

# BUSINESS TIANJIN

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2012  
JAN



## SUPPLY CHAIN MAGIC

Liam Casey **26**  
PCH Founder and CEO

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## ▲ China – Africa TEDA Investment Corporation

“Cooperation Making the World Better”, the marketing slogan for China - Africa TEDA Investment Corporation, summarises their intentions well. With twenty-eight companies now operating at the current site in Egypt, the success is attracting other corporate giants, and creating a need for further land acquisition. Our interview with General Manager Aimin Liu was educating, especially about the scale of development happening through this corporation linking China to the world through commerce while practicing TEDA style methodologies. [See P20](#)



## ◀ Supply Chain Magic

Early morning, Tianjin Port: containers stack up on waiting ships, loaded with goods which will take a couple of months to reach the end customer. Across town at the city's airport, bulging cargo jets are being loaded under the watchful eyes of logistics chiefs from a dozen major manufacturers. Among them, tapping data into hand-held computers, are several executives from PCH International, a Sino-European supply chain company which turned the China sourcing model on its head by manufacturing high-end electronics for big name brands and shipping them directly to consumers around the world in record time. [See P26](#)



## ▲ Building a Strong Brand in China

A brand is a set of perceptions and images that represent a company, product or service. A brand is the essence or promise of what will be delivered or experienced, and so, it is much more than the logo or the slogan. A strong brand will increase customer loyalty and satisfaction, which will increase sales and reduce churn. It can even reduce price sensitivity significantly. A strong brand will also lead to increased effectiveness of marketing activities since the brand will ensure higher cut through effects in media. [See P56](#)

## Raising the Reserve Requirement Ratio ▶

Economies aren't just numbers; they are aggregates of human efforts, of labour. It always comes down to people, and altering behaviours is a difficult process. Similarly, the markets like to have a sense of financial trajectory, a sense of where the economy is headed, and a sense of where sound investments can be found. - It's when markets are faced with uncertainty, as with the ongoing euro-area financial situation, that squeals of protest come through. [See P77](#)



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# Business Tianjin

January 2012



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## Dear Reader,

It's time for changes! It's time for adjustments! The world economy continues to suffer, and enterprises and individuals need to adapt to maintain similar rates of growth as in recent years.

January 2012 will mark for *Business Tianjin* an important step forward towards modernization and adjustment to these new times. Our new magazine logo symbolizes our aim to make things simple and faster, to more easily convey our ideas and principles to readers, and consolidate as one of the best International Media Groups.

Our economy article reviews recent economic data and turns an eye toward the future to predict what is likely to happen in 2012. The chaos emanating from Europe is forcing Chinese and other Asian countries to act promptly, decisively and collectively. During 2012, an extended global economic slowdown awaits, especially as Europe is the top export market for China.

In our feature story, a good sample of Chinese government policy accelerating towards a new foreign economy approach can be seen. At the same time as sending the TEDA development model abroad, Tianjin continues to develop in the New Binhai Area a wide range of projects, focusing more on sustainability and eco efficiency. TEDA, the biggest Tianjin holding investment group, has started to develop other areas in Africa and even South America. Textile manufacturing, petroleum equipment, construction materials and electrical equipment are industries being set up in these areas, and it shows how China is adapting to economic change.

We also hope you enjoy reading our IT section. It is simple and useful for your business. I'm sure you will find several new fascinating concepts.

Our cover story for January shows a good sample of the important things happening in Tianjin which are affecting the global economy. A European entrepreneur, developing projects in China with Singaporean funds is mainly serving major American clients. Hopefully stories such as these will provide you with ideas or insights in how to grow your own business in Tianjin and beyond.

With all my best wishes for 2012!

J. Hernan

Managing Director

Business Tianjin

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## TIANJIN NEWS

### De Beers Diamond Jewellers Opens Second Store in China



The Tianjin store is De Beers' second store in mainland China and represents De Beers' expansion into the fast growing Chinese market. François Delage, CEO of De Beers Diamond Jewellers; Andrew Coxon, President of De Beers Institute of Diamonds; and special guest, actress Karen Mok, hosted the opening. "We are delighted to open our first store in Tianjin following the successful opening in Beijing in May," said Delage in a statement. "We are now able to fully share our exceptional passion and expertise in diamond selection, craftsmanship, and design to one of the largest and most discerning markets in the world."

- MSN, 1 December

### Baosteel Engineering and Tianjin Metallurgical Ink Cold Rolling Sheets Deep Processing Design Contract

On 24 November, Baosteel Engineering & Technology Group Co Ltd and Tianjin Metallurgical No.1 Steel Group signed a cold rolling sheets deep processing design contract. Baosteel Engineering General Manager Mr. Jiang Weimin, Tianjin Metallurgical Group Chairman Mr. Zeng Xiaoping, and Tianjin Metallurgical No.1 Steel Group Chairman Mr. Wang Tianxu attended the signing ceremony. According to the contract, Baosteel Engineering will design for Tianjin Metallurgical No.1 Steel Group a cold rolled sheet deep processing unit including a set of 1550 cold rolling lines with 1.7 million tonnes of output. Baosteel Engineering says that it will apply successful experience in construction and technological transformation, especially in cold rolling process line equipment and technology, in the Tianjin Metallurgical No 1 Steel Group cold rolled sheet deep processing project design. Tianjin Metallurgical No 1 Steel Group is a state controlled steel union with sintering, iron making, steel making, rolling, trading, logistics and real estate in one with annual production capacity of 3.5 million tonnes of iron, 3.5 million tonnes of steel, and 5 million tonnes of other materials.

- Langesteel, 2 December

### Air Monitor Coming Up Near Tianjin



An environment monitoring station to count the density of PM2.5 (tiny airborne pollutants smaller than 2.5 microns) and ozone in the city and Tianjin in real time will be set up in the Wuqing district of Tianjin, Beijing News reported. Wuqing district is between Beijing and Tianjin, 70 kilometres away from Beijing and 25 km from Tianjin city. The Tianjin meteorological bureau said the district was located in the air contamination's transmission path between Beijing and Tianjin. The monitoring station will also analyse the air contamination's transmission between Beijing and Tianjin and forecast fog, haze and other air pollutants in the two cities. The Ministry of Environmental Protection started gauging public opinion on revised air quality standards on 16 Nov.

- Beijing News, 5 December



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## Iron Ore May Fall as China Seeks Lower Price Amid Contract Talks



Prices of iron ore for immediate delivery may fall further as Chinese steelmakers seek lower spot prices during quarterly contract negotiations with suppliers including BHP Billiton Ltd. (BHP). “China will throw its weight around” in the spot iron ore market this month, Gavin Wendt, the Founder and Senior Resource Analyst at Sydney-based Mine Life, said by phone today. “It has the whip-hand because if it withdraws from the market, that will have a big negative impact on prices. China will use that to its advantage, with the contract negotiations under way.” Prices of iron ore for immediate delivery tumbled 31 percent in October from a month earlier in the biggest fall since at least 2008. Vale SA (VALE3), the world’s largest iron ore producer, said Oct. 27 some customers are seeking a switch to spot pricing from a quarterly contract system.

- Bloomberg, 6 December

## Kalarch INC Seeks to Inspire Tianjin to Read Through Literary-themed Library Design

A new proposal has recently emerged; planning to radically redefine the appearance of the Tianjin Binhai Library, an existing four-storey building situated beside the Tianjin River. Devised by the minds of KDG group’s architectural team, the building is expected to act as a pivotal feature on the waterfront, centralised amidst an area continuing on from the extensive new development. At the beginning of the design process, KDG decided to seek inspiration inwards, whilst staying continually conscious of the eventual intended usage: “We looked for a dialogue between the façade and the content of the building, in this case, the books; this is why we were inspired by one of the greatest inventions of China, the process of paper-making.” The façade design was developed in a rather unusual, relaxed, manner; namely, the playful examination of a piece of paper. The architects folded the paper in a way that loosely corresponded to the base, and layout, of the existing building, whilst examining the new contours being created.

- Market Watch, 6 December

## Omani Delegation Visits Tianjin

Sayyid Badr bin Hamad al Busaidy, Secretary-General of the Ministry for Foreign Affairs, met yesterday with Zhang Gaoli, a member of the Communist Party of China (CPO) Central Political Bureau and CPO Tianjin Municipality Committee. The meeting explored many areas of bilateral co-operation of joint interest especially in relation to common trade and investment interests with Tianjin. Sayyid Badr also held a meeting with Yang Jiechi, Foreign Minister of China and Zhai Jun, Chinese Vice Foreign Minister during which he touched on efforts being made between the two sides and aiming at enhancing co-operation and exchanging expertise in various fields to serve mutual interests while providing more opportunities and diversity within different economic and trade areas, such as business, human resources development and energy sectors. The Omani and Chinese officials also discussed matters concerned with higher education, health, manpower training and advanced industries.

- Oman Daily Observer, 23 December



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## Sino-Australia Royal Yacht City Yacht Show and Typical Taiwan Products Appreciation Week



On 29 Nov 2011, Lei Yue Mun Hotel in Hangu, Binhai New Area opened. Making the most of this opportunity, a yacht show and a Taiwan appreciation week were held by the China-Australia Royal Yacht City, and hosted by the Binhai economic area management committee. Attendees included He Lifeng, Deputy Secretary of Tianjin Municipal Party and Secretary of Binhai New Area; Zong Guoying, Deputy Secretary of Binhai New Area, and other dignitaries. As a priority project and one of the so-called "Ten Battles" in Binhai, Sino-Australia Royal Yacht City will focus on making yachting and tourism a model for northern China. It will become a modern service programme with an international yacht wharf, integrating tourist, leisure and daily life activities.

- *Business Tianjin*, 8 December

## Tianjin Consumers' Association Joins National Campaign for Rights as Plaintiff

Consumer associations in 21 Chinese cities have written a letter to the country's top legislature calling for legal power to allow them to file public interest litigation on behalf of consumers, the Beijing Times reports. The Standing Committee of the National People's Congress (NPC), China's top legislature, read a draft amendment of the Civil Procedure Law for the first time on 24 October. It contained an article about "relevant authorities and social organisations" who filed class-action lawsuits to defend public interests, especially in cases of environmental pollution or unsafe food. The "public interest litigation," designed to deal with large-scale violations of public interest, would allow government and nongovernmental organisations to take big businesses to court on behalf of individuals or small groups of citizens.

- *Menafn*, 12 December

## L&L Enters Into a Joint Sale Agreement with Tianjin Fuhao



L&L Energy, Inc., a U.S. based company, since 1995, with coal mining and distribution businesses in southwest China, announced that it has entered into a long term joint sales agreement with strategic partner Tianjin Fuhao Industrial Co. Ltd. ("Tianjin Fuhao") to jointly market/sell one-million tonnes of coal in China during calendar year 2012, starting in February. This agreement is a result of the strategic partnership entered into by both companies in August of 2011. Tianjin Fuhao is a major coal wholesale company based in Tianjin City, China with extensive resources in trade and logistics. Their parent company, Tianjin Materials and Equipment Co. ("TMEC"), ranks 57th among China's Top 500 Enterprises and has significant operations in coal and steel. TMEC has a large presence in the critical BoHai Bay region, which is the major coal consolidation port of China's national coal market. Recently, TMEC recorded revenues in excess of USD 16 billion.

- *Sachee*, 9 December

## U.S. Property Developer Builds Financial Plaza in Tianjin

Construction on a U.S.-invested financial plaza began on 12 December in north China's coastal city of Tianjin. The construction of the plaza is being funded by Tishman Speyer, a U.S. real estate developer, at a cost of about CNY 6 billion (USD 948 million). With a total area of 420,000 square metres, the plaza is designed to be a financial complex consisting of office buildings, hotels and related facilities, according to Katherine Farley, Senior Managing Director of Tishman Speyer. The building complex is composed of four towers and will become a local landmark upon its completion, said Farley, noting that the highest tower will be 350 metres tall. "We are confident and positive about investment prospects in the Yujiapu district, where the plaza is located," said Farley.

