

Insight Into a Changing Tianjin

BUSINESS JOURNAL TIANJIN

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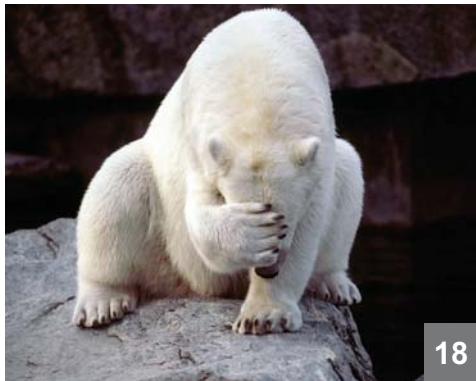
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Dear Reader,

While the media has made it abundantly clear that October 2009 marks the 60th anniversary of the People's Republic of China, it has rarely mentioned what makes 60 so special. Every nation's birthday is cause for celebration, but this year the Chinese government is putting on its largest spectacle ever.

China typically holds a military parade – marching soldiers, ballistic missiles and all other displays of might – through Tian'anmen Square for every 10th PRC anniversary. That alone explains the fanfare.

But the year 60 is of particular significance in the Chinese calendar. The Chinese zodiac is not only a cycle of 12 animals over 12 years, but also a lesser-known cycle of 5 elements: wood, fire, earth, metal, and water. Multiply the two cycles to see that it takes a full 60 years to pass through all possible combinations of animal and element.

As in 1949, this is the year of the earth ox, indicating one complete zodiac cycle of rule for the Chinese Communist Party. The auspicious nature of the event, the first in China's modern history, has been cause for much of the preparations.

The auspicious year has already shown itself through much of the economy. In the few months prior to the nation's anniversary, export orders, domestic demand, foreign direct investment, bank lending and the Shanghai Composite index have all experienced upward trends. The government has declared that the economy is recovering, albeit shakily, from the greatest recession in PRC history.

We at *Business Tianjin* hope that your organization benefits from this revival, and that the anticipated events of the week-long National Day holiday further bolster growth of the local economy.

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

Top think tank becomes eco-city's strategic consultant



The Administrative Committee of the Sino-Singapore Tianjin Eco-city signed a strategic agreement with the China Center for International Economic Exchanges (CCIEE) on 31 August. The center, founded in 2009 and hailed as China's top think tank, is a half-official, half-civilian organization. It is headed by former Vice-Premier Zeng Peiyan and joined by some of the leading figures from Chinese politics and business. According to the agreement, the CCIEE will provide policy proposals and consultative services for the local government in terms of the eco-city's development strategies and biological industry planning. Both sides have initiated a research project focus on industrial development planning of the eco-city and plan to set up a mechanism for regular consultation.

- *China Daily, 1 September*

Vimicro to acquire ViSS from Alcatel-Lucent Shanghai Bell

Vimicro Electronics, a joint venture company of Tianjin government and Vimicro International, has entered into a definitive agreement to acquire video surveillance system (ViSS) business – including all property, plant and equipment, inventories, business contracts, intellectual property and service and development capabilities in China – from Alcatel-Lucent Shanghai Bell (ASB). Vimicro and ASB will continue the cooperation on solution and mar-

keting developments in the future. John Deng, chairman and CEO of Vimicro, said, "We are very excited to reach this agreement with ASB. The established telecom and government customers base and the prestigious brand name of ASB will provide us strong leverage to expand in the fast growing surveillance market in China."

- *iStockAnalyst, 2 September*

Dagong Olympic Museum opens



The Olympic Museum, located in Guangang Eco-Park of Dagang District, opened on 27 September. Approved by International Olympic Committee, the museum is the 12th Olympic Museum worldwide and the 2nd one in China. Its 5,000 sqm are divided into a public area on the 1st floor and exhibition halls on the 2nd floor. About 600 items will be displayed in the museum, including torches and posters of all previous Olympic Games and souvenirs.

- *BH.GOV.CN, 2 September*

China Eastern Airlines receives Tianjin-assembled A320



Airbus delivered the 4th aircraft assembled at its Final Assembly Line in Tianjin on 3 September. The A320 was delivered to China Eastern Airlines, the first and largest Airbus aircraft operator in China. The aircraft, powered by

IAE V2500 engines, has a two-class configuration with 8 business and 150 economy seats. "The Airbus A320 is the world's best-selling single-aisle aircraft and it is also the profit maker for China Eastern," said China Eastern VP Zhang Jianzhong. "We are to have more than 40 additional A320 family aircraft added to our fleet in the next years."

- *3 September*

Tianjin Pipe to issue 500m CNY in short-term bills



Tianjin Pipe (Group) Corp, the country's largest seamless steel pipe manufacturer, announced that it will issue 500 million CNY in 365-day short-term bills on the interbank market. This batch of bonds will be issued at face value and that the coupon rate will be determined during the process of book building. The bonds will become tradable on 14 October. The proceeds from the issuance will be used to replenish the firm's working capital and repay bank loans, according to the company. Dagong Global Credit Rating Co has rated the bills and the issuer AA and A-1, respectively. Industrial Bank has been assigned as the main underwriter for the sale.

- *China Knowledge, 8 September*

Tianjin to launch 1st domestic carbon market

The Tianjin Climate Exchange is preparing to launch what could become China's first domestic carbon market. The exchange had started recruiting members for a cap-and-trade scheme which it expects to begin in 6-12 months, said Jeff Huang,

assistant chairman of Tianjin Climate Exchange and vice-president of Chicago Climate Exchange. TCX is a joint venture between Chicago Climate Exchange, the municipal government of Tianjin and the asset management unit of PetroChina, the country's largest oil and gas producer. Half a dozen climate exchanges have been set up in China over the past year, and foreign exchanges have raced to team up with them as they see the potential for one of the largest carbon markets. But so far these exchanges have only served as platforms for individual small-scale deals. There is no clear legal framework or policy for domestic carbon trading in China, and the government has yet to give clear signs of its approval.

- *The Financial Times*, 9 September

Commerzbank opened new branch in Tianjin

Commerzbank opened its 3rd China branch on 9 September in Tianjin. The branch will be managed by Martin Miller, who headed Commerzbank's representative office in Beijing during the previous four years. Ten employees will provide client services to subsidiaries of German companies in Tianjin and in the neighbouring provinces of Shandong, Liaoning, Jilin and Heilongjiang. Over 150 German firms have already established bases in this area. The branch will also provide client services to Chinese firms with interests in Germany through subsidiaries there. Products offered by the new branch will range from account management and payment transactions to forex hedging and individual financing products.

- *Ad-Hoc-News*, 9 September

FINANCE

Sina Q2 net profit slips 41%

Sina said on 1 September that its Q2 net profit dropped 41% from the year-earlier period to 13.3 million USD, or 23 cents per share, down from 22.5 million USD, or 37 cents a share, a year earlier, as advertising sales and margins shrank. The online media company and provider of mobile value-added services said its net revenues decreased 1% on year to 90.3 million USD, exceeding its forecast of between 85.0 million USD and 89.0 million USD. It predicted Q3 revenue of 91 million USD to 94 million USD. "During the second quarter of 2009, we saw strong execution in our online advertising business in China, which grew 35% from the prior quarter. The sequential growth rate was faster than our typi-

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cal seasonal adjustment and shows that we are able to take advantage of an economic rebound," stated Charles Chao, Sina's chief executive.
- *Market Watch*, 1 September

Google's exiting China head to run 115m-USD fund



Google's departing head of China operations, Kai-Fu Lee, will run a 115-million-USD fund that invests in Chinese technology startups after he leaves the world's biggest Internet-search company. WI Harper Group will be the lead investor in Innovation Works, the fund headed by Lee, according to a statement today. Other investors include YouTube co-founder Steve Chen, Foxconn Technology Group, Legend Group and New Oriental Education & Technology Group, according to the statement. Google faces the challenge of building on Lee's progress in almost doubling Mountain View, California-based company's market share in China and narrowing Beijing-based Baidu Inc.'s lead in the world's largest Internet market by users. The departure also highlights the difficulty for global technology companies in retaining personnel in a country that ranks first globally in online censorship.
- *Bloomberg*, 7 September

CIC may invest in US real estate

China's 300 billion USD sovereign-wealth fund is eyeing big investments in distressed US real estate, according to people familiar with the matter. To finance some of the deals,

China may rely on an old trading partner: the US government. In recent weeks, officials from China Investment Co. have held talks with US private-equity fund managers about potential investments in beaten-down property assets, namely mortgage securities backed by office buildings, hotels, strip malls and other commercial property. CIC is also considering buying ownership interests in buildings, according to sources. In addition, CIC is weighing investing through one of the US government's bailout programs, the Treasury's Public-Private Investment Program. The program is designed to rid banks of toxic mortgage securities by enticing investors to buy these assets with financing from the US government.
- *The Wall Street Journal*, 9 September

China to sell 6b CNY of bonds in Hong Kong



China's Ministry of Finance said it plans to offer 6 billion CNY (879 million USD) of government bonds in Hong Kong for the first time to elevate the "international status" of its currency. The sale on 28 September to individuals and institutions will encourage acceptance of the yuan for global trade and promote growth of Hong Kong's fixed-income market, according to a statement from the ministry. China started a trial in July allowing companies in the city and on the mainland to accept yuan for payment of goods. "The move will help expand yuan investment channels outside China and promote cross-border yuan settlement," said Shi Lei, a Beijing-based analyst at

Bank of China, the nation's third-largest bank. "It's an important step in the long-term mission of making the yuan fully convertible."
- *Bloomberg*, 8 September

China Merchants profit falls 14% on declining trade

China Merchants Holdings (International), the investor in ports moving about 1/3 of the country's containers, posted a 14% drop in first-half profit as the global recession damped trade. Net income dropped to 1.73 billion HKD (223 million USD) from 2.02 billion HKD a year earlier, the company said in a Hong Kong stock exchange statement. Sales plunged 20% to 1.65 billion HKD. China Merchants joined Cosco Pacific and Hutchison Port Holdings in posting a slump in profit as US and European consumers cut spending on Asian-made toys, furniture and other goods. "Exports have seen a rebound from July, and it seems like a solid one," said Geoffrey Cheng, a Hong Kong-based analyst at Daiwa Institute of Research. "In the second half, China Merchant's profit probably won't decline that much."
- *Bloomberg*, 10 September

US slaps duties on Chinese steel pipes



The US decided to slap tariffs on steel pipes from China ahead of President Barack Obama's decision whether to also curb tire imports from the Asian giant. The Commerce Department said it made a preliminary decision to impose duties as much as 31% on Chinese carbon or alloy tubular steel products used in oil and gas wells following claims

they were backed by unfair subsidies. "As a result of this preliminary determination, Commerce will instruct US Customs and Border Protection to collect a cash deposit or bond based on these preliminary rates," the department said in a statement. From 2006 to 2008, imports of such pipes – officially known as oil country tubular goods (OCTG) – from China increased 203% by volume, the statement said. They were valued at 2.6 billion USD last year.

- AFP, 10 September

Manufacturing expanded in August



China's manufacturing growth picked up in August, expanding at its fastest rate this year amid massive stimulus spending. The state-sanctioned China Federation of Logistics and Purchasing said its purchasing managers index rose to 54 from July's 53.3 on a 100-point scale where numbers above 50 show activity expanding. It marked the 6th month of expansion. Economists see the PMI as a better measure of China's economic outlook than data such as GDP because it includes forward-looking elements such as new and export orders. The survey is based on responses from managers who oversee purchasing for some 700 Chinese companies. China's economic growth accelerated to 7.9% over a year earlier in the latest quarter, up from 6.1% the previous quarter.

- AP, 1 September

August industrial output, investment rise

China's recovery gained momentum in August as stimulus spending helped boost industrial output, investment and retail sales in the world's third-largest economy, offsetting a slump in exports. The National Statistics Bureau reported that industrial production rose 12.3% from a year earlier, accelerating from July's 10.8% increase, while retail sales surged 15.4%. Consumer prices fell 1.2% from a year earlier, alleviating worries that massive stimulus spending might fuel a resurgence of inflation. "Industrial activity should continue to grow in the coming months, underpinned by resilient domestic demand and a rebound in exports," reported Jing Ulrich, JP Morgan's chairwoman for China equities. Economic growth accelerated to 7.9% over a year earlier in the latest



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quarter, up from 6.1% the previous quarter, though is still far short of the 10%-plus growth rates of recent years. The government aims for 8% economic growth this year.

- AP, 11 September

LAW & POLICY

China to curb industry overcapacity

China's Cabinet said on 26 August it will try to curb overcapacity and excessive investment in industries including steel and cement – a possible side effect of its massive stimulus plan. Regulators also will "enhance management" of areas including flat glass, chemicals, wind power and polysilicon production, the official Xinhua News Agency said. It said measures would include strict enforcement of environmental standards and market access. Economists and business groups have warned that China's stimulus and efforts to boost flagging exports were creating a glut of excess capacity in a range of industries.

- AP, 27 August

Rules put foreign banks in a bind



Their credit reputations damaged by the global financial crisis, foreign banks face the prospect of being largely shut out of China's rapidly expanding markets for financial derivatives, a potential key source of revenue. On 16 September, China will put into effect an agreement

governing how banks trade domestic derivative products among themselves. But as a condition of dealing with foreign banks, China's five largest commercial banks are seeking to impose tough credit demands that will be difficult to comply with, according to lawyers and knowledgeable people at several foreign banks. Bank of China, Industrial & Commercial Bank of China, China Construction Bank, Agricultural Bank of China and Bank of Communications dominate the domestic money markets, supplying as much as 80% of market liquidity. Not being able to deal with them would punch a big hole in the operations of foreign banks in China.

- The Wall Street Journal, 3 September

Finance firms gain access to bond markets

China's financial-leasing firms and auto-finance companies are being allowed to issue bonds as part of efforts to broaden their fund-raising channels, according to a joint statement from the country's central bank and financial regulator. China is trying to channel funds to small and medium-size enterprises to help pick up the slack in investment when the government eases its stimulus program. China's 12 financial-leasing companies had assets totaling 108.1 billion CNY (15.83 billion USD) at the end of July, the People's Bank of China said. It announced the new rules on its website through a joint statement with the China Banking Regulatory Commission.

- The Wall Street Journal, 1 September

End to higher taxes on some auto parts imports

China said it will abolish the higher taxes it imposes on some auto parts imports, after the World Trade Or-

ganization ruled last year the tariffs violated trade rules. The ruling was the first time China lost a case before the WTO, but analysts said the cancellation shouldn't have a big impact on foreign auto makers in China.

- The Wall Street Journal, 31 August

Beijing backs derivatives fights

China's government on Monday offered public encouragement to state-owned companies challenging foreign banks over huge losses from derivative contracts, a move that bankers say has raised the risks of dealing with some of China's largest enterprises. Some of China's biggest airlines and shippers lost hundreds of millions of dollars last year on derivative trades made with major international banks when the price of oil plunged. They are now seeking to claw back those losses. In a statement on its website, the State-owned Assets Supervision and Administration Commission said it supported moves by unnamed Chinese enterprises to seek recourse for their losses in structured financial derivative contracts tied to the price of oil and reserved the right to file lawsuits itself.

- The Wall Street Journal, 8 September

Websites require users' names



News websites in China, complying with secret government orders, are requiring that new users log on under their true identities to post comments, a shift in policy that the country's Internet users and media

have fiercely opposed in the past. Until recently, users could weigh in on news items on many of the affected sites more anonymously, often without registering at all, though the sites were obligated to screen all posts, and the posts could still be traced via IP addresses. But in early August, without notification of a change, news portals like Sina, Netease, Sohu and scores of other sites began asking unregistered users to sign in under their real names and identification numbers, said top editors at two of the major portals affected. A Sina staff member also confirmed the change. The editors said the sites were putting into effect a confidential directive issued in late July by the State Council Information Office, one of the main government bodies responsible for supervising the Internet in China.

