  
天津新技术产业园区华苑产业园区  
梅苑路8号



### Baiyun Hotel

No.12, Fada Street, Nanhai Lu,  
TEDA  
Tel: +86 22 6620 8888  
白云酒店  
天津经济技术开发区南海路发达  
街12号

### Best Western Byronn Hotel Tianjin

No.90, Xi'er Dao, Airport Industrial  
Park  
Tel: +86 22 8486 0000  
Global free reservation telephone:  
0800 0013 1779  
天津空港白云酒店  
空港物流加工区西二道90号

### Crystal Palace Hotel

No.28, Youyi Lu, Hexi District  
Tel: +86 22 2835 6666  
水晶宫饭店  
河西区友谊路28号

### D. D. Center

No. 26, Jieda Lu,  
3rd Avenue, TEDA  
Tel: +86 22 2532 0088  
大地中心酒店  
开发区第三大街捷达路26号

### Dickson Hotel

No. 18, Binshui Dao, Hexi District  
Tel: +86 22 2836 4888  
帝城大酒店  
河西区宾水道18号

### Geneva Hotel

No. 32, Youyi Lu, Hexi District  
Tel: +86 22 2835 2222  
津利华酒店  
河西区友谊路32号

### Holiday Inn Tianjin Hotel

No.288, Zhongshan Lu, Hebei  
District  
Tel: +86 22 2628 8888  
假日饭店  
河北区中山路288号

### Holiday Inn Tianjin Riverside

Phoenix Shopping Mall A,  
Haihe Dong Lu, Hebei District  
Tel: +86 22 2627 8888  
天津海河假日酒店  
河北区海河东路凤凰商贸广场A区

### Hyatt Regency Tianjin

No.219, Jiefang Bei Lu, Heping  
District  
Tel: +86 22 2330 1234  
天津凯悦酒店  
和平区解放北路219号

### Jun Yue Hotel

No. 16, Guizhou Lu, Heping District  
Tel: +86 22 2308 8888  
君悦酒店  
和平区贵州路16号

### Tianlun Rega Jinbin Hotel

No.135, Anshan Dao, Heping  
District  
Tel: +86 22 8331 1818  
天伦瑞嘉晋滨大酒店  
和平区鞍山道135号

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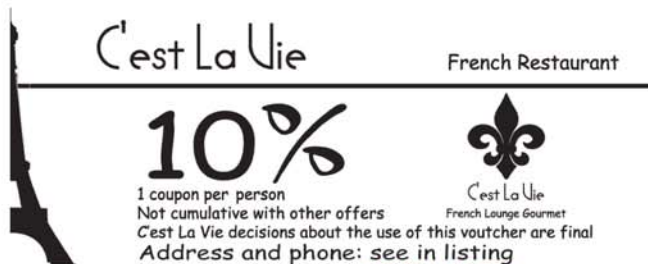
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## AIR TRANSPORT: A DREAM MADE REAL

### How does a plane fly?

"It is amazing that today, almost 100 years after the first flight of the Wright Flyer, groups of engineers, scientists, pilots, and others can gather together and have a spirited debate on how an airplane wing generates lift. Various explanations are put forth, and the debate centers on which explanation is the most fundamental." – John D. Anderson

As it is heavier than the surrounding air, in order to fly, a plane requires a force to act against the gravity that draws it back to Earth. This force is created by the uplift provided by the airfoils (the wings). The wings have a strong upward curve on the upper surface, while the underside is flat.

In the most popular theory of uplift, the airflow above and below the airfoil generate lift because the upper current of air travels further and flows faster. Low pressure is therefore created on the upper surface of the wing, lifting the plane upwards. The pressure along the level and shorter underside is higher because the air flows past it more slowly.

An essential condition for this uplift is that there must be airflow over the wings, which means that the plane must move forward. The faster it flies, the higher the airflow speed and the stronger the lift.