- *People's Daily*, 13 December

## Avanti Wind to Open New Manufacturing Plant in Tianjin



Avanti Wind Systems, a supplier of service lifts, ladder systems, and other safety equipment for wind turbines, says it is opening new factories in the U.S. and China. The 8,000 square-metre facility planned for China will be located in the port city of Tianjin, south of Beijing. Machines and welding equipment are currently being installed at the factory, Avanti notes. The facility will have between 20 and 25 employees, and is expected to reach full production by February 2012. The 4,000 square-metre U.S. factory will be located at Avanti's current U.S. headquarters in New Berlin, Wis., and will employ between 20 and 25 employees. The facility is scheduled to open in April 2012 and reach full production by June 2012.

- *North American*, 13 December

## Wellington's Gala Evening of Music and Song

The inaugural concert in the Wellington International Concert Series, A Gala Evening of Music and Song, held on 29 November at the Seldon Theatre, Wellington College International Tianjin, drew a standing ovation and thunderous applause from the packed audience, as it was not only a night of wonderful music but also a charitable one. The performers were three outstanding and successful musicians – Randal Turner (Baritone), Georgina Chakos (Soprano), and Steve Griffiths accompanying on the piano. The voices of Turner and Chakos reverberated throughout the theatre and were truly exceptional and inspiring. The two artists have known each other since their student days together at Indiana University in the USA, having shared the stage for the first time in Bloomington, Indiana for a production of West Side Story. They went on to sing a Gala Concert on stage at the Zurich Opera House for the Hospiz Zurcher Lighthouse and recently sang a Christmas concert together for Theodora Children's Trust. With this background, it was no wonder that the blending of their voices was flawless and sensational.

- *Business Tianjin*, 7 December



## FINANCE

### China Cuts Bank Reserve Ratio from Record High

China has said it will cut the limit on the amount of cash the country's banks have to hold in reserve, a move designed to encourage more lending. In an unexpected move, China's central bank said it would reduce the reserve limit from its record high of 21.5% to 21% on 5 December. The bank had been increasing the rate to reduce lending by banks in order to dampen demand and tackle rising prices. The cut therefore marks an important change in policy, analysts said. "It's a surprising move - the market was not expecting the central bank to [cut the reserve rate] so fast," said Shi Chenyu at the Industrial and Commercial Bank of China. "The move sends a clear message that the central bank is ready to relax its policy stance." The move pushed European markets higher after they had begun falling back. Mark Williams at Capital Economics said the move was a "decisive shift in policy stance from China".

- *BBC News, 1 December*

### Chinese Company Invests USD 6 Billion in Brunei



A privately-owned company in East China's Zhejiang province said Wednesday its USD 6 billion investment in a petrochemical plant in Brunei benefits both sides. The remarks are meant to dispel the scepticism that often triggers controversy and sometimes blocks overseas investment plans by Chinese companies, researchers said. Last week, Icelandic authorities rejected a land purchase plan by a privately-owned company in Beijing that would have built a high-end resort with an investment of USD 200 million. Zhejiang Hengyi Group Co, China's largest chemical-fiber supplier for the textile industry, said in a statement it will build a petrochemical plant with a total investment of USD 6 billion in the oil- and gas-rich ASEAN member state. The project, the largest overseas investment by a privately-owned Chinese firm, is designed to process 15 million tonnes of crude oil a year.

- *Xinhua News, 1 December*

### Is China's Growth Sustainable Without Reforms?

Beijing's modern southern railway station, where high-speed trains whisk well-heeled passengers to their destination, is a proud symbol of China's desire to leapfrog a whole stage of development. In the past decade China's economy has more than tripled in size, becoming a global force, and with the Eurozone in crisis and the US hobbled by political paralysis, some analysts believe China can become the driver of global growth. But China's vast population means that in per capita terms, its citizens are now about as wealthy as those in Jamaica or Albania and it has pressing economic problems. Just a couple of hours from the gleaming Beijing rail station, there are villages which do not even have paved roads. Professor Li Daokui, an economist and adviser to the monetary policy committee of the People's Bank of China, says that despite China's success, it now urgently needs to focus on reform.

- *BBC News, 6 December*

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## China Inflation Cools to 4.2%, Slowest Pace in 14 Months



China's inflation cooled to the slowest pace in 14 months in November, giving policy makers more room to loosen policies as export growth slows because of Europe's debt crisis. Consumer prices rose 4.2 percent from a year earlier, the statistics bureau said on its website. That was lower than all estimates in a Bloomberg News survey of 35 economists that had a median forecast of 4.5 percent. Producer prices gained 2.7 percent, the smallest increase in 23 months. The fourth month of slowing inflation may prompt Premier Wen Jiabao to tilt policies more toward growth as Europe's crisis bites and government property curbs damp home sales. China may cut the benchmark lending rate next quarter when economic growth reaches a "trough," according to Nomura Holdings Inc.

- Bloomberg, 9 December

## China Marks 10 Years as WTO Member

China's decade in the World Trade Organization thrust the nation into the top spot in industries ranging from textiles to cars. The world's No. 2 economy now faces calls to open its market further and play by WTO rules. China joined the Geneva-based WTO on 11 Dec 2001, capping a 15-year drive to join the rules-based trading system and giving foreign companies from Yum! Brands Inc. and General Motors Co. to HSBC Holdings Plc (HSBA) and Nokia Oyj (NOK1V) a bigger foothold in the world's most-populous market. Since then, China has become the world's biggest exporter and second-largest importer. Trade in goods such as clothing, electronics, toys and appliances soared to almost USD 3 trillion last year from USD 510 billion in 2001, with both exports and imports growing almost fivefold. "This spectacular rise would not have been possible without the open global trading system that China was able to benefit from during the past 10 years," said European Union Trade Commissioner Karel De Gucht.

- Bloomberg, 13 December

## LAW & POLICY

### China's Bind: How to Avoid a Crash Landing

For a sense of the sharp policy shift China's leaders have to orchestrate to avoid the world's second-largest economy landing with a hard thud, look no further than this Inner Mongolia desert town, where construction cranes have come to an abrupt standstill. Just as a European crisis and a weak U.S. recovery are hurting Chinese exporters, the confidence that had sustained China's property boom is evaporating, causing a double whammy for growth: fading demand overseas and at home at the same time. The construction slump could not have come at a worse moment for China's factories. A key manufacturing measure, the official purchasing-managers index, fell to 49 in November, below the 50 mark that separates expansion from contraction and the lowest since the financial crisis in February 2009. With both the real-estate and export sectors in trouble, the warning light on China's growth is flashing red. Like in the last crisis, China's leaders have been quick to react but this time around their options are limited.

- WSJ, 2 December

### Policy Focus 'Set to Shift'



Inflation might yield to growth as the top issue on China's economic agenda next year, with a more relaxed policy environment and further tax cuts on the way, experts said ahead of the top economic conference, which is expected to convene soon. Analysts called for more efforts to offset the impact of the European debt crisis and maintain domestic financial stability. "Tackling inflation has been off the table for the central bank", as is clearly shown by the recent cut in the reserve requirement ratio, said Yuan Gangming, a senior researcher with the Centre for China in the World Economy at Tsinghua University. "One of the major tasks for the next year should be to provide a reasonable money supply to maintain the momentum of economic growth."

- Xinhua News, 6 December

## LOGISTICS

### Dreamliner Launches its World Tour in China

China has become Boeing Co's priority market amid the European debt crisis, said the US-based aircraft manufacturer as it launched a six-month world tour of its new aircraft in Beijing. It is the first time that Boeing has launched a new aircraft tour in China. Through 11Dec, the Boeing 787 Dreamliner will stop in three Chinese cities - Beijing, Guangzhou and Haikou - before flying to Africa. "The managers at our headquarters had a heated discussion about the first destination and I insisted on China, because it is our largest single market besides the US," said Ihssane Mounir, the company's Senior Vice-President of Sales and Marketing for Greater China and Korea. Mounir said that China has the fastest-growing aviation market and will become the world's second-largest market.

- China Daily, 5 December

### China to Make More Efforts to Build Harmonious Oceans



China will take advantage of the 30th anniversary of the UN Convention on the Law of the Sea (UNCLOS) to make greater efforts together with other countries to build harmonious oceans, Wang Min, China's Deputy Permanent Representative to the UN, said. Addressing the meeting of the 66th General Assembly on the theme of oceans and the law of the sea, Wang said that the Chinese government attaches great importance to the work of the Commission on the Limits of the Continental Shelf. "We support the Commission in fulfilling its responsibilities in strict compliance with the Convention and the Commission's Rules of Procedure and hope that the delineation of the outer limits of continental shelf will balance the legitimate rights and interests of the coastal states and the interests of international community as a whole," he said.

- China.org, 7 December

## China Sends Leading Patrol Ship to East China Sea

China has sent its largest patrol ship to the East China Sea for its maiden voyage in a bid to guard the country's territorial rights and marine interests there. The 3,000-tonne-class Haijian 50 will visit Rixiang Rock, Suyan Rock and the offshore oil and gas fields of Chunxiao and Pinghu, as well as China-Japan joint development zones, said Liu Zhendong, Head of the East China Sea fleet of China Marine Surveillance, a paramilitary maritime law enforcement agency. The Chinese-manufactured vessel, a heavyweight compared to the more commonly used 1,000-tonne-class patrol ships, is equipped with China's most advanced marine technology and is capable of accommodating China's Z9A helicopters, Liu said. China has 32,000 km of coastline. The total area of its territorial seawater, continental shelf and exclusive economic zone, which is recognised under the United Nations Convention on the Law of the Sea, is 3 million square km.

- *China Daily, 14 December*

## TELECOM & TRANSPORTATION

### Chinese Court Rejects Apple Lawsuit Over iPad Name



A court in southern China has rejected a lawsuit by Apple Inc, accusing a Chinese technology company of infringing its iPad trademark, a newspaper reported on 6 Dec, the latest move in a protracted tug-of-war over the name. Apple confirmed the lawsuit but declined to comment further. The consumer device giant -- a market leader in both smartphones and tablets -- has had to face some roadblocks in China, which is a key growth region for the company. Earlier this year, fake Apple stores were discovered in south-western Yunnan province. The company is also constantly battling counterfeiters. In the lawsuit over the use of the iPad name, the Intermediate People's Court in the southern boomtown of Shenzhen rejected Apple's complaint against Proview Technology (Shenzhen).

- *Reuters, 7 December*

## Yahoo Shares Up on Report that Alibaba is Preparing Bid



Shares in Yahoo rose on reports that China's Alibaba Group was preparing a takeover bid with private equity firms Blackstone and Bain Capital. Yahoo shares ended Thursday, 1 Dec, trading on the Nasdaq tech exchange 3.3% higher, having been 4.8% up at one point. Unconfirmed reports said the consortium may pay up to USD 20 per share - well above Thursday's close of USD 16.23 - valuing Yahoo at USD 25 bln (£16bln). Alibaba, one of China's top internet firms, said it was weighing options. "Alibaba Group has not made a decision to be part of a whole company bid for Yahoo," said John Spelich, spokesman of Alibaba Group. Alibaba has had a long association with Yahoo, but relations have taken a turn for the worse in recent years. The two companies came together after Yahoo bought a 43% stake in Alibaba in 2005 for USD 1 bln. However, things between the two have not worked out as planned, prompting Alibaba to try and buy back its stake.

- *BBC, 2 Dec*

### China Unicom to Sell iPhone 4S by January

China Unicom (Hong Kong) Ltd, the second-biggest telecom carrier in China, said it will introduce Apple Inc's iPhone 4S to the Chinese mainland as early as the end of December and no later than 23 Jan, the date of the Chinese New Year, said a company official. To that end, China Unicom has obtained from the Ministry of Industry and Information Technology a network access certificate, which is required to sell the iPhone 4S on the mainland, said Yu Yingtao, General Manager of China Unicom's sales and marketing department. Even so, the carrier will have to wait a while before it begins selling the devices, Yu said, declining to elaborate. "I am sure the device will hit the Chinese market before the Spring Festival," Yu said. "We are trying to release it before Jan 1."

- *Xinhua News, 14 December*

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## GENERAL

### China Slowdown Spreading, HSBC Services PMI Shows



China's services sector cooled in November to its weakest growth in three months, an HSBC purchasing managers' index showed, the latest data portraying an economy slowing quickly and in need of policy support. The index fell to 52.5, a sharp decline given that October's reading was 54.1 -- the highest in four months -- though the index remains above the 50 level that separates expansion from contraction in the sector.