- *The New York Times*, 7 September

LOGISTICS

Air China aims to launch Cathay Air Cargo JV



Air China said on 27 August that it aims to launch a long-planned air cargo joint venture with Cathay Pacific Airways later this year, after the Chinese flag carrier completes a deal to boost its stake in the Hong Kong airline to nearly 30%. The Beijing-based carrier said talks with Cathay on the formation of the Shanghai-based cargo carrier are basically completed, but discussions are continuing over the long-term development of the tie-up. Air China Chief Financial Officer Fan Cheng told reporters that

both airlines aim to start the venture this year, but there is no timetable because "there are still procedural and regulatory steps that need to be overcome." Air China and Cathay agreed in 2006 to form a cargo airline, to be 51% held by Air China and 49% by Cathay. Air China later said it aimed to launch the venture by the end of 2007, with both airlines redeploying a number of their freighters to Shanghai for the startup.

- *The Wall Street Journal*, 27 August

CMA CGM, Maersk and Hyundai suspend Hudson service

CMA CGM, Maersk and Hyundai will suspend their China-Korea-US East Coast service via Panama after the departure of the last eastbound vessel from Ningbo on 27 September. This joint decision allows the three shipping lines to rationalise existing services and capacity to meet market demand. The loop is operated by eight 5,100 TEU vessels calling at Ningbo, Shanghai, Qingdao, Pusan, Balboa, Savannah, New York and Miami. Future coverage of these ports will be done through existing services already operated either independently by CMA CGM or in a partnership such as the Columbus service. According to Jean-Philippe Thénoz, CMA CGM's vice president of North America lines, the rationalisation of port coverage and slot supply corresponds to the actual trend demand observed on the Asia-US market since the beginning of this year.

- *Eye For Transport*, 1 September

TELECOM & TRANSPORTATION

China Mobile still in iPhone talks after Unicom deal

China Mobile is still in talks with Apple about offering the iPhone in China even though rival China Unicom last week announced a distribution deal for the handset. The talks between Apple and China Mobile, the world's biggest carrier by sub-

scribers, have reached no conclusion yet, a China Mobile spokeswoman said on 1 September. An Apple spokeswoman confirmed the company's three-year distribution deal with China Unicom is not exclusive, but did not say if the company is in talks with other potential partners. China Mobile started its talks with Apple two years ago, but China Unicom, which operates a 3G network compatible with the iPhone, became seen as the favorite for an iPhone deal in recent months.

- *PCWorld*, 2 September

China Telecom profit falls 28%



China Telecom, the country's biggest fixed-line phone carrier, said first-half profit fell 28% after the company increased spending to market its mobile-phone services. Net income declined to 8.41 billion CNY (1.23 billion USD) from a year earlier. The profit, which excluded gains from fees the company used to charge to install fixed lines, beat the 7.8 billion CNY median estimate of three analysts in a Bloomberg survey. China Telecom boosted sales incentives and upgraded networks in its wireless business to close the gap on China Mobile, the world's biggest phone company by users. Costs may rise further as the nation's carriers step up marketing of high-speed services this year.

- *Bloomberg*, 27 August

Apple and China Unicom reach iPhone deal



Apple and China Unicom have announced plans to launch the iPhone in China later in the year. The companies have come to an agreement on a multi-year deal for the popular cellular device to make its debut in the country. Alan Hely, a spokesman for Apple, stated, "We have signed a multi-year deal with China Unicom to bring iPhone to China, and we expect the launch to be in the fourth quarter of 2009." Government statistics showed the number of mobile users in China to total 687 million in May. Prices for the phone are reportedly expected to start to at 2,999 CNY (439 USD).

- *WiredPRNews, 31 August*

China Unicom and Telefonica reach deal

China Unicom and Spain's Telefonica have reached a deal that further cements the alliance between the two telecom giants. Each will buy 1 billion USD worth of the other's shares, according to an agreement signed in Beijing on 6 September. The Spanish firm's stake in Unicom will rise to 8%; and China's 2nd-largest wireless operator will hold about 0.9% of Telefonica. For both, the move is a strategic effort to stay competitive and gain market share even as the global downturn has necessitated cost-cutting and other cutbacks. One of China's three state-owned carriers, China Unicom competes with China Mobile and

China Telecom.
- *Market Scan, 7 September*

GENERAL

Security network woven for National Day celebrations



China is beefing up security in the run up to National Day celebrations on 1 October when a huge gathering will be held in Tian'anmen Square with a military parade and mass pageant to follow. Communities near the square have joined the government to do their part to create a safe milieu weeks before the celebrations begin.

- *Xinhua, 9 September*

China tightens grip on rare minerals



China is set to tighten its hammerlock on the market for some of the world's most obscure but valuable minerals. China currently accounts for 93% of production of so-called rare earth elements – and more than 99% of the output for two of these

elements, dysprosium and terbium, vital for a wide range of green energy technologies and military applications like missiles. As the Organization of the Petroleum Exporting Countries has done with oil, China is now starting to flex its mineral muscle. Even tighter limits on production and exports, part of a plan from the Ministry of Industry and Information Technology, would ensure China has the supply for its own technological and economic needs, and force more manufacturers to make their wares here in order to have access to the minerals.

- *The New York Times, 2 September*

Suspects sentenced in needle scare

A court in far-west China has tried and sentenced three suspects accused of joining in an outburst of needle-stabbing that ignited sometimes deadly riots and deepened ethnic divisions in the tense frontier region. The Intermediate Court of Urumqi, capital of Xinjiang region, on 12 September announced the jail sentences of up to 15 years against the suspects – the first to appear before a judge over the scare – the official Xinhua news agency reported. Muhutaerjiang Turdi, a 34-year-old man, and Aimannisha Guli, a 22-year-old woman, were jailed for 10 years and 7 years respectively for robbery, accused of using a syringe to threaten a taxi driver and take 710 CNY (103 USD), Xinhua reported.

- *Reuters, 14 September*

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700

For the 60th anniversary of the People's Republic of China, the Ministry of Culture held a special exhibition at the National Art Museum. "Report to the Motherland – Sixty Years of Art in the New China" features 700 Chinese works created since 1949.

4,000,000,000

Walt Disney Co. is to buy Marvel Entertainment for 4 billion USD, giving the family entertainment conglomerate a powerful squad of movie superheroes such as Spider-Man, the X-Men, The Incredible Hulk and The Fabulous Four.

**51%**

According to a survey on sina.com.cn, the largest Internet portal in China, 51% of the 2,161 respondents said they might buy a Lenovo OPhone over Apple's recently launched iPhone. The release of OPhone handset is seen by analysts as a move that could help China Mobile stabilize its slowing profit growth.

**270**

The Chinese mainland and Taiwan extended the number of regular cross-strait direct passenger flights from 108 to 270 a week.

286

By the end of 2015, 286 cities in China will complete digital surveying and mapping to facilitate planning and management, according to the State Bureau of Surveying and Mapping. The digital database will serve as the sole source of authoritative geographical information for each city.

300

A copy of the Quran measuring 200x150cm and weighing about 300kg was on display in Jakarta for the Islamic month of Ramadan.

**300,000,000**

China is investing heavily in urban infrastructure. New estimates suggest that around 300 million people currently living in rural areas will migrate to urban centres in the next 15 to 20 years. Urbanization is up from around 17% in the late 1970s to an estimated 45% (600 million) by the end of 2009.

549

549 Mariachi performers played together in Guadalajara, Mexico, setting a Guinness World Record.

**116,700**

The People's Bank of China issued 166,700 gold and silver coins commemorating the 60th anniversary of the founding of the People's Republic of China. The gold coins have a face value of 100, 2000 and 10000 CNY, and the silver are worth 10 and 300 CNY.

28,000,000,000

China will promote the production of liquid crystal display (LCD) based on a new generation Thin Film Transistor (TFT) technology with a total investment of 28 billion CNY (4 billion USD), in the Beijing Economic-Technological Development Area. BOE Technology Group Co., an LCD-making company with patent technology on G8 TFT-LCD production, will complete a production factory by 2011 which is able to assemble 40-inch LCD TV screens.

20

The country's top 20 hot-air balloon flyer teams came together to participate in China's third International Hot-Air Balloon Festival, recently held in Langfang, Hebei Province.

**200**

Bird Island in Qilihai Wetland, Ninghe County, Tianjin is an important site for birds migrating from southeast Asia to Siberia. At present, 200 species of birds are living on the island.

**23%**

A recent study conducted in conjunction with the US Department of Energy showed that the number of days with light rainfall (less than 0.1mm) dropped by 23% in China from 1956 to 2005. Air pollution has over the past years led to a reduction of the light rainfall in China that is essential for the country's agriculture and water resources, a Chinese researcher said.

50,000,000,000

The International Monetary Fund, which in July outlined plans to issue bonds to member countries, signed an agreement with China under which the Asian nation would buy as much as 50 billion USD of the notes. The note-purchase agreement is the first of its kind, the Washington-based IMF said in a statement.

China continues to lead the way

China Economy Weekly, 8 September 2009

The World Economic Forum released The Global Competitiveness Report 2009-1020 ahead of its Annual Meeting of the New Champions 2009 on 8 September 2009 in Dalian, China.

Andre Schneider, CEO of the WEF, said that the Forum needs China, not only China's position but also China's wisdom.

The People's Republic of China continues to lead the way among large developing economies, improving its ranking by one this year, solidifying its position among the top 30. Among the three other large BRIC economies, Brazil and India also improved, while Russia fell by 12. Several other Asian economies performed strongly: Japan, Hong Kong SAR, Republic of Korea and Taiwan were also in the top 20. In Latin America, Chile is the highest ranked country, followed by Costa Rica and Brazil.

Switzerland tops the overall ranking. The United States falls to second on the weakening of its financial markets and macroeconomic stability. Singapore, Sweden and Denmark round out the top five. European economies continue to prevail in the top 10 with Finland, Germany and the Netherlands following. The United Kingdom, while remaining very competitive, continued its fall from last year, moving down one more place this year to 13th, mainly attributable to continued weakening of its financial markets.



China: Booming car sales, tiny profits

BusinessWeek, 7 September 2009

General Motors sales in China have soared 43% this year, a drastic figure that has been misinterpreted as signifying larger profit margins. But three-fifths of those sales have come from GM's 4300-USD Wuling minivan.

The surge in sales can be traced to the beginning of 2009, when the Chinese government began offering tax breaks on cars with small engines and on mini-trucks. Researcher J.D. Power & Associates is quick to note that sales of these cars can earn manufacturers as little as only 100 USD each. And while GM's China profits remain confidential, its Q1 operations in Asia – of which China holds the largest market – ran at a loss.

Toyota Motor sales, by comparison, are up just 5% this year with the introduction of two new SUVs. The preference and subsidies for smaller cars has hurt the Japanese automaker, who saw 18.5% growth in China last year by selling more expensive cars.



Hot money back on China's front burner

Caijing, September 2009

China's financial regulators have once again turned attention toward so-called "hot money" inflow after cash from foreign sources reportedly poured into the country at a record rate in the second quarter.

No one is panicking, and statistical shortcomings may be exaggerating or underestimating the hard-to-define phenomenon. But the indicators have raised concerns over an apparent record surge of inflow of nearly 170 billion USD, helping to bring China's total foreign reserves to more than 2.1 trillion USD by the end of the first half.

Hot money was on the agenda in late August at a Shenyang conference where Yi Gang made his first official appearance since taking over as head of the State Administration of Foreign Exchange (SAFE) in January, underscoring the phenomenon's importance for regulators.

The latest emphasis represents a shift from attitudes that prevailed at the beginning of 2009, when the risk of foreign currency outflow outweighed official concerns over hot money, a moniker for speculative capital that seeks high returns based on fluctuating currency exchange rates and bubbly asset markets. Hot money concerns previously dogged Chinese regulators before the global financial crisis hit in 2008.



China's struggling smaller firms

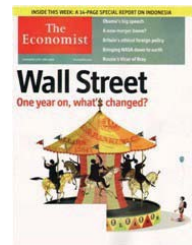
The Economist, 12-18 September 2009

China's small and medium enterprises (SMEs) have grown in number from almost none in 1979, to 1 million in 1990 and a staggering 60 million today. A large part of the nation's recent economic growth – 60% of its GDP, half of its tax revenue and 68% of its exports – come from its SMEs.

Declining global demand has led to reduced production. These same powerhouses of growth are the ones now suffering most from the current recession.

Aid to struggling SMEs has been scarce. The 4-trillion-CNY (586 billion USD) stimulus plan that took effect earlier this year goes mostly to large, state-owned enterprises. Joerge Wuttke, president of the European Chamber of Commerce in China, is concerned that big state firms are crowding out smaller ones that the nation will eventually need to sustain growth when the stimulus fades.

Increased lending (7 trillion CNY in H1 2009) is politically driven, with only an estimated 10% going to smaller firms. Banks view SMEs as bigger credit risks, forcing SMEs to rely on informal financing from friends and family, or high-interest, black-market lending.



ON QUALITY AND ON TIME

Dialogue with Gilles Desesquelles, GM of Airbus Delivery Centre in Tianjin

What brought you to Tianjin?

I started to work in aviation in September of 1978 as an avionics engineer on Concorde and Airbus fleets – ultimately 26 years in a French Airline company with 19 years dedicated to all Concorde activities. I changed

positions to technical engineer, flight test engineer, head of inspectors, production manager. I held two different engineering manager positions in New Caledonia and in France. Then I joined Airbus in December 2004 as Customer Acceptance & Delivery

Manager and became A320 Family Delivery group leader, and was later selected as General Manager of Airbus Tianjin Delivery Centre (ATDC).

I arrived here with my wife and our 3 children. We have 5 children, and our decision was difficult because our 2 eldest daughters stayed in France to continue their studies. It was the first time for us to leave without all our 5 children, this was a big decision.

Now, we're very proud to be a part of this great project in Tianjin.

Can you tell us a little about Airbus Delivery Centre in Tianjin?

ATDC was established under the laws of the People's Republic of China in November 2007. ATDC is a wholly-owned enterprise of Airbus S.A.S., therefore we are 100% Airbus.

We are now more than 80 people in the ATDC. We will be 95 by the end of this year and approximately 100 by the middle of next year. For the time being we have more expatriates than locals, around 50 expatriates and 30 locals, but this expat headcount will reduce, thus increasing local employments from 2011/2012.

What goals have you set for your project here? How will it compare with Toulouse and Hamburg?

We have two main goals here in Tianjin: the first is to support the Airbus Tianjin Final Assembly Line (FAL) in engineering, flight tests and official certification of each aircraft leaving the FAL before starting the delivery process.

Then of course, we have to perform the delivery process of each A320 family aircraft to our customers on



quality and on time. This includes static and flight tests in the presence of our customers, followed by the transfer of title. That is our main goal. We have to respect the confirmed delivery month as detailed in the purchase agreement.

We follow the same procedures here in Tianjin as currently established in Toulouse and Hamburg because we operate in compliance with Airbus Delivery Standard processes and it is the same customer. And we receive the same specifications from their company.

From September we will deliver two aircraft per month.

What is your opinion of the current struggle that many airlines carriers are facing to be profitable? Has this affected your business?

All Airlines have been affected by this financial crisis. We sell our aircraft in dollars, and airlines need to purchase in dollars as well, so everything is linked to the current world financial situation. They have to review their costs in all domains, buy new proc-

esses, have an efficient staff, and renew their fleet – new aircraft consume less fuel – if they want to continue to be profitable and competitive and offer good prices to their passengers.

But for this year, to answer your question if this has affected our Airbus business, for 2009 I can say “no”. We have to deliver 11 aircraft until the end of this year, and our delivery schedule for 2010 is on track according to the plan.

What are the greatest challenges you and your organization have faced in Tianjin?