### What is the biggest passenger plane in the world?

Long before its maiden flight on 27 April 2005, the Airbus A380 achieved world fame as the "Superjumbo" and the "Megaliner". This is the largest wide-bodied aircraft, with two continuous passenger decks and a maximum approved seating capacity of 853 passengers. It was not only the high number of passengers that was decisive in its development, but also the effective 15% reduction in operating costs. These aims could only be achieved by the combined use of the most modern materials and construction methods.

The A380 is powered by four Rolls-Royce Trent 900 or Engine Alliance GP7270/7277 engines, each with a thrust of approximately 68,340 lb force (304 kN) or approximately 81,605 lb force (363 kN) respectively. These allow for a maximum traveling speed of 644 mph (1,037km/h) over a distance of 10,066 miles (16,200km) and a maximum altitude of 42,979 ft (13,100m). The abbreviation kN stands for "kilonewton" and in the internationally used SI unit system (Système International d'Unités) it has replaced the old HP (horsepower) unit, which used to measure engine power rather than thrust.

### Is the speed of sound constant?

No. It depends on the temperature, the pressure, the density, and the medium in which it spreads. For example, if the temperature is lower, the actual speed of sound is less. If, for example, a plane flies at a height of 2,000m at around 2°C at Mach 2 (double the speed of sound), this corresponds to 665m/s or 2,393km/h. At a height of 15,000m at -56°C, however, Mach 2 corresponds to just 591m/s or 2,126km/h.

### What is the most powerful jet engine?

At 568kN, the General Electric GE90-115B holds the world record for thrust. The GE90-115B fan blades, made from composite materials (diameter 3.25m), draw 1.6 tonnes of air into the engine per second. The GE90-115B is 7.29m long and has a dry weight of 8,272kg. As indicated by the "B" in the name, the GE90 is used in Boeing planes (777-200LR and 777-300ER).

### Do airships have a future?

As ever more emphasis is placed on economy and freight capacity, airships could be in for a comeback. They are faster than seafaring ships and more economical than planes. The value of the potential market in the USA alone has been estimated at around a billion dollars. An example of modern airships is the SkyCat family of the Advanced Technology Group (ATG). ATG supplies the

SkyFerry, among other uses, as a ferry for passengers and cars.

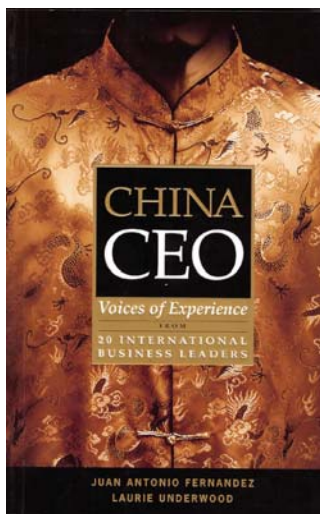
### Ground-effect vehicles

The ground effect is created by the movement of an airfoil close to the ground (or to the surface of an area of water). Channeling of the airflow and the resulting rise in pressure increases lift and reduces drag, allowing ground-effect vehicles to move forward as if on a cushion of compressed air, at the same time, eddying air. Although German flying boats were already making use of this phenomenon even before the Second World War (for crossing the ocean on the way to South America, for example), it was not until the mid-1960s that the Soviet Union recognized its military potential. Ground-effect vehicles were known as "Ekranoplan" (gliding planes) by the Soviets.

In the civil aviation market, ground-effect planes were only able to succeed in very small sections of the freight market. New designs are opening up new possibilities in passenger traffic as well; compared to ships, ground-effect planes offer a quieter and quicker journey, and they are more economical and environmentally friendly than planes.

### Are there recognized safety checks for planes?

In the course of its working life, a passenger plane will fly almost 200 times the distance from the Earth to the Moon and back. Regular overhauls are indispensable to guarantee optimum flight safety. Safety checks are essentially based on so-called operator conditions (e.g. of companies such as Boeing) and internal company measures (e.g. Lufthansa Technik). They extend from pre-flight checks before every flight (this lasts 30 to 60 minutes) to the four- to six-week D-check that covers around 30,000-50,000 working hours. The D-check, during the course of which the complete cabin, for example, is dismantled up to and including the technical equipment, is considered the ultimate in aircraft maintenance. ■



## CHINA CEO: Voices of experience from 20 International Business Leaders

By Juan Antonio Fernandez & Laurie Ann Underwood

### About the Author:

**Juan Antonio Fernandez** is a Professor at China Europe International Business School (CEIBS) in Shanghai. He is frequently invited to give presentations to leading multinationals on how to manage business enterprises in China.