Expectations for new business dropped to their lowest level in three months too, but remained firmly above 50. "With price pressures easing further, Beijing can and should use policies that are targeted on small businesses and service sectors to keep GDP growth at above 8 percent for the coming year," Qu Hongbin, HSBC's Chief China Economist, said in a statement.

- Reuters, 5 December

### Chinese Health Care Coverage Rises: US Research



Health care coverage increased dramatically in parts of China between 1997 and 2006, a period when government interventions were implemented to improve access to health care, with particularly striking upswings in rural areas, a new US research has found. The research by Brown University Sociologist Susan Short and Hongwei Xu of the University of Michigan, appeared in the December issue of Health Affairs. Led by Xu, the study analysed data from the China Health and Nutrition Survey, which follows households in nine provinces that are home to more than 40 percent of Chi-

na's population. Xu and Short specifically focused on patterns of coverage among rural and urban residents. Their analysis shows that overall, the percentage of individuals in the sample with insurance increased from 24 percent in 1997 to 28 percent in 2004, then rose sharply to 49 percent in 2006.

- Xinhua News, 6 December

### Foreign Insurers' Market Share Remains Low: Study

More than half of the foreign life insurance companies operating in China estimate that their business has grown 20 to 40 percent in 2011, but their market share is expected to remain low, PricewaterhouseCoopers (PwC) said in a report released on Monday. According to the survey, which covers 28 foreign insurers, only one company expects to grow at a rate below 20 percent through 2014, with more than half of the participants estimating 20 to 40 percent growth this year. On the property and casualty side, nine respondents said their growth this year will fall into a range of 15 to 75 percent, and this pace of growth is expected to continue in the next three years.

- Xinhua News, 7 December

### Rural Banks Lend Hand to Farmers

Less-developed areas offer huge opportunities for small lenders, Wang Xiaotian reports from Hubei, Chongqing and Shandong. When Hu Jizheng wanted to upgrade the facilities on his pig farm, he decided to do something unique. "In the past we used to borrow from relatives and friends," said the 48-year-old, who is raising more than 4,000 pigs on his farm in Hubei province. A rural bank nearby, however, was offering money at an interest rate of 8.6 percent - less than he would pay elsewhere. So in April he borrowed CNY 2 million (USD 314,000) and expects the revamping of his equipment and purchase of a methane tank will bring his annual revenue to more than CNY 15 million. "I never imagined a bank could lend me so much money at such a cheap rate." He had earlier visited all traditional major lenders in the area. They all rejected him. "To my surprise, unlike common banks, the working style of this rural bank is surprisingly good," Hu said. "Surely it's time for me to change my outlook and turn to rural banks for capital instead of private lenders."

- Xinhua News, 8 December

### China unlikely to see hard landing in 2012, says expert



Although the euro zone crisis is running deeper and deeper, it is highly unlikely to see a hard landing of Chinese economy next year, said an American expert here on Wednesday. Most analysts estimated that the Chinese economic growth rate this year would be somewhere between 9.1 percent and 9.3 percent while next year it would drop to 8.5 percent. But Yukon Huang, senior associate at Carnegie, believes that eight percent to 8.5 percent is actually a good growth rate which is "more sustainable" and a rate that China should gravitate towards over the next few years. "China is actually above its potential in the past because of the stimulus program," he added.

- Xinhua News, 23 December

### China Seeks USD 536 Billion of Investments to Protect Environment



China needs about CNY 3.4 trillion (USD 536 billion) of investments for environmental protection in the five years through 2015, the State Council said in a blueprint on pollution reduction. China will shift its investment focus to sewage treatment plants, water irrigation and other "green" projects, Wang said. "The government will continue to build roads, bridges, and airports, but the investment won't match the CNY 4 trillion the country spent after the 2008 crisis," he said. That investment was fueled by historic levels of bank lending. Much of the borrowing was by companies local Chinese governments set up to bypass rules barring them from directly taking loans or selling debt.

- Bloomberg, 22 December

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## 100,000

Many modern commercial centres have sprung up in Tianjin. Wanda Square and Aqua city, which covers an area of more than 100,000 square metres have already been completed and opened. In the near future, 10 more large-scale commercial centres will be built in Tianjin.



## 800

In five years, Binhai New Area will rely on its core development and manufacturing service industry in the downtown and harbour areas to form the special layout of "one core, two shafts and three groups". It is estimated that by 2015, the total investment scale in Binhai New Area industry will reach CNY 800 billion.

## 3

Forbes China recently focused on the transparency of Chinese Charity Foundations. On the list of the "Top 25 most transparent Foundations in China", was the Chinese Red Cross Foundation (CRCF) which ranked third.



## 4

Reports have listed Tianjin as number 4 on the list of Top 10 Influential Cuisine Cities in China". Also, Tianjin Gou Bu Li (Go Believe) has been nominated in the 50 speciality food brands category.

## 56

Tianjin was covered by heavy fog again on 28<sup>th</sup> Nov, which caused delays for 56 flights, which included 34 departure flights and 22 incoming flights.



## 10

Internet users in Tianjin heard good news about increasing the local broadband speed. From the beginning of next year, Unicom optical fibre net will be used by many families. At the same time, the maximum Radio and TV network speed will go up to 10Mb/s.

## 6.9%

The Nationwide Postgraduate Entrance Examination will be held on the 7<sup>th</sup> and 8<sup>th</sup> Jan, 2012. The number of participants is expected to be 1.65 million, a 6.9% increase on last year.

## 5000

The Mars Science Laboratory (MSL) robot of NASA, named "Curiosity", launched on 26<sup>th</sup> Nov. It will serve as a mobile chemical and geological laboratory. Meanwhile, it is also a master climber and will explore Mars. "Curiosity" may be able to climb a height of 3 miles (about 5,000 meters) up a Martian mountain.



## 2,300

To improve the poverty alleviation development policy, the Party Central Committee decided to implement an annual net income for farmers of CNY 2,300 as new poverty alleviation standard, a 92% increase over 2009.

## 4,000

New electronic parking meters, installed by Tianjin Lianhua Parking Company have finished their field test. It is reported that 4,000 parking spaces will start to use the meters from the middle of January next year.



## 1

The Tianjin Ocean Economy New Express, called Binhai Da Dao, has officially been put into operation, which will allow people to cross Binhai in 1 hour.



## 50

As the second phase of the Tianjin express system, related departments of the Zhicheng Dao extension line project have released environmental impact reports of the project to the public. In the future, it will take only 50 minutes to travel around Tianjin.



## 2012 Chinese Economy Preview

By J. Hernan

### The Western World Slows Down - Can Beijing Maintain its Growth Engine?

China's growth is expected to be 8.8 percent in 2012, according to the latest Asia Economic Monitor, issued by the Asian Development Bank (ADB) on Tuesday 6 December.

The semi-annual report, which assesses the 10 ASEAN economies as well as those of China, the Republic of Korea, and Taiwan, comes at a time when the latest economic data for November showed a clear slowdown in Chinese exports and imports growth. More signs can be seen of weakening global demand and therefore a push in Beijing towards a more explicit pro-growth stance.

Among them, China's growth for this year is still expected to remain the highest in the region, and at 8.8% would be 0.3 percentage points lower than the forecast from September.

China faces two external economic threats, the economic crisis in the United States and in Europe. In the event that both the euro zone and the U.S. economies contract

sharply, the impact on emerging East Asia would be serious yet manageable, said the Asia Economic Monitor.

"The turmoil emanating from Europe poses a growing danger to trade and finance within emerging East Asia, so the region's policymakers must be prepared to act promptly, decisively and collectively to counter what could be an extended global economic slowdown," said Iwan J. Azis, head of ADB's Office of Regional Economic Integration, which produced the report.

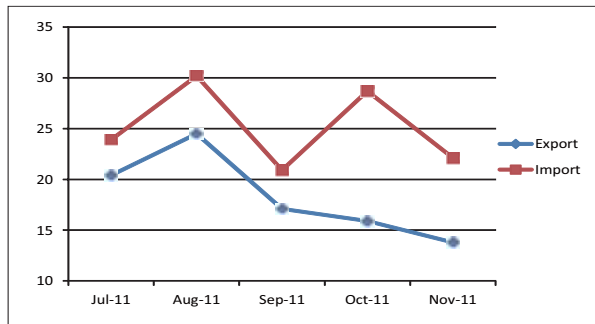
Europe is the top export market for China accounting for 15% of total exports, representing almost 4% of GDP. As private sectors of the US and other Western countries continue to deleverage and deal with fiscal consolidation, China will face a tougher export environment.

In addition to falling trade figures, the euro zone will see a reduction of bank credit as banks are forced to improve capital adequacy ratios by June 2012. Furthermore, the cost of financing within the euro zone is becoming more expensive as the bond spreads increase and deposits flow out to safer locations.

Economic growth in East Asia will continue to moderate into 2012 as growing sovereign debt problems in Europe and an anaemic U.S. economy raise the spectre of a deep global economic downturn, the ADB said. The latest economic data released in early December shows that the Chinese domestic economy is slowing down along with the rest of world. In response, Beijing has prompted easing of monetary policy.

## China Slows Down – Both Exports and Imports Fall

Chinese exports grew at 13.8% in November y-o-y down from 15.9% in October y-o-y. Imports grew at 22.1% in November y-o-y also down from 28.7% y-o-y in October. Surprisingly, November export growth figures have been far above market expectations (Bloomberg consensus 10.9% y-o-y), giving Beijing more breathing space for looser monetary policy for the next several months as the global economy will likely continue to deteriorate.



The fall of November trade data combined with weaker industrial production figures and easing inflationary pressure will encourage Beijing to provide more support for growth and employment.

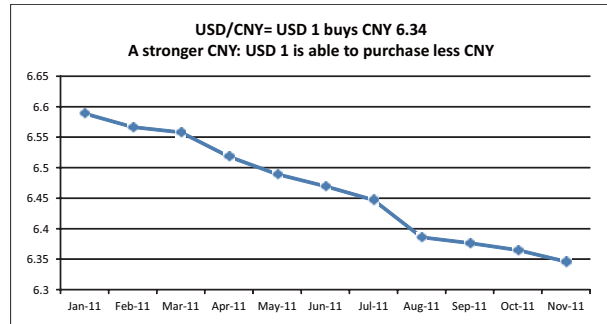
Hours after the data's release, the Communist Party's top leaders said in a statement that they would ensure stable and reasonably fast economic growth in 2012, fine-tuning policy in tandem with changes in the global economy, Reuters reported.

Slowdown in domestic economic growth has prompted a fall in import figures. This is in contrast with October in which the import figure jumped in anticipation of monetary loosening; Chinese manufacturers started restocking inventory. Main commodity items such as iron ore, petroleum, and copper all showed a drop in import figures.

China's gross domestic product growth may fall to around 8.8% in the fourth quarter of this year and its imports may decrease further, Bank of Communications stated in its report.

The nation's trade surplus in November narrowed to USD 14.52 billion compared to USD 17 billion in October. The

fall in the trade surplus and import growth will reduce the external pressure for CNY appreciation. The Chinese currency has kept appreciating against USD throughout November. The Chinese Yuan will likely keep appreciating against USD throughout 2012 with short-term depreciation to reflect minor strengthening of US Dollar.



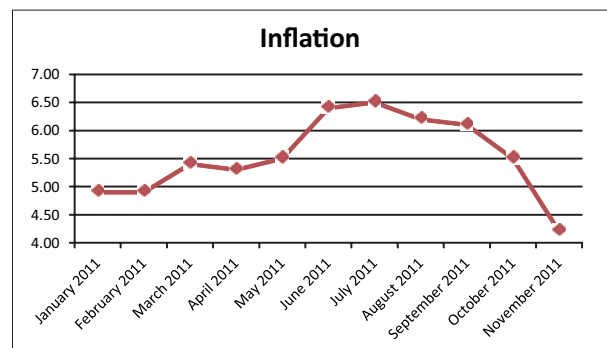
## Inflation Drops Sharply: One Less Thing to Worry About, for now.

With Inflation currently showing signs of being under control and consistent tepid international demand, leaders in Beijing will most likely continue to tweak monetary policy to increase the money supply and support growth.

November inflation fell to 4.2% y-o-y down from 5.5% y-o-y in October according to the National Bureau of Statistics (NBS). This is the lowest CPI y-o-y rise since September 2010.