I arrived in August 2008, and had to deliver the first aircraft in June 2009. In August 2008 there was nothing. So the establishment of ATDC and all supporting services was a very challenging period.

The first A320 aircraft delivery, on quality and on time for the satisfaction of our customers, Dragon Aviation Leasing and Sichuan Airlines, was the greatest common challenge for the FAL and ATDC.

What challenges do you anticipate in the near future?

In the future the site will have more local staff than expatriates. So I need to organize the training of local staff and replace some of the expatriates.

What are ATDC’s plans for 2010 and beyond?

To continue to ramp-up deliveries according to our plan, and to replace expatriate staff with more Chinese – the big departure of expatriate support will be in 2012. At the end of 2012 we will be 50/50.

Have you found any differences in work ethic between your Chinese and Western employees?

We have this advantage that we are a multicultural company, and we work all with the same state of mind. That is, we have the same goal to succeed in service and deliveries. Everybody is on the same train.

But yes, sure. To work with Europeans, French, German, British and Spanish, we have differences, but Airbus is one family and we have now adopted the Chinese culture as well.





Does Airbus have a corporate social responsibility policy in Tianjin?


Yes. The Civil Aviation University of China (CAUC, Tianjin) is a partner with the FAL project, so Airbus is a contributor, of course. And this university has supported us and continues to support us in training our staff in English language. They train all aeronautical jobs. Since 2003, Airbus has supported the university to train 280 Masters (degree holders).

With the help of the CAUC, we have another project in progress – a Sino-European Aviation Engineering Institute in Tianjin – to train 300 students to become aeronautical engineers in 3 years. For the time being, it is located in the CAUC while the building is under construction. It will be delivered in the second half of 2010, and will be a 'green' building.

Also, I am a member of the European Chamber of Commerce in Tianjin, and I have just accepted its proposal to be part of the board.

And some of our employees, both Chinese and expatriate, have participated in sport activities in Tianjin, like the Dragon Boat races, as well as the Great Wall marathon.

Do you have any final words for readers of *Business Tianjin*?

Discovering and adapting to life in Tianjin was not very simple for my family. It has taken time for my children, my wife and I to adapt. But after one year, it's getting better, I can say that we have accepted this new life and now we are very happy to be here. I am very proud to be able to share this experience with my family. It has been very rewarding at professional, private and cultural levels. 

Management Questionnaire:

1. How do you deal with a long-term underperforming employee?

- a. Have a private conversation with them to discuss their performance
- b. Give them an ultimatum: either improve or be released
- c. Fire them
- d. Other

2. Which motivational tool have you found most effective in China?

- a. Pay raise
- b. Promotion
- c. Positive feedback
- d. Other

3. What aspect of managing do you find the most challenging?

- a. Planning
- b. Organizing
- c. Directing
- d. Monitoring
- e. Other

CHINA'S CHALLENGES TO GLOBAL WARMING (PART III)

The Tianjin Eco-City Initiative

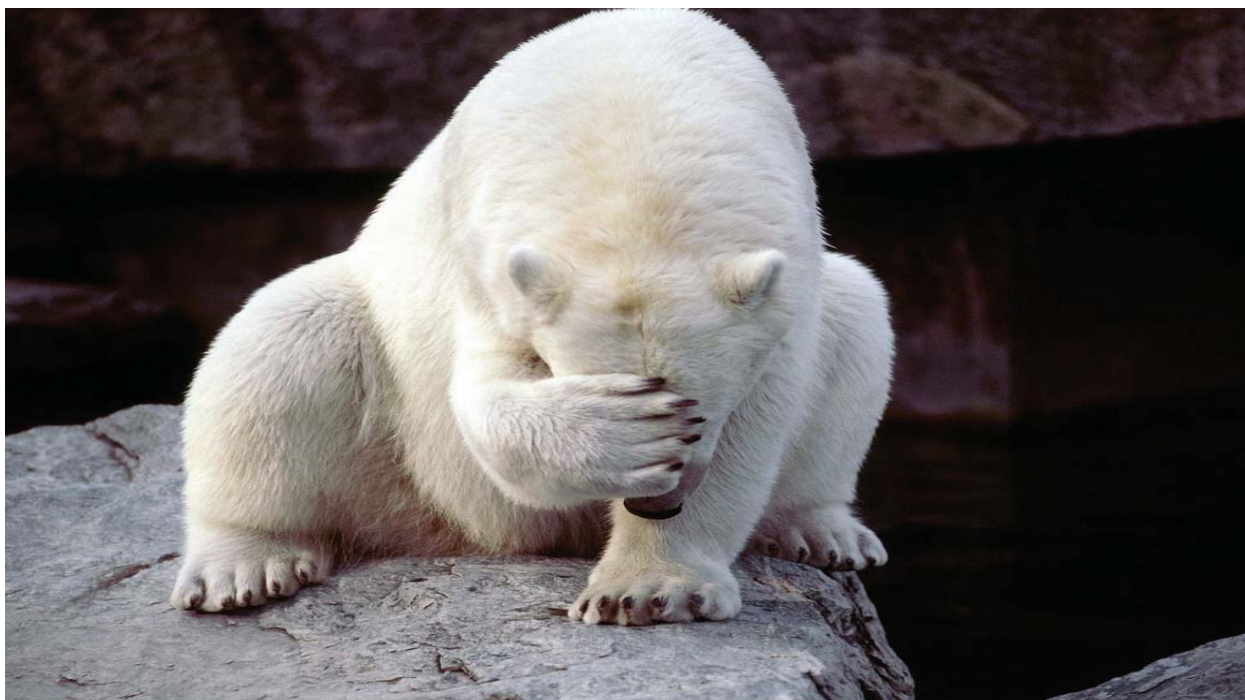
by Med Chottepanda

China's State Councilor Dai Bingguo, who attended the G8 Meeting on behalf of President Hu Jintao at L'Aquila, Italy, asserted that the developed nations must take the lead in reducing emission and complete the promised target in the Kyoto Protocol before 2012, while developing countries should adopt policy measures to make contributions within their capabilities. He noted, "It is both unrealistic and unfair to require developing nations to assume the compulsory and quantitative obligation of reducing emissions." Dai called for creating a technical platform for all countries, especially for developing countries, so that technologies could be affordable, which would foster economic development and act as the "material foundation" for handling climate change. Dai concluded by saying that China has decided to reduce its energy consumption per unit of GDP by 20% from 2005 to 2010, reduce by 10% the major pollutants, and increase the forest coverage from 18% to 20%.¹

Grim realities of climate change

According to Asia Development Bank (ADB) experts, Asia's share of global greenhouse gas emissions could rise to more than 40% by 2030, making it the world's main driver of climate change. The most populous continent with the fastest-growing economies in China and India already accounts for a third of world emissions of gases blamed for warming weather, including carbon dioxide, ADB President Haruhiko Kuroda told a conference in Manila in June.²

ADB experts warned that Asia also stands out as the most vulnerable region to climate change. In addition to water shortages, crop yields in Central and South Asia could drop by 30% by 2050, and coastal cities including Bangkok, Jakarta, Karachi, Manila, Mumbai and Shanghai will be vulnerable to flooding or damage from unpredictable weather patterns, the ADB said. Within this century, people living in coastal Bangladesh, Maldives and Tuvalu in the southwest Pacific may be forced to





flee because of rising sea levels, the Manila-based lender said.

Rajendra Pachauri, chairman of the U.N. Intergovernmental Panel on Climate Change (IPCC) stated that "climate change has this characteristic of exacerbating the existing stress in a region... which is afflicted by poverty and a lack of infrastructure." Climate scientists have urged rich countries to reduce emissions by between 25% and 40% by 2020 to avoid the worst effects of warming. Even a 2°C temperature rise could subject up to 2 billion people to water shortages by 2050 and threaten extinction of 20% to 30% of the world's species, according to a 2007 report by the IPCC, a network of 2,000 scientists (IPCC Report, 2007).

cut carbon emissions by a total of 5% below 1990 levels by 2012.

G8 consensus on climate change

The Group of Eight (G8) at their meeting L'Aquila, Italy in June 2009 agreed that global temperatures should be kept from rising by more than 2°C, in the fight against weather changes caused by mankind. The G8 also pledged to seek dramatic cuts in greenhouse gas (GHG) emissions of 80% or more by 2050. That's part of a plan to have all such gases, from rich and poor nations alike, fall by 50 % globally by that year.³

The agreement by the G8 in Italy marks a significant step in efforts to limit GHG blamed for the world's rising temperature. The G8 previ-

ously had not been able to agree on that temperature limit as a political goal. Climate change experts say the 2-degree threshold wouldn't eliminate the risk of runaway climate change but would reduce it. Even a slight increase in average temperatures could wreak havoc on farmers around the globe, as seasons would shift, crops would fail and storms and droughts would ravage fields, scientists say.⁴

China's challenges

An emerging China faces increasing challenges. With over 70% of China's energy coming from coal, and consumption of energy per capita increasing as more people purchase cars or move into the cities, there are valid concerns over pollution and the subsequent economic and health costs associated with pollution. There is also an increasing need to import oil and gas, which gives rise to valid concerns about energy security. China has realized the need for stringent action to mitigate environmental pollution.

China has implemented strong laws in the areas of renewable energy,

DEVELOPMENT PLAN (UP TO 2020) AND FORECASTS (UP TO 2050) FOR RENEWABLE ENERGY POWER GENERATION IN CHINA

Year		2004	2010	2020	2030	2050
Small hydropower	Installed capacity / GW	34	50	75	100	200
	Annual production / TW.h	100	154.5	230	320	640
Wind	Installed capacity / GW	0.76	5	30	100	400
	Annual production / TW.h	1.14	10.5	69	230	920
Biomass	Installed capacity / GW	2	5.5	20	50	100
	Annual production / TW.h	5.18	21.2	83.5	225	500
PV	Installed capacity / GWp	0.065	0.3	1.8	10	100
	Annual production / TW.h	0.078	0.42	2.16	14	150
Percentage of total electricity from renewable energy / %		6.5 (3)	10 (4.2)	16 (8)	20 (14.6)	30 (22.5)

*Note: Using 1 kWh=350 g coal equivalent, large-scale hydropower not included.

pollution control, and energy efficiency. China is becoming a key player in the Green Energy field and its exploitation of alternative energy sources is commendable, not only as a market for Green Energy technologies, but also as a global manufacturing and sourcing location. The table about shows where China stands on key activities that support renewable energy efforts.

China's leadership in solar energy

China has taken a leadership position globally, especially in the solar thermal market. Not only is it the largest market, with over a 75% share of global capacity, but it is also a significant manufacturer of solar thermal units globally. The solar thermal market in China continues to grow at over 20% per year. Even though China is already the largest market in the world for these products it still has significant room for growth – only 10% of Chinese homes currently have solar water heaters installed. This simple and inexpensive technology continues to capture market share in China, and it is amazing that other countries (see below chart) have not used more of these units as of 2007. China also has a growing share of the global market for solar photovoltaic-based systems.



TIANJIN ECO-CITY PROJECT

The Governments of China and Singapore signed two agreements on the development of the Sino-Singapore Tianjin Eco-City in November 2007. The Framework agreement provided a vision, a “socially harmonious, environmentally friendly and resource-efficient area – a model for sustainable development”.⁵ Under this agreement the two countries will collaborate to share their expertise and experiences in the formulation of policies and programs to engender social harmony as well as in urban planning, environmental protection, resource conservation, recycling, ecological infrastructure development, use of renewable resources, reuse of wastewater, and sustainable development in the Tianjin Eco-City. The Supplementary Agreement was signed to facilitate and support the development of Eco-City with clear expected outcomes, such as, (a) build a vibrant local economy with good environmental conditions, (b) foster the formation of socially harmonious and inclusive communities, (c) adopt good environmental technologies and practices so as to create an

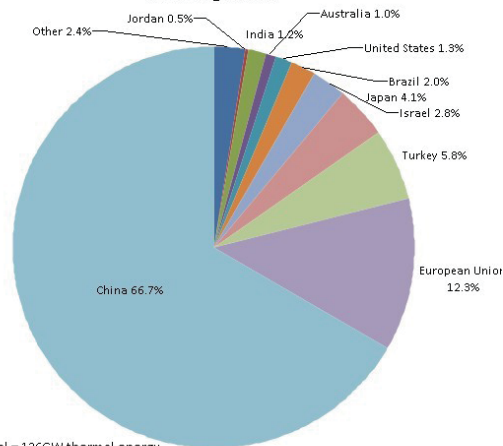
attractive quality living environment and (d) serve as reference for other cities in the PRC in the management, technological and policy aspects of the development, and protection of their ecological environment.

China has decided to reduce its energy consumption per unit of GDP by 20% from 2005 to 2010.

Location

The Eco-City is 40 kilometers from the Tianjin city center and 150 kilometers from Beijing. It is expected to be completed in 10 to 15 years. This second flagship Sino-Singaporean cooperation project – after the Suzhou Industrial Park – will draw on Singapore's eco-conservation experience in regard to efficient energy use and environmental protection. Located along the Jiyun River in Tianjin's Hangu district, the area will be comprised of residences, commercial space and factories, all of which will comply with interna-

Share of Solar Hot Water/Heating Capacity Existing, 2007



Total = 126GW thermal energy
Source: Renewables Global Status Report 2009 Update, REN21.net



tional standards of energy use and environmental protection. The Eco-City will be guided by Singapore's use of solar and wind power, and experience in rainwater recycling, as well as wastewater treatment and desalination of sea water. One third of the land to be used is salt pan, one third is deserted beach and one third is water. When completed, the Eco-City is expected to be a model for other cities in China.

Why build the Eco-City in Tianjin?

The Tianjin Eco-City project is strategically located in the fast growing Tianjin Binhai New Area (TBNA) and is well-positioned to be the focal point for the acceleration of growth in the Bohai Rim region. TBNA is already home to more than 100 Fortune 500 companies. Key industries currently being developed in TBNA include advanced manufacturing, high-end technology, petrochemicals, shipping and logistics, and coastal leisure and tourism. One of the country's most influential hotbeds for high-tech and new industries, the Tianjin Economic-Technology Development Area (TEDA), is also located in the TBNA.⁶

A miracle under the Central Chinese Government's direction to develop

pilot zones, TBNA has seen high double-digit growth rates in the last decade. In 2008, it grew by a remarkable rate of more than 20%. With sustained economic growth, the TBNA has been a magnet for residents from neighboring regions and beyond in search of better jobs. The growing base of multi-national corporations also attracts an influx of expatriates, creating new housing demand. The new Tianjin Eco-City will enhance the economic attractiveness of the TBNA for investments and talent.

The Tianjin Eco-City aims to create up to 60,000 jobs.

Over the coming decade, the Tianjin Eco-City aims to create up to 60,000 jobs. Six key urban and eco-business industry clusters will be developed to create a first-of-its-kind eco-business hub: Green Transport; Green Buildings; Clean Energy; Clean Water; Waste Management; and Environmental Protection.

The Tianjin Eco-City is highly accessible from all key regional cities and industrial districts via major high-

ways, railways, shipping lines, and Tianjin Binhai International Airport.

Business incentives for potential investors and developers

The importance of anchoring good companies in the Tianjin Eco-City is reflected in the preferential policies offered in the city – they are among the most competitive and comprehensive in the region. The Chinese government has shown its glowing support, announcing its intention to invest approximately 16.5 billion CNY over the next three years in the construction of 149 priority projects to push the development of the Tianjin Eco-City.⁶

Potential investors will benefit from the special "Eco-City Industries Fund" that has been set up by the Chinese government to help eco-companies within the Tianjin Eco-City engaging in high-tech research and development, service outsourcing, creative industries, finance, business services, tourism and logistics. Other incentives such as tax waivers and subsidies, rental subsidies, human resource incentives and personal income tax incentives will benefit both businesses and individuals alike. Intellectual property grants, as well as funds and grants



for research and development, will give a boost to the high-technology industry clusters in the Eco-City. The Tianjin Eco-City seeks to forge close partnerships with quality developers by offering various incentives and a one-stop approval process. Developers who invest early will benefit from even more incentives like preferential land pricing. There will also be assistance provided to green building developers, such as worker training, sourcing for green materials and green technologies.