**Laurie Ann Underwood** has worked as a journalist and business editor in greater China since 1989. Her articles covering business, politics, entertainment and social issues have appeared in *Asiaweek* and *Business China*. She is now Director of Communications and Publications for Am-Cham Shanghai.

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China is a "must win" market for nearly any business with international ambitions. But executives taking up management positions in China often find themselves in a profoundly confusing and chaotic business environment marked by fast change, contradictions and extreme competition.

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In *China CEO*, each chapter gives specific advice on how to manage Chinese employees, work with Chinese business partners, communicate with headquarters, face competitors, battle intellectual property rights infringers, win-over Chinese consumers, negotiate with the Chinese government, and adapt yourself (and your family) to life in China.

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## QUOTATIONS OF THE MONTH

**M**ost of the important things in the world have been accomplished by people who have kept on trying when there seemed to be no hope at all. — Dale Carnegie

**T**he people who get on in this world are the people who get up and look for the circumstances they want, and, if they can't find them, make them. — George Bernard Shaw

**A** successful man is one who can lay a firm foundation with the bricks others have thrown at him. — Laurence J. Peter

**S**uccess consists of going from failure to failure without loss of enthusiasm. — Winston Churchill

**Radisson**

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HOTEL TIANJIN  
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### Miso-flavored Seafood Chowder

Good chefs prepare food with passion; great chefs do so with a considerable amount of creativity. The new miso-flavored soup, a combination of Japanese miso and French roux, is nothing but pure creativity, once more proving Chef Collet's talent.

#### Ingredients

- Bass Fish 50g
- Blue Mussel (with shell) 200g
- Butter (Roux) 70g
- Carrot 40g
- Celery Sticks 40g
- Fish Stock (cook 2h after boiling) 1L
- Flour (Roux) 70g
- Miso Paste 60g
- Onion 40g
- Salmon 50g
- Scallops 50g
- Shrimp 80g
- Squid 80g
- Water 400mL
- Whipping cream 150mL
- White wine 100mL
- Fresh Thyme
- Parsley (chopped)
- Pepper
- Salt

#### Time of preparation

50 to 55 minutes

#### Preparation

##### 1st step:

- Fry the mixture of vegetables using a pan.
- After reaching a brownish color add the seafood.

##### 2nd step:

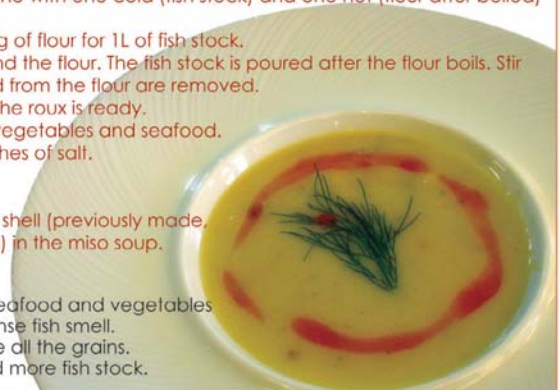
- The base is the French roux (base for gravies, soups, etc. used as a thickener and flavoring). It has to be done with one cold (fish stock) and one hot (flour after boiled) ingredient for balance.
- Use 70g of butter and 70g of flour for 1L of fish stock.
- Stir in a pan the butter and the flour. The fish stock is poured after the flour boils. Stir until all the grains derived from the flour are removed.
- When it starts to bubble the roux is ready.
- Add the preparation of vegetables and seafood.
- Add the miso and 3 pinches of salt.
- Steam for 30m.
- Add cream.
- Drizzle oil-cooked lobster shell (previously made, seasoned for a few hours) in the miso soup.