On breakdown of the CPI calculations, food prices, which account for nearly one-third of the basket of goods used to calculate CPI, moved down to 8.8% in November y-o-y from 11.9% y-o-y in October according to NBS data.

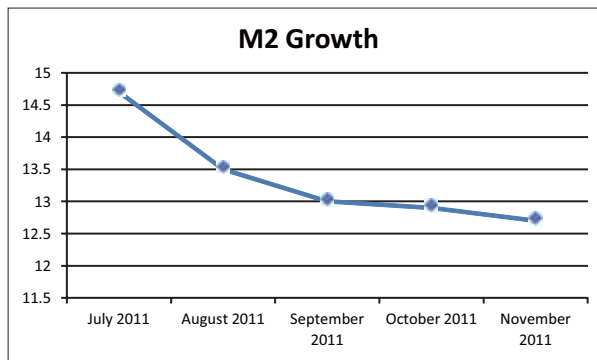
The huge fall in November CPI and PPI (2.7% in November down from 5% in October) has had a positive effect on market sentiments. As concerns over inflation take a back seat, the room for monetary loosening will increase.





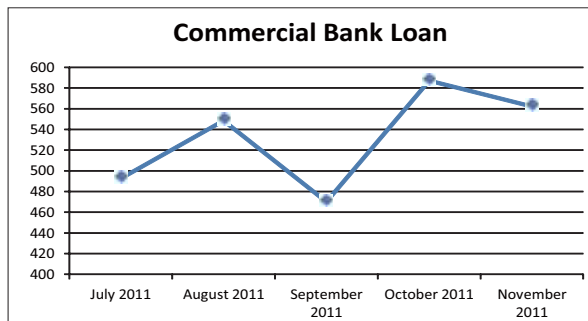
## Beijing Counters the Economic Slow Down - Monetary Environment Notably Eases

The central bank surprised the market on 30 November with an earlier-than-expected cut in banks' required reserves, the first such move in three years, signalling a policy shift, although in words, China has so far kept its official line of sticking with a "prudent" monetary policy, reported Reuters. "The government should accelerate loosening efforts and make stimulating economic growth a more prominent priority," HSBC economist Ma Xiaoping said. Many economists expect the reserve ratio cut on 30 November will be the first of a series of measures to loosen macroeconomic policy as inflation declines and growth slows. Ma said she expects that China will cut the reserve ratio again in January, and may also cut benchmark interest rates if growth slows dramatically.



Chinese financial institutions issued CNY 562.2 billion of credit in November, down from October's CNY 586.8 billion but higher than economists' expectations of CNY 555 billion. Historically, credit growth falls towards the year-end but this increased lending level shows Beijing has mainly initiated easing of credit controls.

Lending in both October and November was higher than in the third quarter, which saw new CNY loans average around CNY 500 billion per month. UBS economist Wang Tao said she expects full-year bank lending to be around CNY 7.4 trillion, in line with a CNY 7 trillion to CNY 7.5 trillion unofficial target that analysts believe the central bank has set. For next year, new CNY loans will be around CNY 8 trillion, Wang added.



## Gauging the Likelihood of a Hard Landing in 2012

Towards the second half of 2011, a substantial number of foreign investors have turned bearish on China's economic prospects. They expect China to have a hard-landing in 2012 and predict that China's growth could drop below 7% in the next several years. This will have a profound impact on sustainability of China's economic model. Furthermore, a higher level of unemployment and business enterprise bankruptcy rates could pose serious social instability to the new Chinese leadership entering office in 2012.

In addition to reviewing conventional economic performance indicators such as trade data, inflation figures, and money supply, here are a few additional areas that Business Tianjin will monitor in order to detect China's hard landing.

First is non-performing loans. Local governments have lent an enormous amount of capital to state owned enterprises to take on risky long-term projects and many of them have already turned sour and will inevitably leave large holes in local governments' balance sheets.

Second is China's real estate industry. China's property market is closely tied to government policy. In the past several months, Beijing maintained its tight restriction on the property market. As a result, property prices have sharply declined. Because Chinese households have few areas of investment as the real interest rate remains negative, the fall of property prices will remove a significant portion of Chinese households' overall wealth. This will make consumption driven structural adjustment in the economy much more difficult as private consumption will also be likely to fall.


Third is underground banking. Beijing's 2008 stimulus package was distributed mainly among SOEs and allowed limited access to SMEs. SMEs turned to informal channels for credit, and had to borrow capital at high interest rates. A large number of SMEs used property as collateral for informal loans and the collapse of the property market could set off a vicious cycle of major market correction that we witnessed in the US after the sub-prime mortgage crisis.

Both bear and bull sides have a strong argument over a hard landing versus a soft landing in 2012. The bear side claims that the current drivers of growth (top down investment and export driven approach) are unsustainable and a correction is coming and some even say it's already underway as the real estate downturn has been triggered and subsequent dominos falling will start a major slowdown in China.

The bull side claims Beijing has been able to successfully engineer a soft landing through curbing inflation and asset bubbles. The economic pressure on China is a reaction to the global economy slowing and not a true reflection of China's actual economic position. The bull camp claims that as Beijing increases its monetary support for manufacturers, China will be able to offset weakening export demand from Europe.

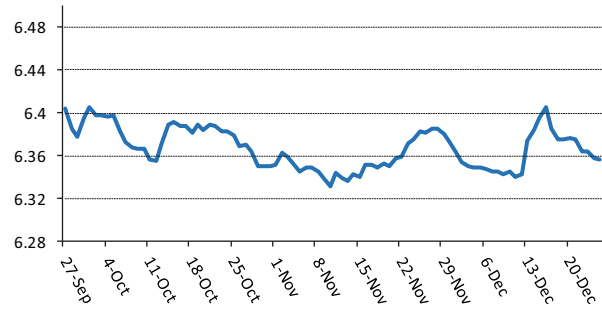
In 2012, Business Tianjin will monitor the likelihood of China experiencing a hard landing. There are two major external factors such as the US and Europe sovereign debt crisis as well as a major domestic adjustment to bring China's economy back to a sustainable track. The list of household items for Beijing to carry out in 2012 that Business Tianjin will review is as follows,

1. Liberalise capital accounts: interest rate and foreign exchange rate
2. Strengthen the labour pool: investment in human capital, development of inland areas, increase in the retirement age, and increases in wages
3. Develop a sustainable energy and food supply: investment in non-renewable energy and renewable energy and land reform to industrialise agriculture
4. Invest in soft systems such as intellectual property and environmental sustainability

Ageing demographics and Chinese policy makers have not spent enough time and attention on this topic. The nation with the world's biggest population is entering a period where fewer workers will have to support more retirees and children than ever before. Arthur Kroeber of Dragonomics mentioned that China's "stock of credit" had risen from 120 percent in 2008 to 168 percent in 2011 and that this was problematic as GDP growth needs to get growth from capital, but available capital was being increasingly tied up. He said that although the fiscal incentives given by China to assist with the Chinese economy had helped, there had been no follow-through policies and that structural reform was needed to follow capital injections. 

## Three-month CNY trends

### CNY vs USD



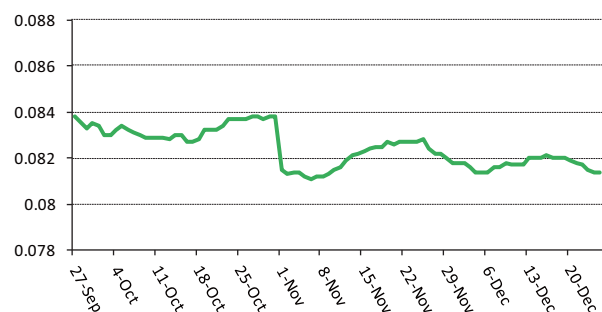
### CNY vs GBP



### CNY vs EUR



### CNY vs JPY



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# Feature Story





## China-Africa TEDA Investment Corporation is Economic Foreign Policy in Action

By Tad Miller

**T**he Tianjin Economic Development Area (TEDA) is world famous. Its reputation is such that other nations hope to replicate it. Sensing opportunities, the Chinese government is taking a *carpe diem* approach to economic foreign policy, and in this case, starting with Egypt.

One hundred and twenty kilometres from Cairo, in a vast new industrial park with port access to the Suez Canal, are dynamics at work similar to those on the Bohai Bay in the New Binhai District in Tianjin, at least relative to infra-structure, labour resources, diverse manufacturing, management, facilities, and shipping. Consider this a new oasis in the desert, just as TEDA was a sprawling swamp a few decades past, but now a centre for production, trade, and therefore, a hub for international relations.

“*Cooperation Making the World Better*”, the marketing slogan for CA TEDA Investment Corporation, summarises their intentions well. With twenty-eight companies now operating at the current site in Egypt, the success is attracting other corporate giants, and creating a need for further land acquisition. Others are taking note, including Morocco, the Republic of Congo (*Brazzaville*), Zimbabwe, and even Colombia, in South America. Negotiations have begun concerning those possible scenarios.

That other countries want TEDA, once just an experiment in government led free-enterprise, as a planning mentor, partner, and model, confirms the value in pursuing such foreign policy ventures. These are ties that bind with China, the fastest

# Feature Story



growing world economy, especially in economically difficult times.

Our interview with General Manager Aimin Liu was educating, especially about the scale of development happening through this corporation linking China to the world through commerce while practising TEDA style methodologies. It's a dramatic Cinderella story, mixing Mandarin with Arabic, ancient cultures, and common interests which understand each other in English, building among other enterprises, an economic foreign policy.

#### **Tell us about CA-TEDA. What is the mission?**

China-Africa TEDA Investment Co., Ltd. was jointly established by TEDA Investment Holding Co., Ltd. and China-Africa Development Fund. CA-TEDA possesses registered capital of CNY 420 million, with TEDA Investment Holding Co., Ltd controlling 60%, and China-Africa Development Fund 40%. China-Africa TEDA is the primary shareholder of Egypt-TEDA Investment Company, the development company for the China-Egypt Suez Economic and Trade Cooperation Zone. The Suez Economic and Trade Cooperation Zone is one of nineteen overseas economic and trade cooperation zones approved by the Ministry of Commerce of China. These important projects

are supported and promoted by the Ministry of Commerce of China and Tianjin municipal Government.

The mission of CA-TEDA is "Relying on China, taking this first step in Egypt, facing Africa and even the whole world, China-Africa TEDA is marching on its way as the operator of international industrial zones."

#### **How did the corporation begin?**

CA-TEDA was established in October, 2008 with up-front capital of CNY 420 million. CA-TEDA took the place of Tianjin TEDA Investment Holding Co. Ltd, and becoming the major shareholder of Egypt-TEDA Investment Company.

#### **What impact are you having on the economy in Egypt?**

The cooperation zone benefits the economy and people of Egypt. The enterprises in the cooperation zone provide job opportunities for local people, bring advanced management and technology, enhance the modernisation of industry, and increase tax revenues and GDP of the local government.

#### **Are there plans to pursue similar efforts in other African countries?**

According to the overall corporate strategy of CA-TEDA,



CA-TEDA is to establish other industrial parks in other African countries within 5 years. At present, Morocco, Zimbabwe and the Republic of Congo (Brazzaville) have put forward a request to CA-TEDA to establish industrial parks like the one in Egypt. We are conducting feasibility studies of investment in these African countries.

#### **Why did Egypt want to follow a Tianjin TEDA model?**

Following China's reform and opening-up, Tianjin TEDA has been leading the cooperation trend around the world. On the coast of Bohai Bay arose the world's most successful economic zone. Nearly one fourth of Fortune 500 enterprises world-wide have taken root here. With the booming economy, beautiful environment, and enjoyable lifestyle, thousands of Chinese and foreign enterprises co-exist here.

During the past 14 years, Tianjin TEDA has always been the best industrial park in China. Tianjin TEDA now has abundant experience and provides a unique model for the planning, development, construction, and management for other similar endeavours.

#### **Describe the Suez location.**

Located in the Suez North-west Gulf of Suez economic zone, the Egypt Suez Economic & Trade Cooperation

Zone is adjacent to the Gulf of Suez, facing Sokhna Port, the 3rd largest in Egypt, and is 40 kilometres north from the southern entrance to the Suez Canal, 120 kilometres from Cairo, and 60 kilometres from Suez city. The canal crosses three continents, and connects the Atlantic and Indian Ocean via the Red Sea and Mediterranean. The cooperation zone is a traffic hub of the world.