Eco-Business Park

As part of the Tianjin Eco-City project, Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd. (SSTEC) decided to bring on board several Singaporean partners to launch its first eco-business park. With an estimated total investment of 2 billion CNY when fully completed in five to six years, the Eco-Business Park is expected to be the base for global eco-businesses in TBNA and the Bohai Rim. This is to serve Northern China's growing need for clean technologies and sustainable urban solutions.

The first of its kind in China, the

Developers who invest in the Eco-City early will benefit from preferential land pricing.

Eco-Business Park will occupy approximately 30 hectares of land in the Eco-City's Start-Up Area and create a 24/7 vibrant and self-sustaining business community. Capitalising on the strategic positioning of the Eco-City, it will attract global clean technology and green R&D companies as well as high value-added services such as business process outsourcing (BPO) companies which have small carbon footprints. When fully completed, the Eco-Business Park is expected to create over 15,000 white-collar jobs which will attract new residents and generate more economic spin-offs. "The Eco-Business Park will be the booming service hub of the Tianjin Binhai New Area," said Mr. Goh Chye Boon, CEO of SSTEC. "It will provide top facilities for world-class eco-companies. Investors are drawn

to the Eco-City by the favourable policies and environment... to shape the future of this green-field city."

China's protest against carbon tariff and protectionism

Developed countries, including the US, Canada and the European Union, have proposed imposing "carbon tariffs" on imports in order to "level the playing field" by raising import duties on countries not making the same effort. The US Clean Energy and Security Act, passed by the House of Representatives on 26 June 2009, empowers the government to take action against trading partners that fail to meet US emission standards and thereby gain competitive advantage, but not before 2025. "If others don't impose a cost on carbon, then we (some manufacturers) will be at disadvantage," said US Energy Secretary Steven Chu. "We would look at considering perhaps duties that would offset that cost." Carbon-intensive imports for the US include mechanical and electrical goods, steel, paper and aluminum-related products. US President Barack Obama is pushing Congress to develop a system that would cap carbon emissions and

have companies purchase permits to release greenhouse gases. Pressure is mounting on nations to seal a broader and tougher framework to replace the Kyoto Protocol on climate change in December during UN-led talks in the Danish capital of Copenhagen.

China's Ministry of Commerce (MOFCOM) said that imposition of such tax would violate the WTO rules and go against the spirit of the Kyoto Protocol. Even the MOFCOM website stated that such a move would license developed countries to resort to "trade protectionism in the name of protecting the environment".

"I think they are using it as a means to pressure developing countries to cut more GHG emissions," warned Zhang Haibin, Peking University's professor of environmental politics and an adviser to the MOFCOM on

trade and climate change policies. "But if the US takes unilateral action without proper multilateral consultations and agreements it could spark big trade disputes, or even a trade war," he concluded.

China's greenhouse gas emissions have already exceeded levels in the US. Yet unlike the US, China joined the Protocol, though is not required to cut its emissions because it is a developing country. Some of the fastest growing economies, including China, managed to avoid GHG caps in the name of economic development, contributing to massive trade surplus (nearly 2 trillion USD by China) and allowing their countries to function as "global factories". In some cases, trade surplus is built by offering incentives in the form of tariffs, subsidies, import quotas and other forms of barriers to free trade, which are tantamount to some form

of protection to make their countries globally competitive. The WTO, the global watchdog, must more carefully monitor and investigate any violations affecting the letter and spirit of the laws in order to promote the intent of free trade. ■

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Design of the Industrial Park in the Sino-Singapore Tianjin Eco-City

OCTOBER CHINESE ECONOMY REPORT

By David Kwon

Export and Import

China's exports decline for tenth month with glimmer of hope for stabilization in the coming months

China's exports fell for a tenth month due to weak global demand reassuring the central government's stance on maintaining a "moderately loose" monetary policy to support domestic growth. Exports dropped 23.4% in August from a year earlier (-23% in July), while imports dropped 17% in August from a year earlier compared to -14.9% in July.

Although the trade data show continued weakness, help is on the way. China's Purchasing Managers' Index (PMI) – which indicates the economic health of the manufacturing sector by measuring five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment – released earlier this month points to stronger export orders, and US data are also providing a strong signal that demand for China's exports is poised to rebound, Brian Jackson, economist with Royal Bank of Canada in Hong Kong indicated on 11 September. He expects foreign demand will begin to support Chinese

economic recovery in the coming months, allowing some withdrawal of credit lending under the stimulus package from early 2010.

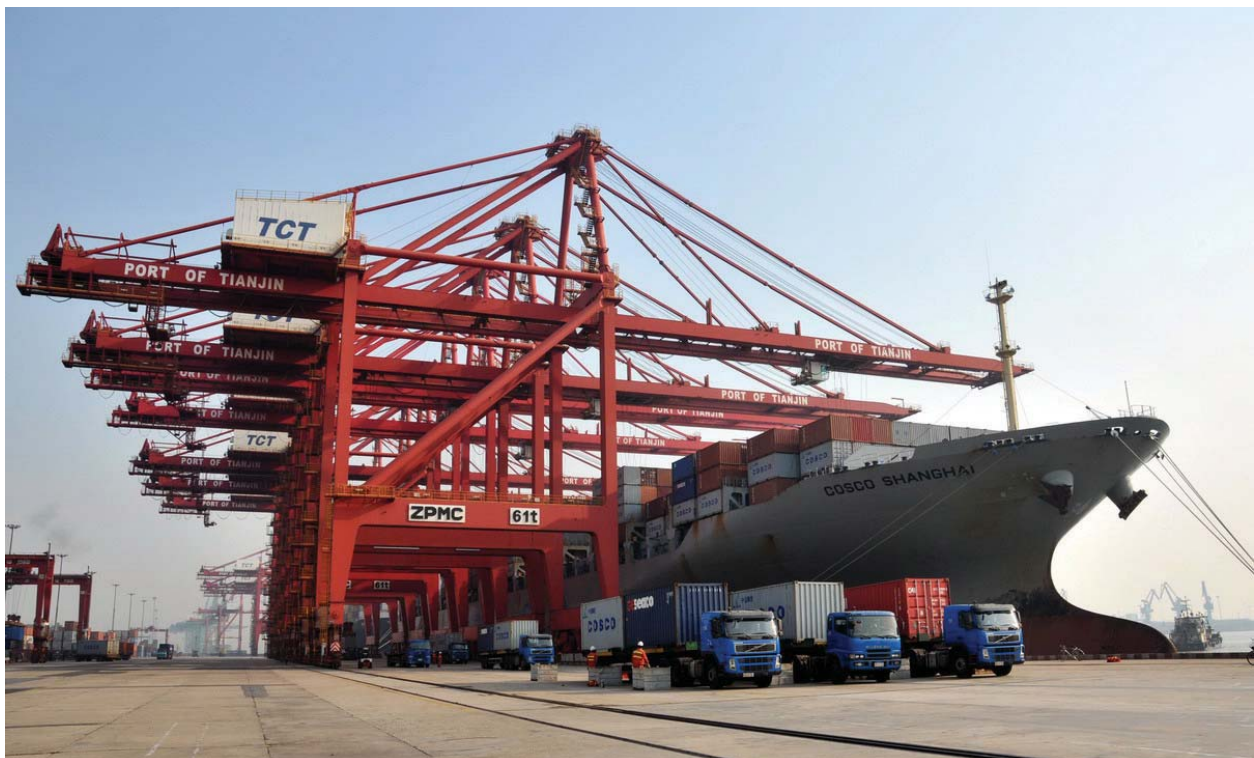
Clearly, it shows that the domestic economy is doing much better because of the stimulus, and external demand is still quite weak. "I don't think weakness in exports is going to derail the fact that the general economy will continue to recover," said Wang Tao, economist with UBS in Beijing on the same date.

China's exports and imports may "further stabilize and start to recover in the coming months as the extreme uncertainties that froze orders earlier on fade," said Wang. "Towards the end of 2009, we expect exports to recover on rebounding consumer demand, even though from a lower level."

Natural Resources

PetroChina and ExxonMobil sign 41b USD deal

PetroChina signed 41 billion USD liquefied natural gas (LNG) agreement with ExxonMobil, the major US supplier of LNG from the Gorgon gas fields off Western





Australia. Chevron is operating the Gorgon project with ExxonMobil and Royal Dutch Shell each having a 25% stake. Peak output from ExxonMobil Australia's Gorgon project has been estimated at 15 million tonnes per year, reported Reuters on 19 August. The PetroChina deal means that ExxonMobil has found a buyer for its entire share in the Gorgon project. The new agreement is set to see PetroChina receive 2.25 million tonnes per year for 20 years, effectively making it the largest buyer of gas from Gorgon.

Joint Ventures

Blackstone's Shanghai venture

Blackstone, the world's biggest private equity firm, will set up a 5 billion CNY (732 million USD) "Blackstone Zhonghua Development Investment Fund" with the newly formed government of Pudong New Area according to statement made by Blackstone on 14 August. This will mark the first partnership between a global buyout firm and the Chinese government and maybe a first step in China's effort



to build its own private equity industry as the government seeks to foster corporate governance and strengthen capital markets Bloomberg reported on 17 August.

“The long-term goal is Chinese private equity,” said Adam Segal, a senior fellow of China studies at the Council on Foreign Relations. “The Chinese don’t want their industry to be dominated by Blackstone and Carlyle.”

The venture is part of China’s plans to establish itself as a major player in the global economy, said Doug Guthrie, a professor of management at New York University’s Stern School of Business. During the 1980s, China was aiming to be the world’s biggest manufacturer. In the 1990s, the country was seeking partnerships with multinational companies, including financial firms. Now they want to develop their capital markets, he said.

“This has nothing to do with needing capital and everything to do with gaining the institutional know-how to do it on their own,” Guthrie said.

While TPG, Carlyle Group and KKR & Co. have not established domestic funds, “the Blackstone deal represents China’s willingness to use private equity to shake up the economy,” said Vincent Chan, co-founder of China-focused fund Spring Capital Asia Ltd. “China’s future economy will be driven by its private enterprises.” Many first-time chief

executive officers “will need help on matters from boosting corporate governance to acquisitions.”

Shanghai’s competition with Tianjin, Beijing and Hong Kong

Shanghai, home to the nation’s largest stock exchange, is playing catch-up with Tianjin, Beijing and Hong Kong to become a private-equity hub by proposing tax breaks to attract buyout firms. According to Bloomberg’s report on 17 August, Tianjin became the first Chinese city to allow buyout firms to set up in 2006. Shanghai imposes tax rates of up to 35% on private-equity and venture-capital firms under limited partnership structures, and charges 20% on capital gains earned by non-executive partners, according to rules announced in August last year. In Hong Kong, capital gains are exempt from taxation and the corporate tax rate was cut to 16.5%.

Stock market

The official China Securities Journal reported on 8 September that nine securities mutual funds tracking China’s stock indices are being launched in September, pumping 50 billion CNY (7.3 billion USD) into the market.

“More funds being launched is good as that will inject fresh funds into the market and offset more share supply,” said Chen Jinren, senior analyst at Huatai Securities in Nanjing. “But the index may still face resistance at the psychologically



important 3,000-point level." The average forecast price/earning (PE) ratio of shares listed on the Shanghai and Shenzhen stock exchanges now stands at around 25, still high compared with Hong Kong's 15, but more reasonable after a 22% market slump in August.

Foreign Investments on the Rise


Foreign direct investment (FDI) in China grew for the first time in 11 months in August as the world's third largest economy showed signs of recovery.

Investment rose 7% to 7.5 billion USD (from a -35.7% drop in July), the Chinese Ministry of Commerce said at a briefing in Beijing on 15 September. As China's economy recovers from the global financial crisis, it may attract more money from foreign investors. "Global risk appetite is coming back," said Isaac Meng, a senior economist at BNP Paribas in Beijing. "For multinational companies, China is the place where growth is the most robust."

The latest FDI figure "shows a normalisation of business sentiment," says Glenn Maguire, chief Asia-Pacific economist at Societe Generale in Hong Kong, "with weaker consumer demand globally, companies will have to invest more in low labour-cost centres to maintain profits and margin."

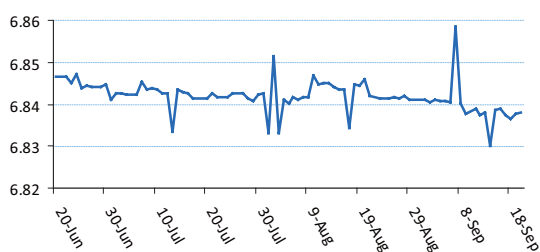
Hyundai, South Korea's largest carmaker, will raise annual production capacity at its Chinese venture next year to 600,000 vehicles from 500,000 and General Motors, the biggest overseas automaker in China, says the nation's vehicle sales could reach 12 million this year, surpassing the US as the world's No.1 market, reported Bloomberg Asia on 16 September.

Goldman Sachs forecasts that China's economy will expand 9.4% this year, topping the government's 8% target as record bank lending in the first half spurred growth.

Although a rebound in property investment is helping to sustain the expansion, ten months of falling exports have increased the economy's dependence on infrastructure spending and subsidies for consumer purchases to drive growth. 

Three-month CNY trends

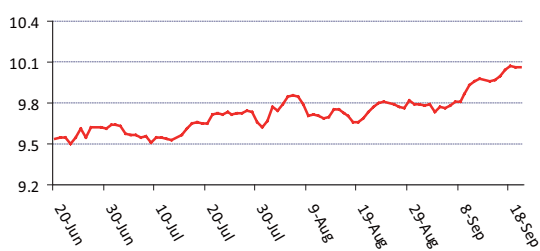
CNY vs USD



CNY vs GBP



CNY vs EUR



CNY vs JPY



Data source: Oanda.com interbank rate

CHINA ANTI-BRIBERY LAW



Simon Bai
Winners Law Firm

In July 2009, four employees of Rio Tinto, the world's second-largest iron ore exporter, were arrested and formally charged in connection with bribery. This case sparked widespread debate as regards whether the Chinese legislation maintains effective check over commercial corruption and puts the spotlight on corporate crime.

As a matter of fact, China has adopted various laws in the area of bribery. This article examines some of the major legislation in this regards.

Anti-unfair Competition Law (ACL)

The ACL prohibits "The use of valuables or other means by a business operator to bribe the other transaction party in order to secure the sale or purchase of goods" (Article 8). ACL authorizes the State Administration of Industry and Commerce (SAIC) as the enforcement body of the law. SAIC, in order to implement its power under ACL, issued The Interim Measures on Prohibition of Commercial Bribery in November 1996 (SAIC Measures). SAIC Measures offer a definition

of "valuables", referred to in Article 8 of ACL, as any valuables "in cash or in kind, including payments under the guise of promotion, advertisement, sponsorship, grants for scientific research, service fees, consulting fees or commissions, as well as the reimbursement of various expenses." "Other means", as used in Article 8 refers to "provision of benefits other than valuables in cash and in kind," which could be fully-paid vacations or business travel, etc.

SAIC Measures further deal with kickbacks and differentiate between kickbacks and rebates and commissions. Article 5 stipulates, "Any kickbacks provided off-the-book and covertly to the other transaction party or its individual employee shall be deemed as offer of bribes. The acceptance by the other transaction party or its individual employee of the kickbacks off-the-book and covertly shall be deemed as acceptance of bribes... A business operator may, in an express manner, provide rebates to the other transaction party in the sales and purchases, and provide commission



to the broker. The rebates offered to the other transaction party and the commissions provided to the broker must be truthfully recorded on the books by the business operator. The recipient of the rebates or commissions shall truthfully record on its book the rebates and the commissions.”