#### Chef's Tips

1. Add white wine to the seafood and vegetables mixture to avoid an intense fish smell.
2. Use a blender to remove all the grains.
3. For a stronger flavor add more fish stock.



**Chef YVAN COLLET**  
chef@business.tianjin.com



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# TICC FAMILY BBQ

21 August 2009

18:30-22:00



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## FOOD STREET THE REAL TIANJIN FLAVOUR

**T**ravelling is one of the great pleasures in life. Rich personal experiences usually derive from what we see, hear, smell, and of course from what we taste. Tianjin's delicacies are known throughout the country. The Food Street is the best place to engage in a restaurant and shop-hopping experience and try what the city has to offer when it comes to its gastronomy.

A mandatory stop in Tianjin and one of its main attractions, the Food Street is guaranteed to amaze with the quantity of restaurants and traditional shops selling Tianjin's food.

The two-storey complex has 40,000 square meters of stunning Chinese architecture. Strikingly bright colors inside each restaurant attract and invite passersby. Hungry and curious visitors come in hundreds everyday to try Tianjin's tasty local flavors.

The first restaurant on Food Street is the famous Ba Da Wan – Eight Large Bowls, where an enormous variety of Tianjin's seafood is perfectly prepared. In fact, Tianjin is renowned for the quality of the seafood and the beautiful dishes created here. On Food Street are several restaurants where the seafood is fresh and displayed outside for your selection. This experience is nothing short of sheer amusement, tempting you to be brave and try fish you have never seen before. The four-star-rated Hong Qi Xun Restaurant is a must-go for Muslim food originating from Xinjiang Province.

But the main attractions inside are Gou Bu Li, Erduoyan and

Shiba Jie Mahua. Commonly known as the three great Tianjin specialties, they typify Tianjin tastes.

Gou Bu Li is the renowned century-old Tianjin restaurant selling Go-believe steamed buns. Its founder, Gao Guiyou, gave birth to this delicacy, acclaimed even by the Empress Cixi. The story goes that she once said that no cuisine in the world could even compare to Gou Bu Li buns.





Erduoyan or Ear Hole Fried Cake also spans a history of more than one hundred years. Tianjin people believe that these rice cakes got their name from the place where Liu Wanchun, their creator, used to sell them. The narrow Ear Hole (erduoyan) Hutong was the place many came to enjoy these snacks, giving rise to their name.

Shibajie Mahua is a fried dough twist characterized for being crispy and sweet-smelling.

Besides the traditional locals' dishes sold everywhere in the street, this long-established area is also rich in the cross-cultural set of Chinese cuisines. Cantonese, Jiangsu and Sichuan food are just a few of the Eight Great Traditions that can also be found at the Food Street. Eight Great Traditions refers to the primary and best regional cuisines in China, derived from the country's immense cultural variations.

There are also stands with beautiful native Mongolian craftsmanship and regional products, such as Mongolian milk. The great variety of tea is a sight, perfuming the area around it. Tea ceremonies are a part of the traditional Chinese ambience.

People usually stand in long lines outside shops, waiting for their turn to buy these Tianjin delicacies. Food Street is extremely typical of the charming stands along the roadside common throughout China. Enjoying local and traditional Chinese foods is obviously the main attraction. However, watching vendors "marketing" their products in the street is equally entertaining. Tianjiners usually have the tendency to raise their tones when excited. In the street this reaches unprecedented pitches, where everybody wants to buy for the best price, therefore continually raising their voices louder than the guy next to them.

Sometimes you will have to be patient and polite when responding to vendors' apparent eagerness to sell their products. Don't take it personally, just smile. This is the best way to escape from uncomfortable situations and perhaps have a nice chat with Tianjin's humble and humorous people. Together, the restaurants, snack shops and tea stands characterize Tianjin; this is it. ☐



# 中國站

CHINA STATION

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Ho Chi Minh City

Siem Reap (Angkor Wat)

Phnom Penh

Surat Thani

Alor Star

Kuala Terengganu

Kuantan

Sibu

Bintulu

Miri

Labuan

Tawau

Manado

Balikpapan

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