#### **What are the types of corporate activities happening there so far?**

Per the master plan of the cooperation zone, there are four major industries:

- (1) Textile and Apparel Industry
- (2) Petroleum Equipment Industry
- (3) High and low voltage electrical equipment production
- (4) New-style Construction Materials

#### **I know you are wanting to list on the New York Stock Exchange. What made you decide that?**

Generally speaking, companies listed on the stock market have more standardised management and promising future development. At the same time, CA-TEDA can obtain more financing through the stock market.

#### **Please comment on the current investment totals to date and expectations for the Egyptian site?**

By the end of 2011, 28 enterprises have settled in the Cooperation Zone, with the total registered capital of approximately USD 300 million creating over 1000 jobs to date. The Cooperation Zone has established an oil equipment industrial sub-area featuring Honghua Drill and International Drilling Material Manufacturing Company, a household appliance sub-area featuring XD--Egemac High Voltage Equipment Company, and a textile and garment industrial sub-area with Non-woven Textile Machinery Co., Ltd as the primary enterprise. Thus, a relatively sound industrial chain depending on industry clusters has basically emerged.

#### **What motivates China, as a nation, to facilitate this economic bridge to foreign countries with the TEDA formula?**

Establishing the Suez Economic and Trade Cooperation zone creates a "win-win" situation. After 30 years of incredible development, Chinese export-oriented enterprises are now standing at a crossroads. The cooperation zone will provide a modern platform to meet the demands of Chinese enterprises' "going out" and Egyptian enterprises' upgrading. On the other hand, it also benefits the economy and people of Egypt by providing job opportunities for local people, bringing in advanced management and technology, enhancing the modernisation of industries, and increasing the tax base of the local government.

# Feature Story

## What are the major corporations now doing business in the Egypt TEDA?

As per the master plan of the cooperation zone, there are four major industries. The cooperative notion of TEDA has gained transnational recognition by the joining of several domestic and foreign enterprises with a total capital of USE 1 billion who are prospering in the cooperative zone. The petroleum equipment enterprises of Honghua drilling rig and IDM fill the gap in Egypt industry and promote the development of Egypt's petroleum industry. Textiles and clothing enterprises such as CTMC have realised a large amount of exports to the European Union and have become the model for China and Egypt in mutually exploring the international market. The high voltage electrical apparatus enterprises led by XD-Egemac have become the leader for Egypt's high voltage electrical apparatus. Home appliance products enterprises with Chigo Air-conditioning, as the leading project, are exploring a brand-new market for the transfer of Chinese industry.


## What other companies do you hope will join this effort?

We hope more and more large-scale companies who play

a leading role in related industries will be invited to participate in the cooperation zone. At the same time, we will also concentrate on small and medium size companies that have development potential.

## Tell us about your role as General Manager for CA TEDA.

I lived in Egypt for three years. At the beginning of this year, I came back to China and accepted my current role as General Manger of CA-TEDA, while serving as Vice Chairman and CEO of Egypt-TEDA Investment Company as well. In these positions I am responsible for the over-all strategy, coordination, and success of CA-TEDA and Egypt-TEDA in the existing cooperation zone.

Staff Attorney Steven Chen, tells us they are negotiating through "complex laws" to add two parcels of land totaling 4,500 square metres in a six to eight month time-frame. Sam Wei, Assistant to the General Manager, concludes "We are setting an example with TEDA. Our philosophy is: take the necessary time, moving step by step, to achieve our goals". If the TEDA we know in Tianjin is the example, then cooperation does, in fact, make for a better world. 





# New Appointments

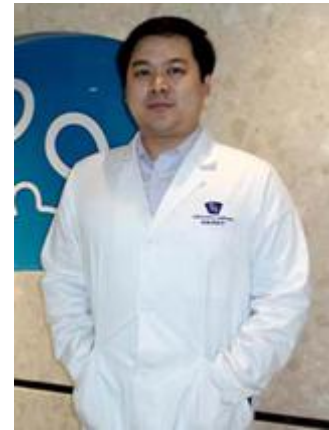
## Dr. Robert Wang named Medical Director of Tianjin United Family Hospital



Tianjin United Family Hospital has named Dr. Robert Wang to the position of Medical Director. Hailing from the United States, Dr. Wang received his Bachelor of Science degree from the Fu-Jen Catholic University in Taiwan and his Ph.D. degree from New Mexico University in the United States. Dr. Wang received his medical degree from the University of Alabama at Birmingham (U.S.A.)

and then completed his OB/GYN residency training at Texas Tech University (U.S.A.). Besides publishing several research articles, Dr. Wang brings a wealth of private practice experience to this new position to better serve patients. Board-certified by the American Board of Obstetrics and Gynecology, he has also been a fellow of the American Congress of Obstetricians and Gynecologists since 2002.

## Dr. Xiang Li named Dental Department Supervisor of Tianjin United Family Hospital



Tianjin United Family Hospital has appointed Dr. Xiang Li to the position of Dental Department Supervisor. Dr. Li received his Bachelor of Dental Surgery degree from the Wuhan University Faculty of Dentistry in 2002. He then completed an intensive clinical training in the Prosthodontic Residency Programme of Shanghai

Jiao Tong University affiliated Shanghai Ninth People's Hospital in 2008. Speaking both Mandarin and English, he is experienced in all aspects of general dentistry including restorative dentistry, crown and bridge work, dentures, root canal therapy, cosmetic procedures and preventive care.

# Press Review

## How Wal-Mart Is Changing China

Atlantic Magazine, December Issue 2011

**W**al-Mart is bringing a revolution to China. However, this revolution goes beyond “Always low prices, Always.” It is a bid to maintain overall growth of the company, Wal-Mart continues to aggressively expand in overseas markets. With China continuing to lead global growth, consumers have gained a new “right.” The burgeoning middle-class of China now sees shopping as a primary “right” and thousands of customers pack Wal-Mart and Sam’s Club stores across China daily.

However, Wal-Mart’s continued growth has caused a myriad number of problems. By sourcing over 70% of the company’s

total supply of goods in China, Wal-Mart has indirectly contributed to the massive pollution problem found throughout the country. To counter this, Wal-Mart began an environmental responsibility initiative to challenge suppliers to latch onto the idea of going green and improving not only their profitability, but the environment as well.



While still in its infancy, Wal-Mart’s green initiative has led to hundreds of upgrades to factories and streamlining of their supply chain to reduce energy use as much as possible. Wal-Mart is not just changing the consumer culture of China, but is changing the environmental culture of its suppliers as well. **B**

# Supply Chain Magic

Small firms with big ideas but little cash are getting products to market thanks a new model of manufacturing based on high speed, low inventories

By Mark Gao





**E**arly morning, Tianjin Port: containers stack up on waiting ships, loaded with goods which will take a couple of months to reach the end customer. Across town at the city's airport, bulging cargo jets are being loaded under the watchful eyes of logistics chiefs from a dozen major manufacturers. Among them, tapping data into hand-held computers, are several executives from PCH International, a Sino-European supply chain company which turned the China sourcing model on its head by manufacturing high-end electronics for big name brands and shipping them directly to consumers around the world in record time. PCH claims to ship its clients' online orders in as little as three days.

The idea of putting containers of computers and TVs on a boat and hoping they'll arrive on time and intact to the clients' warehouse is almost an alien concept to PCH founder and CEO, Liam Casey. Timeliness, high quality, and low inventory are the watchwords of Casey's company, which has its Tianjin facility at Xin Gang Da Dao. Casey says thanks to his system of low inventories and fast shipments, small firms can quickly bring goods to market using relatively little capital.

PCH handles manufacturing and shipments in China for major consumer electronics firms, among them many of Silicon Valley's best known names. In recent years the firm has been expanding into the telecom and medical devices business, which is why it built a 700-staff assembly and shipments centre in Tianjin.

Casey hopes to bring more business to the city through his firm's Accelerator program, with PCH assisting small-scale Western firms to bring their patents and prototypes to reality. Through trusted contractors around China, PCH arranges design, manufacture and shipment of innovative

electronics. PCH invests equity into the start-ups, explains Casey, but crucially he's also able to manufacture otherwise-uneconomic quantities by pooling the various small firms' orders into his network of manufacturers.

While the firm is privately owned, some of its investors suggest PCH's business model is ahead of the curve: Li & Fung and Singapore government-run Tamasek have invested in the venture. Casey sees a huge scope to expand, particularly in personal health products. One such firm he's working with is Lark Technologies which designed a unique silent alarm clock at its California corporate HQ before engaging PCH to help adjust the design and source the components for the alarm, which is worn on the user's arm to monitor sleep patterns.

From the south coast of Ireland, Casey has become the biggest success story for Irish business in China. A Cork man, Casey set up privately held PCH (the name comes from Pacific Coast Highway, a tribute to Casey's stint in California before he moved to Asia) after a 1996 trip to an electronics trade fair in Taiwan. His links to the US and an understanding of China's contract manufacturing scene has since allowed him bridge the two and become one of the most admired figures in supply chain management, the process of getting goods from production line to customer.

PCH uses 1,000 suppliers and 100 manufacturers, trusted through years of cooperation, to make goods for a client base of Silicon Valley staples (among them, reportedly, Apple). "Clients like PCH because we work with them on design, on specifications," explains Casey. "Ensuring the product is ready to specs and by launch date is key."

Accelerator also allows PCH to take a sweeter share of the value chain in product development. This is something Casey has long aimed at, judging by his interviews with

distinguished American economics writer James Fallows nearly five years ago. Fallows (who by chance met Casey at the breakfast room at the Four Points Sheraton hotel in Shenzhen, where he lives and greets visiting buyers) studied PCH's business model in the US-based Atlantic magazine, using it to define what he termed the smiley curve concept of supply chain: a smiley-face icon that runs from the beginning to the end of a product's creation and sale, with the high-value design and marketing activities at each end and the lower value (manufacturing, packaging) elements at the middle swoosh in the smiley. America's (and now PCH's) place is at the two ends of the smiley, "and those are where the money is," wrote Fallows.

## Ensuring the product is ready to specs and by launch date is key.

High spirits and hard work are abbreviations for Casey's character (his only lowlight of 2011 for PCH was "not having enough hours in the day to do all the business we want to do.") But has economic stagnation in Western economies affected PCH's business? The answer is a clear no: PCH, according to Casey, is focused on the hyper-growth categories of accessories for smartphones, eReaders and tablets "which saw phenomenal growth in the past two years...The recession in Western companies is a concern, but it has not affected our business."

Another growth area for the coming years for PCH is medical devices. Casey has meanwhile been working with older clients in the IT hardware segment to get the 'attach rate' of their products up: IT brands want accessories such as a mouse or a bag that adds margin to a computer sale. Casey doesn't divulge his client list – confidentiality means he's legally compelled not to, in any case. But it's clear even in a tough economy they're doing well. PCH is "helping them to sell more products, reduce inventory and have a more efficient business model".

As of next year, PCH will also be helping clients dispatch goods within China, rather than shipping to the US or Europe. Supplying the domestic market is not necessarily an easy progression: while it's the same country, the logistics systems across China vary wildly which is why PCH's big investment of 2011 was the acquisition of TNS Distribution, a logistics firm.

That deal was a highlight of 2011 for Casey: he sees TNS as "the perfect fit for the service offering we want to provide to our clients." Casey's priority for 2012 is organic growth, "focusing on the Chinese domestic market, and offering a sustainable supply chain for our clients." Among the high profile clients taking advantage of this new China focus of PCH is fashion designer Orla Kiely, whose garments will be made, and retailed in China.

With a staff of 1,200 (up considerably from 800 in 2007), PCH's financial success – revenues climbed 170% in 2010 to USD 413 million – say as much about the calibre of the firm as does of its investors and board of directors. USD 30 million brought in by Casey in 2011 came from among others Tamasek, the Singaporean government sovereign investment arm, and the Hong Kong-based Fung brothers whose Li & Fung remains the bellwether of China's sourcing scene. Also joining PCH's board of directors was Stanford University professor Hau Lee, considered by some the world's foremost academic expert on supply chain management.