China Criminal Code (CCC)

Chapter 8 of CCC addresses bribery and corruption offenses. CCC, as stipulated in Article 6, exercises jurisdiction over anyone “who commits a crime within the territory of P.R. China, except for the ones that shall be governed under special regulations under law.” Hence, anyone, be they Chinese or citizens of other countries, are subject to CCC within the territory of China.

In accordance with Article 389, the crime of bribery refers to any practices that aim to “provide cash or property to government employees or employees of state-related units for the purpose of seeking unjust benefits.” Similarly, it is also a crime to “provide a substantial amount of money in the course of economic transactions against the State’s regulations, or provide government employees kickbacks or commissions of any kind.”

Government officials or employees and employees of state-related units include people who perform public services in the legislative, administrative, or judicial branches or the military; people who perform public services in state-owned enterprises (SOEs), state-owned institutions such as universities and hospitals, or civil organizations; people

assigned by the government or SOEs to non-state-owned enterprises, institutions, or civil organizations to perform public services; and people who perform public services according to law, such as local representatives to the National People’s Congress.

CCC also prescribes that commercial bribery is a criminal offence which prohibits any individual or unit from giving money and property to the staff members of non-state owned enterprises to gain improper benefits.

Typical of Chinese legislation, the CCC is characterized by the vagueness in its wording as regards what constitutes bribery and what amount of money can be deemed as “substantial”.

Legislative and Judicial Interpretations

In 1988, the National People’s Congress, the lawmaking body of China, promulgated the *Supplementary Provisions Regarding Crimes of Corruption and Bribery* which expressly outlaw the receipt of gifts of substantial value from foreigners.

In November 2008, China Supreme Court (CSC) and Supreme Procuratorate (CSP) jointly issued an *Opinion on Several Issues in the Application of Law in Cases of Commercial Bribery* (2008 Opinion). The 2008 Opinion addresses application of CCC to commercial bribery in medical and educational institutions, and in public tendering activities



and more general interpretive guidance to be applied to business activities. CSC and CSP also jointly issued an opinion on commercial bribery in July 2007 (2007 Opinion). These two Opinions help to clarify many of the unsettled issues in relation to commercial bribery left by CCC.

The 2008 Opinion provides that the eight criminal offences relating to bribery under CCC also covers commercial bribery, which includes the crime of accepting a bribe, whether by a State official or employee (Article 385 of CCC), a non-State official or employee (Article 163) or by any other entity (Article 387); the crime of offering bribery, whether to a State official or employee (Article 389), a non-State official or employee (Article 164), or any other entity; bribery by an entity (Article 393); and the crime of serving as intermediary in the commission of an illegal bribe (Article 392).

The 2008 Opinion sheds light on the scope of “valuables (property)” under CCC, which not only includes cash and objects, but also includes interests in the nature of property, the value of which can be calculated in monetary terms, such as provision of house renovations, membership cards containing credit, coupons, travel expenses and so on. The 2007 and 2008 Opinions also set forth other types of bribes disguised as legitimate commercial transactions as follows:

- purchasing or selling a house, automobile or other such items at a price markedly higher or lower than the prevailing market price;
- receiving freely obtained stocks from another party;
- obtaining benefits from another party under the guise of entrusting the other party to invest in securities, futures or other types of trust financing;
- receiving property from the other party in the course of gambling activities;
- enabling a particular affiliate of a government official to receive “remuneration” without provision of actual work (under the 2007 Opinion, “affiliate” includes any person who is a spouse, close relative or lover of the State official or employee, or who otherwise shares a common interest with the State official or employee);
- receiving bank credit cards;
- a government official or employee allowing another party to make a contribution on his/her behalf in a company or other joint investment, or receiving profits from another party under the guise that the government official has jointly established a company or engaged in other joint investment, where the government official has made no substantial capital contribution and does not participate in the management of such company of investment;

The 2008 Opinion also clarifies the criteria in drawing the distinction between a gift which is legitimate and a bribe. The following factors shall be taken into considerations when drawing the line:

- background of the property transaction, such as whether the parties are related or friends and the nature and extent of any previous transactions between the parties;
- the value of the property;
- the reason, occasion and mode of the property transaction, and whether the person giving the property has requested favors from the recipient;
- Whether the recipient has exploited his/her position to advance the interests of the person giving the property.

Foreign companies in China have to be aware that they must also follow international laws and conventions, in addition to Chinese law. Two of the most well-known are the US Foreign Corrupt Practices Act and the OECD Convention on Combating Bribery of Foreign Public Officials in international business transactions, both of which prohibit the bribery of foreign officials. □



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LATEST DEVELOPMENT OF FOREIGN EXCHANGE ADMINISTRATION IN CHINA: IMPACT OF RECENT REGULATORY DEVELOPMENT



Francisco Soler



Lingyun Rao

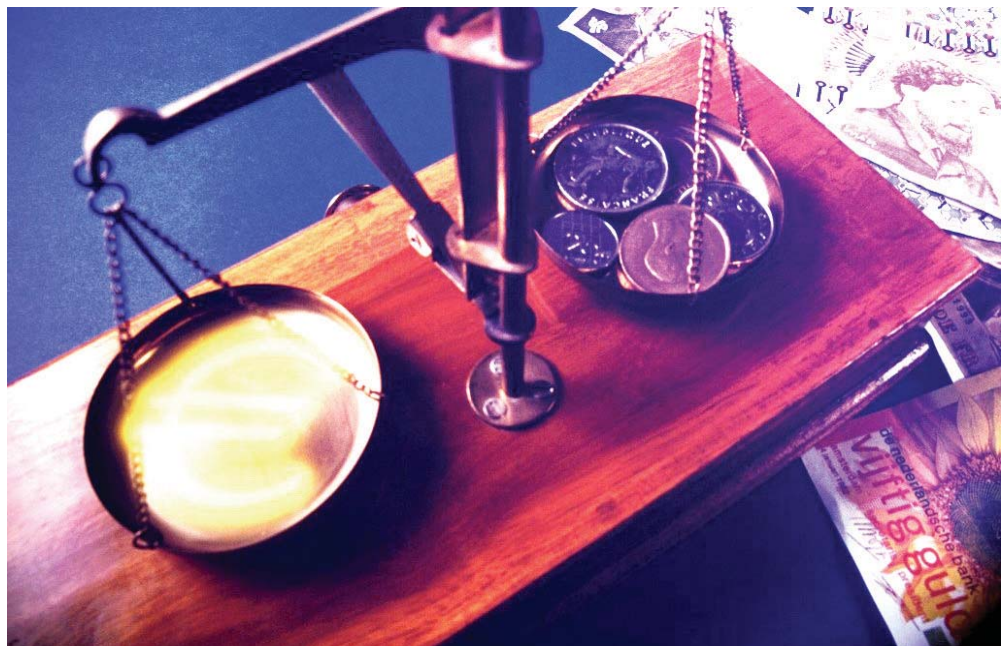
by attorneys
Francisco Soler and
Lingyun Rao,
Garrigues Shanghai

As it is widely known, China sets up strict administration regime on foreign exchange that does not allow companies and individuals to freely settle their payments in foreign exchange. This foreign exchange control, together with the fact that the RMB is not a fully convertible currency, has always implied the existence of several restrictions for companies doing business in China, especially for foreign companies. In the last months, China has started to introduce some modifications to this regime that, even if minor, could be considered as the beginning of a trend towards a foreign exchange system with a free conversion of RMB. Notwithstanding the above, this will probably be a long process, so it is foreseeable in the near future that China will still keep significant restrictions on the administration on foreign exchange.

Regarding the modifications in the specific administrative methods in relation to foreign exchange, in terms of current account, China is stepping toward relaxing the supervision

by cancelling the previous approval needed and enhancing the post supervision. Whereas in terms of capital account, China still insists about the need of the previous approval to prevent the funds from easy inflow and outflow drastically. Under such background, China revised the Foreign Exchange Administration Regulation of the PRC (Foreign Exchange Regulation) in July 2008. The revision of 2008 intensively reflects the above supervision principles.

The revised Foreign Exchange Regulation simplifies the foreign exchange administration on the current account, and enhances the supervision on the utilization of funds sent to China and the cross-border flow of foreign exchange funds. On the one hand, the revised Foreign Exchange Regulation expressly states that the foreign exchange income of domestic institutions or individuals could be deposited abroad without need to be deposited in China. On the other hand, it requires that the foreign exchange fund sent to China under the capital





account and the RMB fund after settlement shall be not used for purposes prohibited by the administration of foreign exchange.

Under such background, during the past year, the State Administration for Foreign Exchange (SAFE) has adopted a series of regulations or rules on foreign exchange administration, among which the following ones have had a substantial impact on both enterprises and individuals.

New Policy on Settlement and Payment of Foreign Exchange Fund under Foreign Exchange Capital Account of a Foreign Invested Enterprise

Closely following the promulgation of the revised Foreign Exchange Regulation, a circular regarding the settlement and payment of foreign exchange fund under foreign exchange

capital account of a foreign invested enterprise (FIE) was issued by the SAFE at the end of August 2008.

This circular requires that the foreign exchange fund of an FIE shall not be settled until completion of the capital verification¹, and the cumulative settlement amount shall not exceed the verified amount, changing the previous practice that a FIE could settle its capital before or after the capital verification. Simultaneously, the RMB fund settled from foreign exchange fund can only be used under the business scope of an FIE, while it is prohibited by the circular to use converted RMB for the following purposes: 1) equity investment, 2) purchase of real estate, 3) purchase of listed shares. As a result, to some extent, it prevents the foreign capital from flowing into the Chinese stock market and real estate market.

To realize the above restriction on use of the above RMB fund, the settlement of foreign exchange fund shall comply with the following two principles: 1) the RMB fund settled shall be remitted to the third party, except for the reserve fund use or salary payment, and 2) the settlement demand shall be evidenced by the relevant invoices. Further, the cap available for settlement to FIE's own RMB bank account for the reserve fund use or salary payment is decreased from 200,000 USD to 50,000 USD. Therefore, verbal transactions, or transactions without invoices or clear written payment schedule, will be difficult to be paid. At the same time, as the cap available for the settlement without the evidence documents has been hugely decreased, times of settlement to accumulate the RMB fund under the disguise of reserve fund will result

in the violation of the Foreign Exchange Regulation.

Under such circular, the foreign exchange fund of a domestic institution or an individual generated from the equity transfer to foreign investors will no longer be received through a temporary bank account and then settled to the recipient's RMB bank account. Although a circular issued by the SAFE in July 2008 still permitted this way, the mentioned circular at the end of August 2008 expressly requires that the recipient open a special bank account to receive such income, and both booking such income into the special bank account and its conversion into RMB shall be subject to SAFE approval. Therefore, in an equity transfer from a Chinese shareholder to a foreign investor, the foreign investor should cause the Chinese shareholder to open such special account and handle the examination and approval on booking the equity transfer consideration in the relevant time limit, otherwise it will not be possible to handle the foreign exchange registration for the income from the equity transfer, which is important evidence to prove the foreign investor's payment for said transaction.

New Policy on Collection and Payment under Trade of Goods

For the purpose of intensification of the supervision on cross-border funds flow, the SAFE promulgated in July and October 2008 a series of circulars on the registration of the foreign exchange collection and payment in goods trade.

According to the circulars on the foreign debt registration under goods trade in July 2008, from 14 July 2008, if an export contract newly concluded includes any clause on advance collection or any advance collection actually occurs even if it is not included in the export contract, regardless of the amount, an exporter shall

conduct several registrations concerning such contract as well as withdrawal of the advance collection and then cancel the withdrawal registration within relevant time limit² after the export date. At the same time, the advance collection shall be deposited in the to-be-inspected foreign exchange account opened by the bank in the name of the exporter. Only after such income passes the on-line inspection by the bank, the exporter could use such advance collection. This has changed the previous practice that only when the advance collection meets or exceeds 200,000 USD for each individual transaction, it shall be remitted into a to-be-inspected foreign exchange account.

payment meets or exceeds 200,000 USD and the agreed or actual payment date was late by 180 days.

As the foreign debts accrued herein are not calculated into the foreign debt amount permitted by the balance between the total investment and the registered capital of a FIE, it is understood that the SAFE is aiming to prevent the flow of hot money under the disguise of trade payments, which has already to some extent implemented part of the requirements in the revised Foreign Exchange Regulation although some of the circulars were issued before the revised Foreign Exchange Regulation.



On the other hand, from 1 October 2008, if an import contract newly concluded includes any clause on deferred payment or any deferred payment for more than 90 days actually occurs even if it is not included in the import contract, the importer shall register the deferred payment, and then deregister it within the relevant time limit³. The previous practice is also changed by these circulars. In the past, the deferred payment shall be registered only when the amount of the deferred

The foreign credit registration under goods trade is a new measure adopted by the SAFE in payment under international trade. It is very similar to the foreign debt registration under goods trade. From 1 December 2008, an exporter, in case of a deferred collection, shall conduct the foreign credit registration and then cancel such registration; and from 15 November 2008, an importer, in case of an advance payment, shall conduct the foreign credit registration and then cancel such regis-



tration within the relevant time limit⁴. Otherwise, the exporters or importers will be punished by the SAFE.

New Policy on Outbound Payment under Service Trade and Certain Items

Last but not least, in order to prevent tax evasion in outbound payments, at the end of 2008, the SAFE and the State Administration for Taxation jointly issued a circular regarding the tax certificate for outbound payment under the service trade and certain items. Under this circular, from 1 January 2009, if an institution or an individual in China intends to make individual outbound payment exceeding 30,000 USD under service trade and certain items, said institution or individual shall submit to the bank the tax certificate issued by the relevant tax authorities, proving such outbound payments have been taxed. This tax certificate substitutes the tax payment certificate previously required for outbound payments to prove the taxation of the relevant

outbound payments. Therefore, in withholding cases, after a domestic institution or individual withholds the taxes against the outbound payments and gets the tax payment certificate, it shall submit an application for tax certificate before the payment. The outbound payment threshold for submission of such tax certificate has been changed to 30,000 USD from the previous one included in the *Implementation Rules of Administrative Measures on Individual Foreign Exchange dated 2007 and the Circular of the SAFE on Adjusting the Policies on Foreign Exchange Administration under Current Account* dated 2006. The caps for outbound payment without the tax payment certificate before and after the modification are the following:

China	Abroad	Old threshold	New threshold
Institution	Institution	50,000 USD	30,000 USD
	Institution	5,000 USD	
Individual	Institution or Individual	50,000 USD	

Conclusion

A series of new policies on foreign exchange – the revised Foreign Exchange Regulation, the new policy regarding the settlement and payment of foreign exchange fund under foreign exchange capital account, and the new policy on the collection and payment under goods trade or under service trade and certain items – have increased the restrictions and obligations for foreign companies doing business in China, and therefore increased the administrative burden that foreign companies should bear. As it is foreseeable that both the management measures and the systems related to the new Foreign Exchange Regulation could be fine-tuned over time, it is worthwhile for the entities with foreign exchange business in China to carefully watch the future evolution of Chinese foreign exchange policy. ☐

- 1: Capital verification means the verification on the truthfulness and legitimacy of the paid-in capital of a FIE conducted by Certified Public Accountants in China.
- 2: For example, if the export contract contains the advance collection clause, the exporter shall handle the registration of such contract within 15 working days after execution date and handle the registration of withdrawal of the advance collection within 15 working days after collection.
- 3: For example, if the import contract contains the deferred payment clause, the importer shall handle the registration of deferred payment within 15 working days after the execution date and handle the deregistration within 15 working days after the payment date.
- 4: For example, if the import contract contains the advance payment clause, the importer shall handle the registration of import contract within 15 working days after the execution date and handle the payment registration within 15 working days prior to the payment.

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.



TIANJIN PROPERTY MARKET REVIEW

Tianjin's Urban Development Enters a New Phase

As Tianjin continues to grow and develop, the city has taken on new characteristics. The latest phase is the development of multiple centres similar to that seen in Shanghai and Beijing.

Tianjin Culture Centre, along Youyi Road in Hexi District, is slated to become a rallying point for museums, art galleries, libraries, performing arts centres, youth centres, as well as numerous shopping arcades and retail centres.

Tianjin West Station Area, located in the north west of the city is envisaged as the city's secondary commercial area. The area is positioned towards attracting finance, retail, trade and IT companies, and will consist of office, hotel, apartment and retail projects. Further importance is being placed on the area as home to a future station of the Beijing – Shanghai Fast Rail Line which is expected to considerably cut journey times to two of the country's most important cities.

Tianjin Residential Market Recovers Strongly

Compared with the start of this year, Tianjin's residential market has seen a remarkable turnaround. Developers previously held concerns about falling prices and sluggish transaction volumes and subsequently refrained from launching new properties. Towards the end the first quarter and through into the second and third quarters transaction volumes have picked up significantly, recording more than

double the level seen in the same period of last year.

Limited supply and strong demand in the second quarter resulted in prices bottoming out before returning to levels seen back in 2007. The average asking price in all high-end residential areas rose approximately 10 per cent in the second quarter and this trend is expected to continue in the third quarter.

COMMERCIAL

Tianjin's Grade 'A' office market continues to deteriorate as absorption falls further into negative territory, despite landlords offering sizeable discounts.

No new Grade 'A' office projects were launched onto the leasing market in the second quarter, extending the market-holding time of same amount of leasable Grade 'A' stock to nearly two years. Despite this, there has been little movement in Tianjin's overall vacancy rate during this period, as demand has remained relatively subdued.

Tianjin's Grade 'A' office market witnessed its third consecutive quarter of negative net absorption, with 8,000sqm of space being returned to the market.

With no new supply, the city's Grade 'A' office vacancy rate increased 2.2 percentage points from the previous quarter to 15.4%, which is 1.8 percentage points higher than the same period last year. This increase comes despite efforts of a number of landlords in lowering asking rents.



Tianjin West Railway Station

Nanjing Road's vacancy rate increased 2.0 percentage points in the second quarter to 17.2%, more or less the same rate as the same period last year, while Xiaobailou's vacancy rate increased 3.5 percentage points in Q2/2009 after seeing the largest negative absorption in the city this quarter.

The majority of projects in Xiaobailou released 500 to 2,000sqm to the market, while seeing occupancy rates drop by 2 to 10 percentage points. The exception is Centre Plaza, which showed steady performance despite the market's continued sluggishness.

RESIDENTIAL


While the residential leasing market suffers from a temporary supply and demand imbalance pushing vacancy rates up, the mass market and high-end residential sales market witness resurgence in demand, pushing transaction volumes and price to new highs.

The second quarter of 2009 saw the launch of one new serviced apartment project onto the Tianjin residential market, ending seven consecutive quarters of the market seeing no new supply being added to the market. The

250-unit Somerset Youyi Tianjin is the city's largest serviced apartment complex; earlier developments have an average of 92 units. Handover of this new complex brings Tianjin's total serviced apartment stock to 1,075 units.

The citywide serviced apartment vacancy rate rose 12 percentage points in the second quarter to 26.9%. The launch of Somerset Youyi Tianjin, which has approximately 160 vacant units, accounted for 11.5 percentage points of the increase.

Occupancy rates in the rest of the market remained fairly constant – approximately a quarter showed minor increases, a quarter recorded decreases and the remainder recorded the same occupancy levels as they did in Q1 2009.

The citywide vacancy rates is expected to remain comparatively high over the short term as the market digests the new supply, an increase in available stock of 30%; however, strong economic growth prospects and an increasing number of MNCs, both in the finance and aviation sectors, should increase demand for high-quality residential accommodation over the midterm and bring the city's vacancy rate back to around 15%. 

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EUROPEAN CHAMBER



EUROPEAN CHAMBER IN TIANJIN

Event Review

European Food & Beverage Celebration Evening 2009

European Union Chamber of Commerce Tianjin Chapter successfully hosted the European Food & Beverage Celebration Evening 2009 for the fourth year on the evening of 11 September in Radisson Plaza Tianjin Hotel. This event was designed to bring the European companies and individuals in Tianjin together. More than 300 participants from member companies enjoyed the enchanting evening of typical and appetizing Food & Beverage from different European Countries.

It was a coincidence that Mr Jimmy Teo from Radisson Plaza Hotel Tianjin won the lucky draw, Westin's Heavenly Bed from the Westin Tianjin. As a goodwill gesture, Mr Kjell Rognoy, general manager of Radisson Hotel Tianjin has offered to sponsor the Radisson's Sleep Number Bed for European Chamber at next year's F&B event.

We proudly thank our sponsors for their great support and look forward to another fruitful event next year! (Airbus, Business Tianjin, Goglio, Guangdong Haohe Construction, Ipsen, Siemens, Vestas, Dikara Spa, Hotel Nikko Tianjin, Hyatt Regency Jing Jin City Resort and Spa, Metro, Renaissance TEDA, Saixiang Hotel, The Westin Tianjin, TUI China Travel, Nice Wedding and Pernod Ricard)



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

Sales Manager (销售经理)

Code: SM0910

JOB DESCRIPTION:

- Responsible for all product business by formulating and executing sales plan to drive continuous growth in China
- Coordinate inside and outside resources to achieve sales targets
- Maintain and coordinate good customer relationships to improve customer satisfaction

WHO WE ARE LOOKING FOR:

- University degree
- At least 5 years of sales experience in a foreign company
- Familiar with product importing procedure
- Sales channel management experience is a must
- Good interpersonal communication skills
- Proficiency in written and spoken English

Finance Manager (财务经理)

Code: FM0910

JOB DESCRIPTION:

- Establish & develop financial & accounting systems
- Month-end finance package preparation, review and analysis
- Assist in setting up fixed assets control and internal control systems
- Assist General Manager to make business decisions by providing financial information
- Support corporate to prepare the budget and forecast
- Be responsible for risk control on tax, Forex and local legal compliances
- Accounts receivable, accounts payable, and cost accounting management, and daily monitor on cash flow

WHO WE ARE LOOKING FOR:

- Accounting or Business degree, at least 5 years of solid accounting experience
- Proficiency in Microsoft Office applications
- Detail-oriented, accurate, analytical and have strong organizational skills
- Excellent communication and interpersonal skills
- Organized and methodical in work, and be able to deliver high-quality work under pressure
- Proficiency in written and spoken English

Electric Engineer (电气工程师)

Code: EE0910

JOB DESCRIPTION:

- Effectively provide electric and equipment maintenance for productivity
- Improve productivity procedure and equipment quality
- Be responsible for electric safety
- Design and maintain electrical equipment as per the safety requirement and standard

WHO WE ARE LOOKING FOR:

- College degree or above, major in Electric or Automatization Engineering
- Strong capability and skill on analysis and system concepts
- Over 3 years of working experience on automatization productivity and maintenance
- Motivated and skilled at solving problems
- Good command of spoken and written English

Business Supervisor (业务主管)

Code: BS0910

JOB DESCRIPTION:

- Carry out the marketing strategy set by the company and leisure activities in Tianjin
- Plan and implement marketing and sales activities
- Assist direct manager to manage business activities including sales, marketing, payment collection and logistics
- Build quantitative analysis models to support business decisions

WHO WE ARE LOOKING FOR:

- Bachelor's Degree or above
- At least 3 years of experience in sales and marketing
- Good command of English and compu
- Able to work independently
- Adaptable, strong ability and desire to learn



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



天津韩国商会

The Korea Chamber of Commerce & Industry in Tianjin, China

Recent Events

(최근 현황)



무청구 분회 9월 월례회



대항구 분회 9월 월례회의

1. Xiqing Government

- Activity for investment retention

Sponsor: Xiqing Government

Venue:

Tianjin Saixiang Hotel (No.8 Meihua Road, Nankai District)

Date: 28 August 2009 10:00

Content:

Activity for investment retention of WFOE in Xiqing District

Attendees: Chairman, Vice-chairman of Xiqing District, director of Affairs Bureau

2. On new investment and relocation of the company

Thank you for your support to the Korean Chamber and we hope for boundless development!

Tianjin Korean Chamber relocated in order to expand investment and raise salaries in China's domestic market as well as assist urban planning.

Benefits from relocating with the support of Tianjin Korean Chamber:

- 1) Direct survey on the local investment environment through the local institutions.
- 2) Go through the establishing procedure quickly with support of the local government.
- 3) Get the assistance provided by local government with the help of Tianjin Korean Chamber.
- 4) Get financial support from related departments.

3. Regular meeting of Dagang District in September

Date: 4 September 2009 17:00

Venue: Daewoo Meeting Room

Content:

- Regular meeting in September
- News about Tianjin Korean Chamber

4. Regular meeting of Wuqing District in September

Date: 10 September 2009 18:00

Venue: Sanhai Japanese Restaurant

Content:

- Regular meeting in September
- News about Tianjin Korean Chamber
- The situation of Korean expats in Wuqing District

1. 서청구정부 투자유치행사

주 관 : 서청구정부

장 소 : 賽象賓館(남개북매화로8호)

일 시 : 2009-8-28 10:00

내 용 : 서청구지역외자기업유치활동

참 가 : 회장,서청구부회장,사무국장

2. 신규투자, 회사이전 관련

언제나 본 회에 대한 적극적인 지지와 성원에 감사드리며 무궁한 발전을 기원 합니다.

본 회에서는 중국 내수시장 개척을 위한 신규투자 및 인건비 상승, 도시계획 등으로 인한 회사(공장)가 부득이하게 다른 지역으로 이전할 경우 본 회를 통하여 하시면 아래와 같은 좋은 정책이 있기에 통보하오니 많은 활용을 바랍니다.

천진한국상회를 통하여 이런 점이 편리합니다.

1) 신규투자 시 해당지역 기관에서 직접 현지투자 환경을 조사할 수 있도록 조치(차량지원)합니다

2) 회사 설립 시 해당기관과 협조하여 신속하고 편리하게 설립수속을 할 수 있도록 합니다.

3) 천진한국상회에서 소개 의뢰 시 해당 정부기관에서 기업 문제 발생할 경우 적극적 협력 체제를 유지 처리합니다.

4) 천진한국상회를 통한 신규투자 혹은 회사이전 시 해당기관에서 일정부분

격려금이 지급되며 그 일부는 해당지역 운영금으로 지원됩니다.

3. 대항구 분회 9월 월례회의

일 시: 2009. 9. 4 (금) 17:00

장 소: 대우 회의실

내 용:

- 9월 定期會義
- 天津韓國商會 관련 최근 소식

4. 무청구 분회 9월 월례회

일 시: 2009. 9. 10 (목) 18:00

장 소: 산해일식

안 건:

- 9월 定期會義
- 天津韓國商會 관련 최근 소식
- 무청구 한국인 현황 파악 건

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



AmCham-China Tianjin Chapter

Recent Event

Experience challenge, Experience joy, and Experience change Outdoor Ropes Course

07:30- 19:30, Saturday, August 22 – Ji Xian County



Members and friends from Tianjin and Beijing attended a ropes course on Saturday, August 22nd. The event was co-hosted by AmCham - China, Tianjin Chapter and Leadership Development International (LDi) in Ji Xian County.

Attendees arrived around 10AM in the morning and kicked off the day with a series of activities that were at or near ground level. After becoming familiar with the group activities, everyone enjoyed a hearty buffet lunch that featured local dishes. The group was split into two teams in the afternoon and they participated in the more daring activities, forcing them to confront fears and learn to function under pressure. Attendees not only enjoyed making new friends with energetic people, but also gained deeper insight into their own behavior and actions

Upcoming Event

2009 Fall Classic Golf Tournament

10:00-20:30, Saturday, October 17

Venue: Tianjin Yangliuqing Golf Club天津杨柳青高尔夫俱乐部 (Yijing Road, Yangliuqing Town, Xiqing District, Tianjin 天津市西青区杨柳青镇一经路立交桥北)

Tickets

- Individual: RMB850*

- Non-golfers: RMB200 to attend the awards banquet

* Includes greens fee, facilities and caddies, registration pack, lunch on the course, awards banquet and raffle.

Grab your knickers, your clubs, and your caddy because it's time for the **AmCham-China, Tianjin Chapter's Fall Classic Golf Tournament**. In addition to an excellent day of golf, the event will feature a buffet dinner, drinks, and raffle prizes. The rule will be **Two Men's Best Ball**. Awards will be given for the following: top three teams, longest drive, most accurate longest drive, nearest to pin, and best putter. Don't miss your chance to take home your trophy and bragging rights.

For more information on sponsorship, please call the AmCham-China, Tianjin Chapter office at +86 22 2318 5072, or send an e-mail to amandahe@amchamchina.org.

Contact person: Amanda He.

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

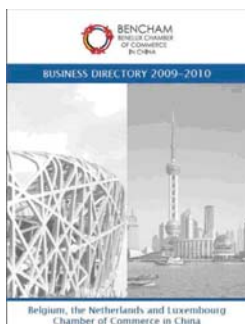


BENCHAM
 BENELUX CHAMBER
 OF COMMERCE
 IN CHINA

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 you with the first BenCham Business Directory 2009-2010.

Despite these economically trying times, we have seen BenCham memberships rise. Consequently, we can offer an increasing number of events and services, including this new directory. The role of BenCham is to provide Benelux companies – and our members in particular – with a platform to exchange knowledge and vital

insights into China. This will help them to more easily gain competitive advantages. We also make an increasing effort to reach out to the Chinese business community with an eye on future ventures abroad. The BenCham directory is an essential tool in support of our network.

The business directory has been sent to all our BenCham members, as well as to Belgian, Dutch, Luxembourgian and Chinese officials and business organizations.

Price directory
 BenCham members: free (300 RMB per extra copy)
 Student members: 200 RMB per copy.
 Non members: 600 RMB per copy.

For more information or for purchasing the directory, please contact Ms. Vincy Zhu – beijing@bencham.org.

UPCOMING EVENT

- October 20, 2009
Breakfast Event: The Anti-trust law @ Kempinski
- October 22, 2009
Francophone Interchamber Networking @ Face
- October 27, 2009
Young Professional Event: Project Management (joint event with NANC)

For more information check: www.bencham.org
 To register for our events, please send an email to events-bj@bencham.org or register on our website.

PAST EVENTS

- September 17, 2009
 Green Technologies in China @ Grand Millennium Beijing
- September 18, 2009
 SME Workshop: Risk Management, Company Insurance in China @ Renaissance with speaker Ken Zhao from Westin Chaoyang Beijing
- September 22, 2009
 International Network Night @ St. Regis Hotel Courtyard
- September 24, 2009
 Opening Ceremony of the EUROPALIA CUBE Exhibition in Beijing @ North Side of the Village (Members only event)

MISSION

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

BENCHAM BEIJING OFFICE



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YEARLY SPONSORS





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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

- **October 16th** Breakfast meeting: Coloplast
- **October 22nd**: HR Workshop

Past Events

- **September 17th** Company Visit: Nokia; Public Sector Procurement in China – Your Opportunities
- **September 25th** Breakfast meeting: Grundfos CEO Carsten Bjerg

For additional information on events and schedule please visit our website: www.dccc.com.cn

Please remember, you are automatically a member if your company has a membership with DCCC.
If you wish to receive invitations to events and news from the DCCC please send a request to mail@dccc.com.cn

Best Regards,
DCCC



Irish Network Goes on the Air

The Irish Network China has been in the public eye lately. Two members, Michael Timperley and Mark Godfrey, were awarded with Teacher's Day honours by the Tuanjiehu local government in downtown Beijing. Both have been long-time servants of an English language programme for low-wage and elderly in the northeasterly Beijing community. At a reception in government buildings Beijing city officials made a presentation to both men and commended the work of the free weekly programme at Chaoyang Library, which involves several volunteers from the Irish Network China. Both Godfrey and Timperly featured on Beijing TV and in several newspaper profiles of the project.