Though PCH doesn't (and won't) own its own factories, Casey is using new PCH funding for more space to pack and dispatch goods from his manufacturing partners. Casey thinks his supply chain model makes it ever-easier for start-ups to bring their products to market. But, he'd like to see banks keep up: "today transaction times are shorter and the amounts involved much smaller." Yet while Chinese banks like Merchants Bank are far better at adapting to the new speed, international peer banks need to catch up in understanding the reduced risk in the supply chain and in coming up with new trade finance products.

Casey worries about his workers' welfare, and he has an environmental side. His 'triple bottom line' concept makes social, environmental and economic factors PCH priorities. He also talks about the importance of treating people well. "A cradle to grave analysis of a product's life span to reduce waste" means using environmentally friendly packaging materials and demanding standards of suppliers.

Casey offers good reasons why rising wages and costs won't persuade him to join the manufacturers leaving Shenzhen and Tianjin for inland cities like Chongqing and Zhengzhou where wages are half local rates. "Other regions don't have the raw materials or the logistics infrastructure or the skilled workforce. Yes, they may have cheaper wages but the products we make are high quality and need to be manufactured on time and to correct specifications."

In fact, rising wages in China is a boon for PCH – it allows the firm to tap premium talent, including engineers, product designers, and management from overseas. After nearly two decades here, Casey doesn't speak Chinese: "Businesspeople all speak the same language – we want to do business. The language you speak is not a factor in success." Having to divide his time between a customer base in Silicon Valley, a production base in Shenzhen, and a customer service centre in Cork means Casey wasn't present in Seoul to accept his new role as Asia Pacific Irish Business Forum patron. The words he sent to be read by the event's organisers told of his company's values: "passion, integrity and teamwork" – and how these values keep a company with 1,200 people of 16 nationalities in 10 locations in constant growth mode. **E**



WELLINGTON COLLEGE  
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## Latest News from Wellington

### The Wellington International Concert Series



**T**he Inaugural concert in the Wellington International Concert Series, A Gala Evening of Music and Song, was held in the College's Seldon Theatre on Tuesday, 29th November. More than 300 guests were entertained by the stunning performances from three outstanding musicians: Georgina Chakos (Soprano), Randal Turner (Baritone) and Steve Griffiths (Piano). Mr Griffiths recently moved to Tianjin to take up the post of Director of Music at Wellington College, as did Georgina Chakos, who runs the drama department at the College. The students are very fortunate indeed to have them as teachers. Randal Turner, who recently performed the role of Figaro in *The Barber of Seville* at The Beijing Centre for the Performing Arts, has performed with Ms Chakos on several previous occasions in the US and Switzerland.

All proceeds from the concert were donated to the International Committee for Chinese Orphans (ICCO), including a cheque for 10,000 RMB handed over by Wellington Tianjin Chairman, Joy Qiao, during the concert.

### Wellington College Junior School Production – The Snowman



**I**t's been a busy festive season for the students at Wellington. On Monday, 12th December, the Junior School held its first major student production, *The Snowman*. All the students, from age 2 to 11, had a part in the production. Parents were treated to a light-hearted, magical adaptation of the story, taken from the Raymond Briggs book and animated film, all about a little boy named James who wakes up to find that everything outside has turned snow-white. Overjoyed, James rushes downstairs and into the garden, where he begins to build a snowman, which comes to life before his eyes.

The students put on a truly memorable show, with outstanding singing, dancing and acting, beautiful costumes and impressive set designs, which cleverly incorporated graphic images and video clips in the background to support each scene. The director, Adam Tesdale, producer Jane Robinson and the creative Junior School team adapted and invented scenes to create a unique and enchanting production.

### Wellington Winter Concert



**W**ellington International College Tianjin held its winter concert on Wednesday, 14th December, in the College's Seldon Theatre, as parents, students and invited guests came together to celebrate Christmas and the festive season. As well as featuring a strong festive element, the programme included vocal and instrumental music by Mozart, Vivaldi, Handel, Purcell and Lennon-McCartney.

Performing to a packed theatre, the 65-strong College choir were joined by the String Group and Windband. There were also performances by several talented individual soloists. The audience also joined the students in singing some traditional Christmas songs.

## Project Management – Crucial Factor Behind the Success of Fit-out Projects



In the worldwide real estate industry, one often hears and knows of leasing and sales brokerages covering residential, retail and office property sectors, amongst others. But one seldom comes across “Project Management”. So what is “Project Management” all about and what benefits does it bring to the table for any well-informed property owner?

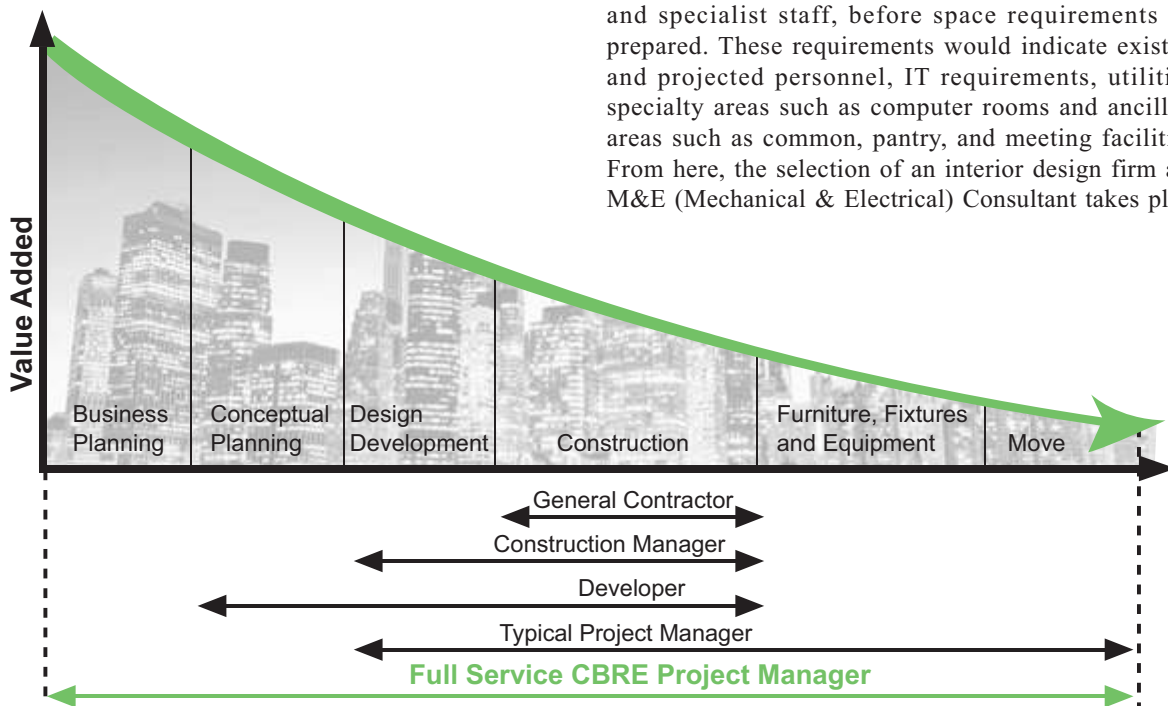
“Project Management” is succinctly captured by the following characteristics:

- a) A comprehensive service offering that encompasses site evaluation, due diligence, feasibility planning, design management, tendering management, construction management, and move co-ordination;
- b) A single point of project accountability that drives consistent processes, implements quality control, and serves as a point of escalation
- c) Using cost-efficient and scalable staffing models, delivers cost savings and enables efficient use of capital expenditure.

As Project Management covers both “Fit-out” and “Greenfield” projects, we will only be taking a look at its scope relating to “Fit-out” assignments in this article. Greenfield projects are similar in processes but vary in specific steps.

When selecting a new site for an office space, a site inspection and technical due diligence are necessary in order to understand the landlord’s base building plans in relation to onsite constraints, potential risks, and opportunities and one should review the tenant’s fit-out guide. The Transaction Team is advised regarding clauses that should be amended in the draft lease and recommends the inclusion of new clauses to ensure a CLIENT’s interest is well covered during the lease negotiation. Some initial project estimates are prepared at the same time as well a preliminary master project schedule.

This is then followed by pre-design where user’s requirements are collected via questionnaires which are distributed among the various departments of the Client’s office. Feedback is collected from senior and specialist staff, before space requirements are prepared. These requirements would indicate existing and projected personnel, IT requirements, utilities, specialty areas such as computer rooms and ancillary areas such as common, pantry, and meeting facilities. From here, the selection of an interior design firm and M&E (Mechanical & Electrical) Consultant takes place





where pre-qualification exercises are held to identify the appropriate vendors.

At the design stage, together with the Design Consultants, a master schedule is prepared and maintained from concept to completion to record principal activities and identify critical dates. At the design development phase, a single point of contact from the Project Management team, normally the designated project manager, between the Client and all related parties will be responsible for the co-ordination and maintenance of the user's requirements. A project risk assessment is prepared and plans will be set up to minimise their impact. By monitoring the work, the Client is assured that the complete set of design drawings and specifications are in accordance with their needs. Meetings held on a regular basis will outline the progress, design issues, budget, statutory approvals and these will be reported to the Client.

The fourth stage is the procurement process where together with the Design Consultants and Client, the selection and method of appointment of preferred/nominated contractors will be decided on, and the extent of design and specifications will be included in tender documents. The entire tendering process will be managed transparently to ensure that the quality of work is not compromised by the costing provided by sub-contractors. A tender assessment report to the

Client will be prepared for commercial negotiation, following which, recommendations will be made for awarding contracts.

At the construction phase, a construction master schedule is prepared and monitored, in which it includes design arrangement, procurement, construction, statutory approval and close-out, and is reviewed together with all relevant parties when necessary. Primary concerns include identifying key milestones and schedule constraints and also ensure contractor and Client, nominated sub-contractors and suppliers meet programme requirements. Site work will be monitored, including quality, environmental, health, and safety issues. Co-ordination on design information and changes will have to be factored into the contractors' work. Regular reports will be submitted to the Client regarding the contractors' progress, monitoring, and tracking approvals of statutory requirements, and ensuring cost control as these form part of maintaining a rolling action list. Any cost variations and the cost implications of extensions of time and forecast completion dates will be duly reported to the Client.

The sixth stage in the "fit-out" process relates to a commissioning phase whereby testing and commissioning is done before handover and final occupancy by the Client. Operations and Maintenance

manuals are prepared, incorporating as-built documents and drawings, guarantees and warranties, and other relevant documents to be submitted to statutory authorities prior to any required inspection. At the defect management stage, the list of defects will be produced and checked prior to handover of the premises to the Client.

The post-construction phase will include recommending a suitably qualified move contractor to execute the move plan. Such a plan is to ensure minimal disruption to business operations and the move documentation will include floor plans with number referencing, migration schedule with listing of staff names and locations, move guidelines with checklist, and a detailed move schedule. The plan also includes furniture and

equipment which will be recycled, communicating with the Client's staff on move guidelines, and packing/labeling instructions. As for the previous premises, a suitable contractor will be engaged to perform reinstatement works so that the property can be surrendered on time to the landlord. The final accounts and completion certifications will be issued once Client's approval has been sought.

Arising from the provision of Project Management services, some major benefits include:

- a) A single point of accountability drives consistent processes, implements quality control, and serves as a point of escalation which would allow CLIENT to focus on its core business;
- b) Ability to manage a transparent

procurement process, provide vendor management, implement sustainability practices, and provide a project audit process to evaluate the effectiveness of the project;

c) Deliver cost savings and enable efficient use of capital expenditure.

d) LEED™ Accredited Professionals who effectively understand and manage not only a LEED certification process, but also understand environmental principles

e) Provide premises that are safe and without risk to health and safety. Such a commitment extends to the service provider's employees, Clients, personnel, visitors, and contractors of the subject property. ■







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## New Regulations on Foreign Employees Participating in the Social Security System in China



Manuel Torres



Julian Yu

by Manuel Torres (Partner) and Julian Yu (Junior) Garrigues Shanghai

### Background

According to Article 97 of the *PRC Social Security Law* which was published on 28 October 2010 and effective after 1 July 2011, the obligation to participate in social security will be applicable not only to Chinese nationals, but also foreigners working in the territory of China, on a *mutatis mutandis* basis, will also be subject to the provisions related to social security in the new law.