Another INC committee member, Colin Saunders meanwhile appeared on Radio Beijing 774AM. He was a guest on the travel show, hosted by Li Yang. Saunders talked about Ireland and took questions from members of the audience who phoned and emailed the popular show. Irish literature and history proved popular with a knowledgeable Beijing audience, said Saunders. "There's some folks out there with a big love and knowledge for Ireland, and I was happy to tell them more," he said.

In other news, a series of monthly talks by senior Irish businesspeople will kick off in October with a talk by Patrick Parsons, a long time participant in China's commercial real estate market. Parsons, who's managed several major developments in downtown Beijing, will talk about issues like oversupply and foreign investment in China's property market.

As always, keep tuned to www.irishnetworkchina.com for more details. And remember, INC social nights, last Thursday of every month, 20% discounted drinks, at Paddy O'Shea's bar.



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.

BENEFITS

The CICC aims through its work to offer a wide range of benefits to its members.

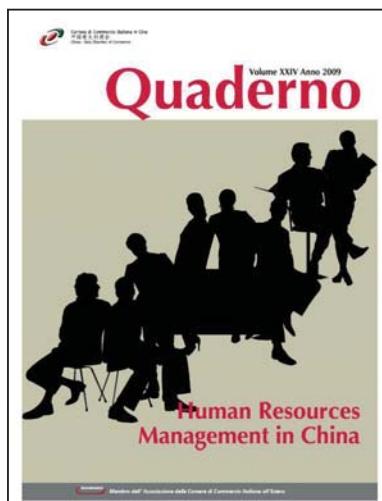
Thanks to our agreements with Italian Embassy and Consulates, with flight companies, with hotels, restaurants and other services, we can simplify the legal procedures to operate in China and offer you special discounts and prices.

Enjoying the CICC you become part of an **international network** and increase your **visibility** through sponsorship, cooperative opportunities and advertising. Your company description and contacts will be published in the CICC Yearly Membership Directory and on the Online Membership Directory.

Further benefits concern the providing of **useful information** about business opportunities in China and the access to online resume database.

Please check the other benefits and services on our website, www.cameraitacina.com, in the sections dedicated to them.

PUBLICATIONS



Quaderno, the CICC's quarterly monographic review, written both in English and Italian language, with a Chinese presentation. Each issue analyses aspects of a specific industry sector, highlighting the industry experts' opinions about its major issues and problems, and pointing out possible solutions. The CICC has recently published the second issue of **Quaderno**, whose title is "**Human Resources Management in China**". Considering that workers are the most distinguished asset and the inimitable capital of an enterprise, the monographic review represents an interesting and useful overview on several aspects of human resources management, from the fiscal issues to the cultural integration.

The third issue will be entitled "**Land, bricks and design: real estate and house building in China**". If you are interested in one of the fields connected with the topic, such as

real estate, building materials, legal services, architecture, furniture design and/or production, and interior design, you can't miss the next issue of **Quaderno**.

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 on 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. **iFood** has the purpose of enhancing Chinese appreciation for Italian cuisine. The magazine contains interviews with sector dealers, market research and in-depth analyses of Italian products. The next issue of **iFood** contains information and curiosities about the **world of water, street food and yeast**.

NEWS and UPCOMING EVENTS

CICC is organising the Italian Grand Ball, a night of Italian glamour, for December 2009. Guests from all over the world will be invited to a fashionable hotel to enjoy a welcome cocktail and an elegant Italian gala dinner, where they will be entertained by a fashion contest.

You can participate as sponsor, gaining visibility and more from our sponsorship opportunities.

Please, contact us for further information: marketing@cameraitacina.com.

For any information or request, please visit our website www.cameraitacina.com or contact our offices:

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AT THE POST OFFICE

VOLUME 22



What can I do for you?

我 | 能 | 为 | 你 | 做 | 点 | 什 | 么 | 吗?
wǒ | néng | wèi nǐ | zuò diǎn | shénme | ma?

How do you want to send this package?

你 | 想 | 怎 | 样 | (1) | 寄 | 这 | 个 | 包 | 裹 | (2)?
nǐ | xiǎng | zěnyàng | jì | zhègè | bāoguǒ?

I'd like to send it via air mail.

我 | 想 | 寄 | 航 | 空 | (3).
wǒ | xiǎng | jì | hángkōng.

I'd like to send this package to Shanghai.

我 | 想 | (4) | 把 | 这 | 个 | 包 | 裹 | 寄 | 到 | 上 | 海 | (5).
wǒxiǎng | bǎ | zhègè | bāoguǒ | jìdào | shànghǎi.

I'd like to mail this letter by registered mail.

我 | 想 | 寄 | 挂 | 号 | 信 | (6).
wǒxiǎng | jì | guàhàoxìn.

I'd like to buy ten 1-RMB stamps and twenty 0.8-RMB stamps.

我 | 想 | 买 | (7) | 10 | 张 | 1 | 元 | (8) | 的 | 邮 | 票 | (9) | 和 |
wǒxiǎng | mǎi | shízhāng | yīyuán | de | yóupiào | hé |

20 | 张 | 8 | 角 | (10) | 的 | 邮 | 票。
èrshí zhāng | bājiǎo | de | yóupiào.

I'd like to know whether this letter is overweight.

我 | 想 | 知 | 道 | (11) | 这 | 封 | 信 | (12) | 是 | 否 | (13) | 超 | 重 | (14).
wǒxiǎng | zhīdào | zhèfēngxìn | shìfǒu | chāozhòng.

I'll weigh it. It's overweight. Postage is 5RMB.

我 | 称 | 一 | 下 | (15), | 是 | 超 | 重 | 了 | (16) | 邮 | 费 | (16) | 5 | 元。
wǒ | chēngyīxià, | shì | chāozhòng | le. | yóufèi | wǔ yuán.

Can I mail this package by Express Mail Service (EMS)?

我 | 能 | (17) | 用 | 特 | 快 | 专 | 递 | (18) | 寄 | 这 | 个 | 包 | 裹 | 吗?
wǒnéng | yòng | tèkuài | zhuāndì | jì | zhègè | bāoguǒ | ma?

Certainly. Please fill out this form.

当 | 然 | 可 | 以 | (19). | 请 | 填 | (20) | 这 | 份 | 表 | (21).
dāngrán | kěyǐ. | qǐng | tián | zhè | fèn | biǎo.

How much does it cost to mail this oversized postcard to Japan?

这 | 张 | 超 | 大 | (22) | 明 | 信 | 片 | (23) | 寄 | 到 | 日 | 本 | (24) | 要 |
zhèzhāng | chāodà | míngxìnpian | jìdào | rìběn | yào |

多 | 少 | 钱 | (25)?
duōshǎoqián?

How long does it take for an air mail letter to get to America?

航 | 空 | 信 | 寄 | 到 | 美 | 国 | (26) | 要 | 多 | 长 | 时 | 间 | (27)?
hángkōngxìn | jìdào | měiguó | yào | duō | cháng shíjiān?

(1) 你想怎样	nǐxiǎng zěnyàng	How do you want ...	(15) 称一下	chēng yí xià	weigh it
(2) 寄这个包裹	jì zhègè bāoguǒ	send this package	(16) 邮费	yóufèi	postage
(3) 航空信	hángkōngxìn	air mail	(17) 能	néng	can
(4) 我想	wǒxiǎng	I'd like to	(18) 特快专递	tèkuài zhuāndì	Express Mail Service (EMS)
(5) 寄到上海	jìdào shànghǎi	send...to Shanghai	(19) 当然可以	dāngrán kěyǐ	certainly
(6) 挂号信	guàhàoxìn	registered letter	(20) 请填写	qǐngtián	please fill out (a form)
(7) 买	mǎi	buy	(21) 份表	fènbiǎo	form
(8) 10张1元	shízhāng yīyuán	ten (of) one-RMB	(22) 超大	chāodà	oversized
(9) 邮票	yóupiào	stamp	(23) 明信片	míngxìnpiàn	postcard
(10) 20张8角	èrshízhāng bājiǎo	twenty (of) 0.8-RMB	(24) 日本	rìběn	Japan
(11) 我想知道	wǒxiǎng zhīdào	I would like to know	(25) 多少钱	duōshǎoqián	how much does it cost?
(12) 封信	fēngxìn	letter	(26) 美国	měiguó	the United States
(13) 是否	shìfǒu	whether	(27) 多长时间	duōcháng shíjiān	how long? (time)
(14) 超重	chāozhòng	overweight			



If you meet any problems in learning Chinese, please send us an email at bizclass@businesstianjin.com
We'll do our best to help you. See you next month.



The State Administration of Radio, Film and Television (SARFT) and the China Film Group Cooperation (CFGC) held the **premiere of Jian Guo Da Ye**, a film for the 60th anniversary of the People's Republic of China, at Jinwan Plaza in Heping District on 11 September.



The concert of Twelve Tenors (vocalists from 12 different nations) was held at the People's Stadium in Tianjin on 11 September.



It's a good time for fishermen. Varieties of fresh seafood are available in Beitang starting from 1 September, **the first day of fishing season.**



Police officers from Tianjin brought **10 police dogs** to Beijing in preparation for **security on National Day**. The dogs, who worked in the Beijing Olympics, are mostly German shepherds, Labrador retrievers and Springer Spaniels.



Tianjin Travel Group launched the **Haihe Night Tour** on 28 August. Nearly 100 citizens enjoyed the Chinese and western instrumental performances as well as Russian and Turkish folk dances.



Tianjin Shanxi Commercial Chamber held **Culture of Jin Dynasty – San Jin Cultural Festival** at Tianjin Hisense Plaza between 29 August and 8 September.



On 18 August, **A Centenary Wedding Show** was held in newly-built Legend Wedding Hotel by Tianjin Wedding Celebration Business Association.

Local Events in October 2009 ▶

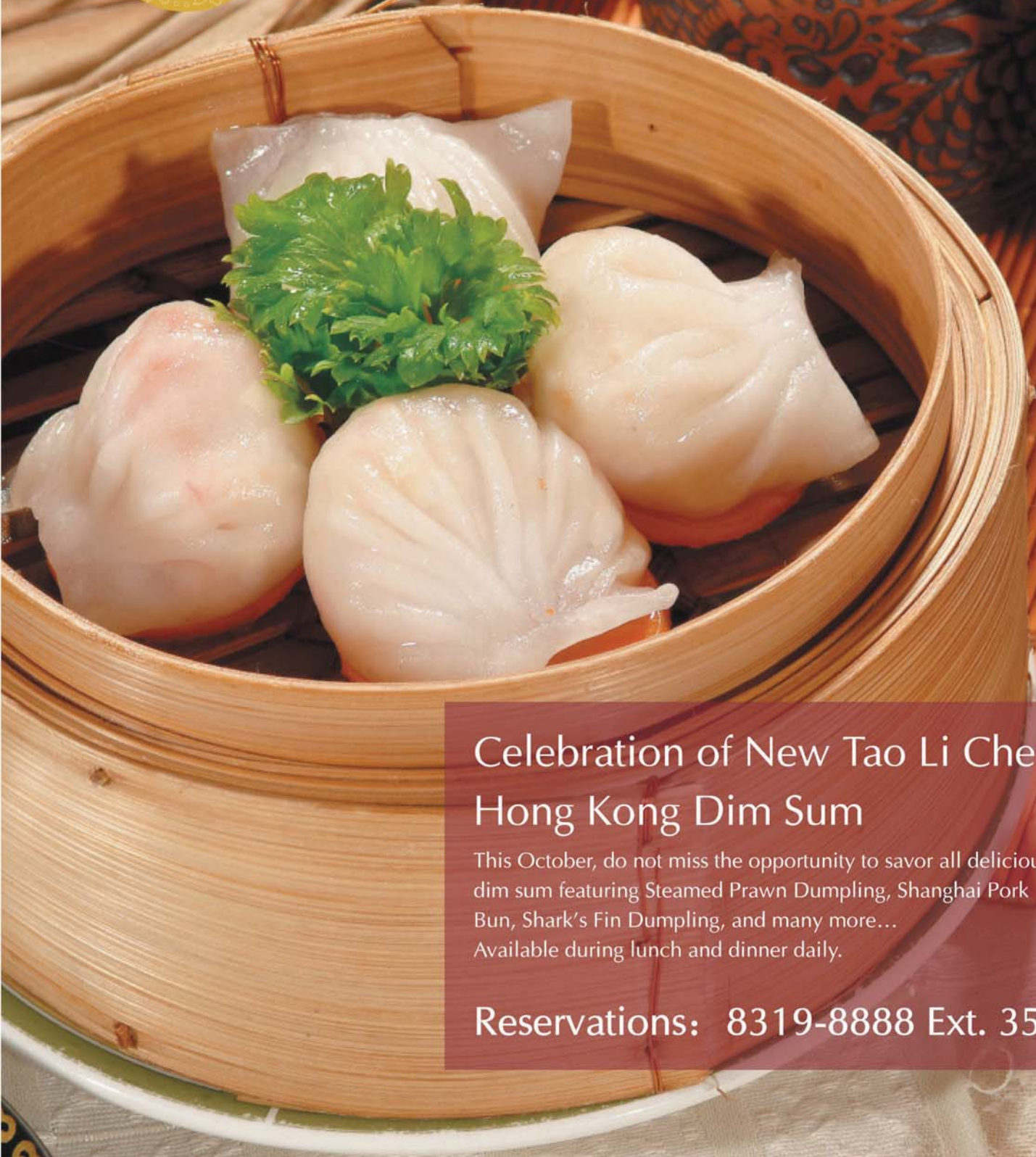
October						
日	一	二	三	四	五	六
SUN	MON	TUE	WED	THU	FRI	SAT
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

▶ Business Events

Date	Event	Location	Organizer
14-16	China International Petroleum, Natural Gas & Petrochemical Technology & Equipment Expo 	Binhai International Convention & Exhibition Centre	Shanghai Shenshi Exhibition Service Company Limited Tel:+86 21 5250 0719
	China (Tianjin) Steel Industry Expo 	Binhai International Convention & Exhibition Centre	Shanghai Shenshi Exhibition Service Company Limited Tel:+86 21 5250 0719
	China Metal Wire & Wire Rope Expo	Binhai International Convention & Exhibition Centre	Shanghai Shenshi Exhibition Service Company Limited Tel:+86 21 5250 0719
15-17	China International Electrical Equipment Fair 	Tianjin International Exhibition Centre	Shanghai Minyu Exhibition Co., Ltd.
	23rd China Welding Exposition 	Tianjin International Exhibition Centre	
20-22	China Mining	Tianjin International Exhibition Centre	All Exhibition & Conference Co., Ltd. Tel:+86 10 8328 1727
25-28	The 6th PECC Int'l Trade & Investment and Int'l Eco-City Construction Fair (ITIF) 	Tianjin International Exhibition Centre	Tel: +86 22 2330 1396
28-30	China International Aircraft Interiors Expo 	Binhai International Convention & Exhibition Centre	Grace Fair International Limited Tel:+86 10 6439 0338
	SAMPE CHINA 2009 Conference & Exhibition 	Binhai International Convention & Exhibition Centre	

▶ Special Days

1	Chinese National Day 	23	Shuāng Jiàng (Frost's Descent)
3	Mid-autumn Festival 	24	United Nations Day 
8	Hán Lù (Cold Dew)	26	Double Ninth Festival 



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Japanese

Benkay Japanese Dining

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天津日航酒店5层

Chitose

5F, Ningfa Group
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Nankai District
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宁发集团5楼