To further implement Article 97 of the *PRC Social Security Law*, the *Tentative Measures for Foreigners Working in China to Participate in the Social Securities* (the “*Measures*”) was published by the Ministry of Human Resources and Social Security on 6 September 2011 and took effect after 15 October 2011. According to the *Measures*, all foreigners legally working in China and their local employers shall

pay social security contributions including pension, medical insurance, occupational injury insurance, unemployment, and maternity insurance.

### Who Shall Contribute to Social Security?

The *Measures* provide that all foreigners holding Foreigner Employment Permits, a Foreign Specialist Certificate or other types of employment certificates, or foreigners holding a Permanent Resident Permit legally employed in the PRC shall be enrolled in the Chinese social security system and contribute to pension, medical, occupational injury, unemployment, and maternity insurance. It shall be applicable not only to those foreigners directly hired by Chinese companies in China, but also to those who are employed by offshore companies and sent to work in China, such as foreign representatives of their employers offices.



For foreigners directly employed in China, their Chinese employers shall be responsible for withholding and contributing their social security premium. On the other hand, for employees hired by an offshore company and sent to China, the entity in China who receives such foreigners shall take the obligation of the employer as mentioned above.

As an exception, foreigners from countries that have signed bilateral or multilateral social security treaties with China will be subject to the relevant provisions of those treaties, and could be exempted from the contribution obligations under the *RPC Social Security Law* and the *Measures*. So far, only Germany and the Republic of Korea have signed such a bilateral social security treaty with China. However, along with the publishing of the *PRC Social Security Law and the Measures*, it is reported that more countries are interested in beginning negotiations with China to establish a social security treaty between them.

### Contribution Base and Rate

The *Measures* do not provide the contribution base and rate for social security that will be applicable to foreigners. Therefore, when there is no national or local implementation rules specially regarding the contribution base and rate for foreigners, it is understood that the current contribution base and rate for Chinese employees will be applicable to foreigners as well.

Under Chinese law, the employers and their Chinese employees shall make contributions to the social security system based on the employee's average monthly salary. The contribution base is subject to the minimum and maxi-

imum limits as annually announced by local governmental authorities. On the other hand, the contribution rate will also be different from place to place. For instance, the contribution base and rate of 2011 for Chinese employees in Beijing, Shanghai and Tianjin are summarized as follows:

#### In Beijing:

Item	Employee Payment Rate	Employer Payment Rate	Contribution Base
Pension	8%	20%	RMB 1680-12603
Unemployment Insurance	0.2%	1%	
Occupational Injury Insurance	/	0.2%-3%	RMB 2521-12603
Medical Insurance	2%+3RMB	10%	
Maternity Insurance	/	0.8%	

#### In Shanghai:

Item	Employee Payment Rate	Employer Payment Rate	Contribution Base
Pension	8%	22%	RMB 2338-11688
Unemployment Insurance	2%	12%	
Occupational Injury Insurance	/	0.5%	
Medical Insurance	1%	2%	
Maternity Insurance	/	0.5%	

#### In Tianjin:

Item	Employee Payment Rate	Employer Payment Rate	Contribution Base
Pension	8%	20%	RMB 1720-9380
Unemployment Insurance	2%+RMB 200/year	10%	
Occupational Injury Insurance	/	0.5%-2%	
Medical Insurance	1%	2%	
Maternity Insurance	/	0.8%	

# Legal Assistance

## Social Security Benefits

According to the *Measures*, if a foreigner leaves China before reaching the statutory age to receive a pension, his or her individual social security accounts will be retained and may be reactivated when he or she comes back to work in China again. As another option, the foreigner may also apply to terminate the social security relationship and retrieve the deposit in his or her individual pension accounts in a lump sum before leaving China; in case of death, the balance of a foreigner's individual social security account could be legally inherited.

The *Measures* also provide that, in case the foreigner receives his or her PRC social security benefits on a monthly basis but resides outside China, a certificate showing that the foreigner is living shall be submitted to the relevant PRC social security authority at least once a year unless the foreigner will be able to enter into China and present himself or herself in person before the relevant social security authority. Such certificate should be issued by the overseas PRC embassy or consulate, or notarised by an

overseas public notary and legalised by the relevant PRC embassy or consulate.

However, there are still several items not clearly answered by the *Measures*. For example, according to the PRC law, when the Chinese labour agreement of a foreigner is terminated, his/her work permit and residence permit shall be returned back to the authorities immediately and he/she shall leave China afterwards. Under this circumstance, how can the foreigner enjoy the benefit from his unemployment insurance? Another example is: in order to receive the benefit of maternity insurance, the female employee shall provide medical documents issued by public hospitals established in China. But in practice, foreigners usually will choose to have babies in their home countries; therefore the benefits of maternity insurance will not be available to these foreigners.

We understand these unclear issues need to be further clarified by additional regulations and rules issued by the Chinese government. This could also be one of the reasons that the implementation of the *Measures* has been delayed in some cities such as Shanghai.



## Penalties

According to the *PRC Social Security Law*, the employer is obliged to withhold and submit the social security premium. Employers who fail to promptly submit social security premiums in the full amount shall be ordered by the social security premium collection agency to make or supplement the contributions within a stipulated period, and shall be subject to late payment interest of 0.05% per day; if the amount is still not paid within the stipulated period, the relevant authorities shall impose a fine ranging from one to three times the unpaid amount.

## Conclusion

As to the effectiveness of the *PRC Social Security Law*, it is clear that foreigners working in China will be included into China's social security system. Upon publishing of the *Measures*, it is even clearer that the Chinese government is determined to implement the provisions of the *PRC Social Security Law*.

Although there are still several practical issues that are

not clearly explained and settled, it can be expected that these uncertainties will be further defined and explained by the implementation rules or local guidance issued by Chinese authorities in the future. Considering the obligation to withhold and remit social security premiums will be assumed by the employer and failure of performing such obligations might lead to later payment interest and even a penalty, it is advised for employers of foreigners to continue to pay attention to the latest development of laws, regulations, and local policies regarding social security in the near future. ■

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.



## China Opens New Channel for FDI in RMB



Simon Bai  
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On 12 October 2011, the Ministry of Commerce (“MOFCOM”) issued the *Circular on Issues Relating to Cross-border Direct Investment in RMB* (“the Circular”), following the issuance of a consultation draft in August . On the following day, the People’s Bank of China (“PBOC”) issued the *Measures on Administration of the RMB Settlement in Connection with Foreign Direct Investment* (“PBOC Measures”). The Circular sets out the regulatory requirements for investments into China with offshore-sourced RMB, lawfully obtained overseas. The PBOC Measures aim to facilitate foreign direct investment in RMB (“RMB FDI”) by clarifying specific implementation measures for onshore settlement banks to handle RMB settlement services in respect of FDI.

The Circular and the PBOC Measures are widely perceived as part of China’s efforts to expand cross border use of RMB . They

are to facilitate investment by foreign investors without having to convert foreign currency while reducing the risk of fluctuating exchange rates, and ultimately serve the purpose of internationalising RMB over the long term. It may also help mitigate risks associated with accumulating excessive foreign exchange reserves.

### Background

China launched trials of cross-border trade settlement in RMB in July 2009 in accordance with *Measures for the Administration of Pilot RMB Settlement in Cross-border Trade* and expanded the project to include 20 provinces, municipalities, and autonomous regions in June 2010.

Following two years of experiment in relation to RMB settlements in cross-border trades, a huge quantity of RMB has been accumulated outside of China , mostly in Hong Kong, Ma-





cao, Taiwan, and Singapore. Those who hold such offshore RMB used to have only limited channels to invest their RMB funds back into China, such as through certain banks qualified to participate in the domestic Chinese inter-bank market or to purchase RMB-denominated bonds. The Circular now opens a direct investment channel for offshore RMB to flow back into China.

In 2011 alone, Chinese government authorities issued a series of rules regulating offshore RMB, paving the way for a gradually more liberal regulatory regime for offshore RMB to be invested into China.

Apart from the Circular and PBOC Measures, there are the following regulations and notices:

- Circular of the Ministry of Commerce on Issues concerning Foreign Investment Administration 25 February 2011
- Circular of SAFE on Issues concerning Regulation of Operation of Cross-Border RMB Capital Account Items 7 April 2011
- Circular of the People's Bank of China Clarifying Issues concerning Cross-Border RMB Business 3 June 2011
- Circular of the Ministry of Commerce on Issues concerning Direct Investment with Cross-Border RMB (Consultation Draft) 22 August 2011

## Scope of Offshore RMB

In accordance with the Circular, foreign investors have to make RMB denominated FDI into China by using lawfully obtained offshore RMB. This means the foreign investor's offshore RMB funds shall come from a number of particular sources as prescribed in order to be deemed legitimate for RMB FDI projects. These include:

# Policy Explanation

## 1) Offshore sources

RMB funds that are legally obtained abroad by foreign investors, including:

- i) RMB-denominated payments for cross-border import and export
- ii) Proceeds from offshore issuance of RMB-denominated bonds or shares

## 2) Onshore sources

RMB funds received by foreign investors from domestic foreign-invested enterprises ("FIEs") in which they have invested, including:

- i) Profits distributed in RMB by an FIE and dividends or profits repatriated abroad by the foreign investors
- ii) RMB payments received by the foreign investors from transfers or sale of their equity or share holdings in such FIEs
- iii) RMB repayments due to a reduction in the registered capital of a FIE, or proceeds from liquidation of the FIE's assets
- iv) Investment in a cooperative joint venture FIE that is recovered by the foreign investor

## Approval Authorities for RMB FDI

All RMB FDI shall be applied to local MOFCOM branches who shall be responsible for review and approval. However, there are exceptions. According to the Circular, MOFCOM's approvals both at the provincial level and at the central level are required if the RMB FDI projects meet any of the following:

- a) Equals or exceeds RMB 300 million
- b) Investments are made in certain financing industry sectors, including financial guarantees, financial leasing, micro-finance credit loans or auctions
- c) Involves investments in foreign invested investment-type compa-

nies, foreign invested venture capital enterprises, or foreign invested equity investment enterprises

- d) Involves investments in a sector subject to national macro-control policies, such as cement, iron and steel, electrolytic aluminum and shipbuilding.

The approval of the central MOFCOM must be applied for after the provincial MOFCOM has reviewed the application. The central MOFCOM shall decide whether or not to approve an application within 5 business days. However, there is no timeline specified for approval at the provincial level.

It's noteworthy that the PBOC Measures remove the case-by-case PBOC approval procedure for RMB settlement services of FDI applicable at the trial stage as set out in PBOC's *Circular on Clarifying Certain Issues Relating to Cross-Border RMB Services*, issued on 3 June 2011.

## Prohibitions for RMB FDI

The PBOC Measures provide that all RMB proceeds shall be used for legitimate purposes however remain silent on the specific requirements.

Under the Circular, cross-border RMB FDI shall not be used on securities, financial derivatives, entrusted loans, in addition to general compliance requirements of the PRC law relating to FDI. Nonetheless, legally-obtained RMB capital may participate in private share placement or agreement-based share transfers by domestic listed companies, but related MOFCOM's approval procedures will be required according to the *Administrative Measures on Strategic Investment in Listed Companies by Foreign Investors* (2006).

Compared to the early draft of the MOFCOM Circular published for public consultation in August, the final Circular removes the restriction on using offshore RMB for repaying

onshore and offshore loans.

It has to be noted that the PBOC Measures are still stringent in terms of management and monitoring of RMB FDI accounts. For example, PBOC Measures require various types of special RMB accounts, such as an Account for Pre-establishment Expenditure of FIE, an Account for Re-investment, an Account for Capital, an Account for Merger or Acquisition, and an Account for General Purpose, depending on the purpose of the RMB in the FDI. The use of RMB in each type of special RMB account shall be restricted to its special purpose and should not be used as a current account which means no cash may be deposited or withdrawn from such accounts.

All RMB FDI shall also comply with existing FDI-related laws, industrial policies, and regulations on security as well as anti-monopoly scrutiny of mergers and acquisitions. Specifically, cross-border RMB FDI into China's real estate industry shall follow the existing approval and filing system for foreign-invested real estate projects.