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Indian

Alibaba Indian Restaurant & Bar

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Nankai District
Tel: +86 22 2391 6368
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南开区卫津南路90号体育宾馆2楼

Bawarchi Indian Restaurant

No. 69, bldg. B, Shang Gu
Tianta Lu, Nankai District
Tel: +86 22 2341 2786
芭瓦琪印度餐厅
南开区天塔路
上谷商业街B座69号

Thai

Golden Elephant Thai Restaurant

No. 78, Guangdong Lu
Hexi District
(Behind Yonghe Dou Jiang Fang)
Tel: +86 22 2328 7801
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河西区广东路78号(永和豆浆坊后侧)

YY Beer House

No. 3, Aomen Lu, Heping District
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Tel: +86 22 2339 9634
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Broadies Tavern

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河西区友谊路酒吧街5号

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C'est la Vie French Restaurant

3F, bldg. D, Shang Gu
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南开区天塔道上谷商业街D座3层

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大港区官港森林公园绿化基地处

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Nankai District
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Bank of China, Tianjin Branch

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201-205号

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Nankai District
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商业广场

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Chambers

European Chamber, Tianjin Chapter

Room 15A17, Suite 17
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Binshui Xi Dao, Nankai District
Tel: +86 22 2374 1122
www.euccc.com.cn
中国欧盟商会天津分会
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15A17座17室

German Business Circle Tianjin

Deutscher Unternehmerkreis Tianjin, DUT

Office 803, Huake Center
No. 3, Kaihua Dao, Huayuan
Industrial Area, Nankai District
Tel: +86 22 8371 7855
天津德国人联谊会
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科创业中心803室

German Chamber of Commerce, Tianjin Office

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The American Chamber of Commerce, Tianjin Chapter

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The Exchange
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www.amchamchina.org
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29层2918室

Tianjin Japanese Association

Room 607, International Building
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Tel: +86 22 2313 2522
www.tjja.net/page/index.jsp
天津日本人会
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国际大厦607室

Tianjin Korean Chamber of Commerce & Industry

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Nankai District
Tel: +86 22 2395 7991
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1楼

Tianjin Korean Society

1F, Feng Lin Hotel
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Nankai District
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Education

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University
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Hexi District
Tel: +86 22 2326 5642
天津外国语学院 歌德语言中心
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学院3号楼

International School of Tianjin

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www.istianjin.org
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津南区津南微山路

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南开区南京路338号

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Geneva Hotel
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Haihe Dong Lu, Hebei District
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河北区海河东路凤凰商贸广场A区

Jun Yue Hotel
No. 16, Guizhou Lu, Heping District
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君悦酒店
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Tianlun Rega Jinbin Hotel
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Summer Crab Sticks with Lettuce Rolls

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In this issue, our chef teaches you how to become a sushi specialist. Creativity and thoroughness are all it takes for this meal for five!



Uehara Toshiyasu
 chef@business.tianjin.com

Ingredients

- Crab sticks 5 sticks
- Cucumber 25g
- Fish eggs 1g
- Mixed greens 15g
 (arugula, frisee, turnip sprouts)
- Rice with Japanese sushi vinegar 25g
- Seaweed 5 leaves
- Wasabi or mustard (according to your taste)

Time of preparation
 15 minutes

Drinks
 Sake

Preparation

- Cut the crab sticks and cucumber in 3cm slices.
- Hold a seaweed leaf spread and a ball of rice over it.
- Spread wasabi or mustard on top of the rice.
- Then put the crab sticks, cucumber, mixed greens and fish eggs on top of the rice.
- Gently wrap the seaweed and itadakimasu!

Chef's Tips

Wet your hands before holding the rice. They won't get sticky. You can replace the mustard with wasabi, the crab sticks with eel or any other fish, and lettuces for other vegetables. For the famous Californian Style you can use salmon and avocado. All the ingredients can be easily found at Isetan's supermarket.



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THUNDERSTORMS: A MAJOR PHYSICAL EVENT

In a thundercloud, strong updrafts dominate, which transport moist air rapidly to great heights. Here, countless tiny droplets of water are formed, which freeze into hailstones at greater heights. The updrafts prevent the stones from falling for a period of time so that the droplets increase in size, constantly meet, collide, and rub together. The rubbing induces a build-up of static electrical charge. The raindrops and hailstones are usually negatively charged and these negative charges – the electrons – are carried with them when they fall. At lower air levels the drops or hailstones evaporate or melt respectively. In this way charge is constantly transported from the upper cloud level to the lower, across which electrical tension (i.e. voltage) increasingly builds up.

Is there such a thing as ball lightning?

Even today, what many eyewitness reports describe as ball lightning-dazzling spheres the size of tennis balls and footballs that float above the ground, that can be a variety of colors, and pass through windows and walls – is not completely explained. Under laboratory conditions, it has certainly been possible to produce spherically shaped plasma with the aid of a lightning discharge. However, these artificial lightning balls are stable for only a split second. The phenomenon thus appears impossible in principle.

When does lightning begin?

When the voltage that has been built up is big enough to break through the air resistance, electricity flows in the form of lightning. Theoretically,

electric fields of 900 kV/ft (3,000 kV/m) would be needed to cause air to conduct, so that would suggest a voltage of many million volts. In practice, it needs electric fields of only about 60 kV/ft (200 kV/m). The difference might be explained by the fact that, instead of normal air, freely moving charged molecules (ions) are also present, which aid the flow of current. The exact conditions are still unclear, but there is some suggestion that cosmic radiation might be a possible trigger.

Does all lightning strike the ground?

No, around 90 percent of lightning flashes jump from cloud to cloud or cloud layer to cloud layer and never reach the Earth. In heavy rain, however, the negative charges are also brought to the ground and lightning can then accordingly strike the ground.

How hot is a lightning flash?

The energy of an impulse is so great that the air in the lightning channel is heated up to about 54,000°F (30,000°C). The heated air expands rapidly and produces a loud bang, which is heard as thunder.

Why is thunder heard after the lightning is seen?

The light of the lightning flash spreads at the speed of light – 186,000 miles/s (299,792,458 km/s), while the speed of sound is 769 mph (around 343 m/s). The speed of lightning itself is about 18,600 – 62,000 miles/s (30,000 – 100,000 km/s). The long rumble of thunder is due to the length of the lightning bolt, with one end being further away than the other from the

listener's ear. The sound of the thunder may also be diffused by echo effects. If the number of seconds between the lightning and thunder are counted and divided by 5, the distance of the thunderstorm can be estimated in miles (or in kilometers if divided by 3).

How much current flows in a lightning bolt?

On average, a current of 20,000 A flows in a lightning bolt, even if the bolt lasts for only a split second. 50 mA is enough to be fatal for a human.

Is it safe to stand under trees in a thunderstorm?

Some trees are more dangerous than others. Beech and willow have smooth bark and when it rains, water runs off in a uniform film. If lightning strikes these trees, the current is often directed straight into the ground via the water. Oaks and limes have very rough bark so the film of water is usually interrupted. Hence the lightning is more likely to jump away from the tree into the ground, which may be dangerous to anyone sheltering nearby. Also, the impact of a bolt of lightning can be so huge that it can split an oak, with flying wood splinters presenting further danger. Of course, generally speaking, it is best not to seek shelter under trees, especially isolated ones, as the probability of a strike to a tree is greater than one in a level area. All in all, during a thunderstorm it is safest to be in an enclosed space fitted with a lightning conductor. ☐



Meltdown: End of the Age of Greed

By Paul Mason
Reviewed by Mark Gao

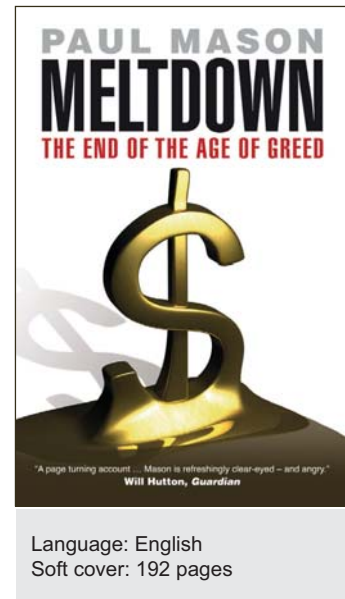
Much of the journalism that came out in the wake of the financial crisis didn't explain what actually happened: it was too close to the events or the journalists simply didn't understand – or didn't have time to analyse – the various fault lines that had appeared in the world financial system.

And then along comes the End of Greed, a slim tome by BBC economics editor Paul Mason, that's as well written as it is explanatory. Mason brings decades of journalistic experience to bear in pulling together the facts as they happened, while trying to put some analysis on events that are still in motion.

The most satisfying thing about the book – aside from its brevity – are the chunks of colour writing, which set incredibly complicated financial trickery into real events and situations. There's a bleary-eyed Mason on a 5am train to New York, trying to keep track of events in New York by 'guerilla' surfing of wifi networks at each station his northward-bound train pulled into. Of course by the time he's arrived in New York events have already taken momentous turns. This after all is the day that Lehman Brothers folds. The bank's management had expected a government bail-out, after several wasted opportunities to sell a stake to foreign investors.

Similar recklessness nearly brought the world's largest insurer, AIG, down. But the principle of 'moral hazard' – a company being too big to be allowed by government to fail – kicked in and saved the corporation, which some argued deserved to die a slow death for all the sins of its management. The political creed is called neoliberalism – big finance being allowed a free hand by government to make obscene profits by questionable means. As we've since found out, it was all about greed. Like Mason says here, the age of neoliberalism is over. True, the US and UK governments are now in control of the banks, socialist style. Hopefully, like the title says, it may also be the end of the age of greed, though that's debatable given very recent tussles by bailed-out bankers for bigger bonuses. But for a sharp, swift account of how all this came to pass, there are few as worthy of a day's reading as this one. Let's just hope he writes an update in a year.

If you want to purchase this book, please send an email to BOOKS@INTERMEDIACHINA.COM, we will deliver the book to your door.



QUOTATIONS OF THE MONTH

A leader is best when people barely know he exists, when his work is done, his aim fulfilled, they will say: we did it ourselves.

— Lao Tzu

Opportunities multiply as they are seized.

— Sun Tzu

The key to realizing a dream is to focus not on success but significance - and then even the small steps and little victories along your path will take on greater meaning.

— Oprah Winfrey

To succeed as a team is to hold all of the members accountable for their expertise.

— Mitchell Caplan

TIANJIN AT A GLANCE

The Social and Economic Development of Tianjin

In conference rooms all across Tianjin you can hear conversations of how Tianjin's Municipal Government is unsurprisingly ahead of economic forecasts. How does a city grow from being a simple manufacturing city to a metropolis that flourishes both socially and economically? Answers tend to point to unique history, a five-year rolling plan, accurate financial products, modernization, and social development.

History

Tianjin has been recognized as one of the major industrial cities in northern China for the last 100 years. Established as a port city in 1860, many foreign countries rushed to the enclosed city to establish concessions. At that time the enclosed city walls safeguarded the city. The gates of Tianjin are the modern-

day cardinal direction 'Ma' streets of downtown Tianjin (Beima lu, Nanma lu, Dongma lu, and Xima lu).

In December 1978, Deng Xiaoping announced The Four Modernizations (agriculture, industry, technology, defense) to expand rural income and incentives, encourage experiments in enterprise autonomy, reduce central planning, and establish direct foreign investment in Mainland China. These four modernizations led many Chinese to the city of Tianjin. The car, analog computer, color television, telephone and 6,000-ton hydraulic press all first arrived in China through Tianjin. Since 11 December 2001, China's acceptance into the WTO has caused development of the local economy with high-powered multinational companies such as Motorola, Samsung Telecom,



LG Electronics, and Tianjin Smithkline making sizeable contributions. Tianjin is no longer just China's bicycle capital.

Tianjin's 11th Five-Year Plan

The Tianjin government passed down a plan beginning in 2006 and ending in 2010 to govern the municipal decision-making and strategic direction. The plan focuses on a three-step process to develop Tianjin into one of Northern China's paragons. The first step is to build Tianjin into a modern





international port-metropolis and an important economic center in northern China. Secondly, establish a perfect socialist market economy. Thirdly, lead China in modernization. Each step has brought about great economic advances while simultaneously introducing new social challenges.

Companies worldwide are vying for a piece of this 90-billion-USD market that has multiplied the financial freedom of nationals and expats alike.

Northern China's Financial Capital

Becoming an economic center in any country brings interest from a global market. Beginning in 1979, foreigners were required to use Foreign Exchange Certificates (FEC), a separate currency for foreigners who needed to execute financial transactions within China.

Foreigners could legally own RMB tender, but since outlets were encouraged to only accept FEC from foreigners, RMB was useless paper to them. FEC were originally created to curb the black market of foreign currency within China. This proved unsuccessful and led to its eventual elimination.

FEC were officially abolished in January 1994. Since then, Tianjin has broadened its financial scope immensely. In 1994, banks offered a simple set of financial services to foreigners that included savings accounts and currency exchange. Today's Tianjin has banking service providers from all

over the world. Financial services from intercontinental banks include savings and loan, currency exchange, investment banking, credit services, financial planning, and VIP services. Banks and the financial sector as a whole last year gave Tianjin a nominal GDP of 635.4 billion yuan (90 billion USD), a year-on-year increase of 16.5%. Companies worldwide are vying for a piece of this 90-billion-USD market that has multiplied the financial freedom of nationals and expats alike.

The financial glory of Tianjin is not trickling everywhere, however. Some expatriates and nationals have noticed steady increases in cost of living that come with becoming an international city, but are disappointed with the static rates of wages. Where is the money going if it is not reaching the conventional people? Traditionalists state that there are not only benefits from being a financial hub, but also difficulties.

How should we deal with growing class division and financial integrity? Expect these issues to be addressed in the next five-year plan.

Modernization

Tianjin is not looking to just maintain its current status, but is looking to outpace other key port cities. How does this happen? The answer thus far has been technology, an increase in trade, and transitioning from a one-faceted production economy to a multi-faceted product and service economy. A selection of China's top 500 companies that include Tianjin Steel Pipe Company, Jinyao Group, TASLY Group, and Tianjin Automotive all utilize trade, service, and technology to make business operations straightforward and efficient.

Modernization and technology have helped make life easier for all of us, not just for businesses. One of the greatest areas of modernization in Tianjin is within transportation. The bicycle capital of China now has a substantial number of drivers on the streets. In

2008, Tianjin FAW Xiali Automobile Co. Ltd. produced approximately 172,369 automobiles, placing an average of 473 new drivers on the road everyday. The primary reason behind car purchases is to accommodate independent lifestyles. This independence comes at a price, however. The convenience of technology encourages physical laziness and the depletion of natural resources. How do we balance health, technology, and the environment?

Social Development

In 1949 Tianjin had a population of 3.99 million people. Today Tianjin has a population of 10.43 million people in which 2.24 million are non-native. The arrival of the "lao wai" has stimulated the economy and encouraged a building of the tourism industry. "Foreign friends," are not just bringing money, but their cultures with them. Tianjin is not the monoculture it was before 1860, but is now a multi-cultural city that must grapple with the reality of integration.

Many life aspects have changed to accommodate foreign assimilation. Education is no longer just public schools, but private schools such as academies and international schools are available. Restaurants such as Tianjin's Goubuli Baozi where only chopsticks are served are available to satisfy your appetite, but Tianjin presently has the delicacies of other cities and nations that can be consumed with forks and knives. Dating has also been altered. In the days of reform it was common that nobody date until schooling was complete. Families may also have arranged marriages. In modern-day Tianjin, couples may begin dating in high school and the person they are dating may even be from another country. Society is fostering the growth of more cosmopolitan members of society. Yet if you embrace other cultures so naturally, how do you at the same time maintain your own?

Tianjin may have projections of what the future will be, but social and economic changes are inevitable. □





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