## Conclusion

The MOFCOM Circular and PBOC Measures as well as a series of new regulations issued by the Chinese government in 2011 can be used as guidance for foreign investors who intend to conduct FDI using RMB in China. These new developments are piecemeal and are intended to ultimately usher in the gradual internationalisation of the RMB. It will definitely further promote the development of offshore RMB bond and financing markets, such as Hong Kong and Singapore. ■

WINNERS has been recognized consecutively as "Tianjin Firm of the Year" by two international legal journals: *Asia Legal Business* from 2008-2011, and by *China Law & Practice* from 2009-2011.





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## TICC Christmas Ball

On 3 December, the Tianjin International Community Center (TICC) Christmas Ball was held at the Westin Tianjin. TICC members volunteered their time and also came as participants to the charity Christmas Ball. The event was organised to give expats in the Tianjin area a chance to give back to the local community. CNY 10,000 was raised which will be donated to the 2012 "Pink Ribbon" breast cancer campaign.

Before the ball started, people waiting in the lobby were able to mingle while enjoying a selection of beer and wine. Later, participants were led by hotel waiters to the banquet hall to dine on a variety of delicious foods. Many of the attendees displayed their charms by posing for photos which were taken by the professional photographers at the event. The Westin Tianjin prepared a wide selection of various food and beverage for attendees, and people fully enjoyed an evening of wining, dining, and dancing. ▣




## 2011 European Chamber Tianjin Chapter Photo Contest Awards

**O**n the evening of December 2, 2011 European Chamber Tianjin Photo Contest Awards was held successfully at the St. Regis Tianjin.

The celebrations started with a welcoming speech with the new Chair of the European Chamber Tianjin Chapter, Mr. Gabriele Castaldi, thanking all the participating companies and sponsors for making the second photo contest a big success this year.

Siemens won the Best Company Participation Award, the Public Vote, and the 2nd and 3rd Jury Awards, with a total submission of 125 photos. "We paid much more attention to this photo contest. We have a Photography Association in our company, and we organised events tasting European food and taking photos in the Italian Town, Jinwan Plaza and Haihe River. This is what won us the Best Company Participation Award," said Jeannie Zhao, head of the Photography Association at Siemens.

Gamesa won the 1st Prize Jury Award with the photo "When In Rome, Do As The Romans Do", which shows foreign staff at Gamesa enjoying simple Chinese food, as the Chinese do at Gamesa.

Sponsors Airbus, Vestas, Ipsen, the St. Regis Tianjin, Brassiere Flo Tianjin, Milan Wine, and Business Tianjin helped make this event a great success. 



Jury prize: 1st prize, Gift value CNY 3000, Wei Zixiang from Gamesa



Jury prize: 2nd prize, Gift value CNY 2000, Yang Junwei from Siemens  
Yang Weidong from Gamesa.(from left to right)



Jury prize: 3rd prize, Gift value CNY 1000, Lin Qincao from Siemens  
Shen Junwei from Siemens, Wei Zixiang from Gamesa.(from left to right)



Public vote: Gift value CNY 2000, Ni Dong from Siemens

# Past Events



Best company Participation Award: Siemens Electrical Drives Ltd. Rental of function rooms of The St. Regis Tianjin with total value CNY 15,000.



Winners from Akzo Nobel, St. Regis, Wellington, Goglio, Siemens Gamesa, Ipsen, Gurit, etc.



Lucky draw: Prizes provided by Milan Winery, FLO and The St. Regis Tianjin.

Local Chair of European Chamber Tianjin Chapter  
Mr. Gabriele Castaldi



participants enjoy the exhibition



# United Family Healthcare Opens Latest Tianjin Hospital

On 16 December, 2011, U.S. Ambassador to China, Gary Locke, Tianjin Party Secretary Gou Lijun, and Vice-Mayor Zhang Junfang joined Chindex International CEO, Roberta Lipson, in the ribbon-cutting ceremony for Tianjin United Family Hospital (TJU). The full-service hospital providing premium personalised care is the first of its kind in Tianjin, and the latest project from Chindex International's United Family Healthcare (UFH), China's first and largest foreign-invested hospital network. The ceremony was jointly hosted by UFH and Hexi district, one of the fastest growing regions in terms of gross domestic product. Guests of honour included a number of officials from the Tianjin City government, Hexi district, and members of the international business community.

At the ceremony, Ambassador Locke praised United Family Healthcare's efforts in China. He said the opening of the hospital is the result of a growing partnership between China and the U.S. in expanding the horizons of healthcare. He expressed hope for further cooperation between the two countries, especially in the healthcare industry. Party Secretary Gou Lijun also congratulated UFH for bringing international quality healthcare management and practices to Tianjin, one of China's most modern cities. He said he was proud of Hexi district for bringing the very best care in the world to its citizens.

TJU is now Tianjin's premier foreign-operated international-standard hospital, and the opening of the hospital marks a milestone in Tianjin's development. Chindex invested US \$15 million into TJU's fittings and equipment, and it will offer inpatient and surgical services with two state-of-the-art operating theatres, including an operating room providing the highest air purification standards, and the capability to perform a broad range of surgeries. Outpatient services include Western-style Primary Care, Obstetrics and Gynecology (OBGYN), Pediatrics, Dental Services, Emergency, and a host of supporting departments such as a top quality laboratory, radiology department, and more. Plans call for additional services to be gradually added throughout next year. The hospital's outpatient and inpatient services will be offered in Chinese and English. As part of the UFH network, TJU will offer patients direct billing convenience with well-established international insurance companies.

Chindex CEO Roberta Lipson said that UFH would continue to seek new development opportunities in Tianjin in accordance with the hospital's operating capacity and Tianjin's economic development. Ms. Lipson expressed that the goal of TJU is to better serve Tianjin's growing needs and to establish itself as a champion of Tianjin's globalised service efforts. **B**

## Change to Better your Life

IKEA Experience Centre revamps to celebrate St. Lucia's Day

Located in the atrium of Hedong Wanda Plaza, IKEA Tianjin Experience Centre exhibited a brand-new appearance on 13 December to celebrate St Lucia's Day, a long-standing Swedish festival. Traditional Swedish dances and songs and delicious Swedish food let people experience the charm of Swedish culture while browsing through home furnishings.

The refreshed sample rooms offer a sense of liveliness, provide further household solutions and inspirations, and perfectly illustrate a household philosophy, "Just a little change can better your life."

The three sets of sample rooms are still divided by Tianjin's basic household structures including newly married couples, families of three, and middle-aged couples, with new arrangements made for their living room, kitchen, bedroom and dining room. Each set of sample rooms added bright colour to their walls, giving a sense of warmth to the winter rooms. With the approach of Christmas and New Year, IKEA used red sofa cov-

ers, carpets, curtains and other textile products to decorate the entire house, creating a rich festival atmosphere. The rearranged sample rooms offer more home-life styles through minor changes, bringing more ideas to Tianjin citizens and enabling them to design their - life-style through IKEA products.

It is reported that IKEA Tianjin Experience Centre will be closed at the end of January 2012. IKEA Tianjin store will open in February 2012 and will be the tenth, and largest, store in China. Andrea Hao, IKEA Tianjin store manager, said, "IKEA is always committed to creating a better life for people. The rearrangement of our experience centre, by advocating the philosophy of 'Just a little change can better your life', aims at encouraging Tianjin citizens to try new home lives and enjoy the pleasure therein." After opening, IKEA Tianjin store will bring its consistent style and management concept, providing a great variety of well-designed, functional and affordable home furnishing products, which will make people's life simpler and more comfortable. ■



一点改变，让生活改变一点





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# GREAT ONLINE TOOLS FOR YOUR BUSINESS

By Sam Ragnarsson

Sometimes simple website tools can be enough for your business

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**N**ot so long ago, you would have needed a large sum of money for the software required to run a company, even for a small office. These would range from the operating system and office suits, to specialised Enterprise Resource Planning (ERP), Customer Relationships Management (CRM) and financial management software. Installation of these were time consuming and often complex, especially if companies required customisation of their software.

To manage all this, each company required an IT department, as servers and networks were an integral part of the operation. Databases had to be set up and managed, email servers maintained, and backups of all work secured.

Luckily, times have changed and most software is now available for free or pay as you go. Installation has become a few mouse clicks, if indeed any installation is required, as software is now often simply run through your

web browser. Even the term is slowly changing as many refer to them as tools instead of software.

Following our article about free iPhone Apps in last month's edition, we now look at some online tools for use on your computer or for your business.

## **1. Office suite: Google Docs**

Google Docs have come a long way and now offer document-, spreadsheet-, presentation-, drawing-, form-



and table-editors. Though not as versatile as the good old Microsoft Office, it offers all the functionality one would possibly need for general work. The added bonus with Google Docs is how easy it is to share your work, and collaborate with others. If I am starting a project, Google Docs is almost always my first tool to use with the team, and through that we can identify if more complex tools are required at a later stage.

Google Docs is available in Chinese.

*Alternative to Google Docs are for example: OpenOffice.org, iWork for Macs or Zoho*

## 2. CRM: Zoho

Zoho CRM has been a rising star in the shadow of its big brother Salesforce. But Zoho is coming into its own, constantly growing and adding features, and with its much lower cost has become a real option for many. The biggest advantage of Zoho, besides the pricing, is its simplicity, as it is very easy to open and use from the first minute. It also works with all the other Zoho solutions, which can be a big plus.

Zoho is also available in Chinese.

*Alternatives to Zoho CRM are for example: Salesforce, Highrise or xTools (China)*

## 3. Finance: Quickbooks Online

Finding the right tool for financial management can be very tricky, as needs of users and companies are so varied. Another issue is that so many tools are created for the US market only, with no consideration of multi currency requirements, conversions, or different tax standards. The clear leader in tools for managing finance for smaller companies is Quickbooks, offered both as an online solution and as the old fashioned installable software. The downside being that it is tailor-made for the US, and so far no one has created a Chinese version.

*Alternative to Quickbooks is for example: Youshang.com (China)*





#### 4. Capturing: Evernote

Evernote is one of those tools that are so difficult to classify while being close to indispensable. In essence, it is a collection box for all the things you find online, your ideas, and other things you want to remember. Evernote is far ahead of its competitors due to how multiplatformed it is, seamlessly syncing between all your devices. The search function is also powerful, resulting in me for example emailing to my Evernote account websites I think are useful. In the email I include keywords so at a later date I can simply search my Evernote account to find a link to the website again.

Evernote is being translated to Chinese through crowdsourcing.

*Alternatives to Evernote are for example: Mknote.com (China), Springpad or Zoho Notebook*

#### 5. Online storage: Dropbox

The latest craze in the IT world is surely storage space in the cloud. Everyone seems to be getting in on this business, but one of the pioneers in the field, Dropbox, is still the leader. Dropbox is straightforward to use and integrates well both on PCs and Macs. The downside, as with many of these services is that unless you are simply using it for sharing files with friends, you will run out of space in a short time. You can purchase space but it can get costly.

Sadly, Dropbox is partially blocked in China.

*Alternatives to Dropbox are for example: Box.net or Google Docs,*

#### 6. Backup: Mozy

Most companies have to ensure that their data is backed up, but for

smaller companies it can be a daunting and expensive task to install servers and networks for such purposes (not to mention that those can also get damaged in a fire or be stolen). A smart solution is to utilise a tool like Mozy to backup important files. Even though somewhat costly if a large amount of data has to be backed up, it is considerably cheaper and more secure than an in-house solution.

It could be said that Dropbox or any other cloud based storage system serves the same purpose, but that would be wrong. One is to store files, while the other specialises in protecting and backing up your important information.

Mozy is available in China, under the name 51eyun, which they operate with China Telecom.

*Alternatives to Mozy are for example: Carbonite, Jungle Disk or IDrive.*

### 7. Collaboration: Vyew

There are so many online collaboration tools available that picking one to mention is difficult. Vyew is one that offers many of the most common functions and has a freemium model (there are ads instead). You can share your screen and collaborate with other users. There is of course chat, video, and whiteboard functionality. Many recommend this as a quick and easy collaboration tool.

Vyew supports Chinese text input.

*Alternatives to Vyew are for example: LiveMinutes, AnyMeeting, Campfire or GoToMeeting.*

### 8. Project Management: Basecamp

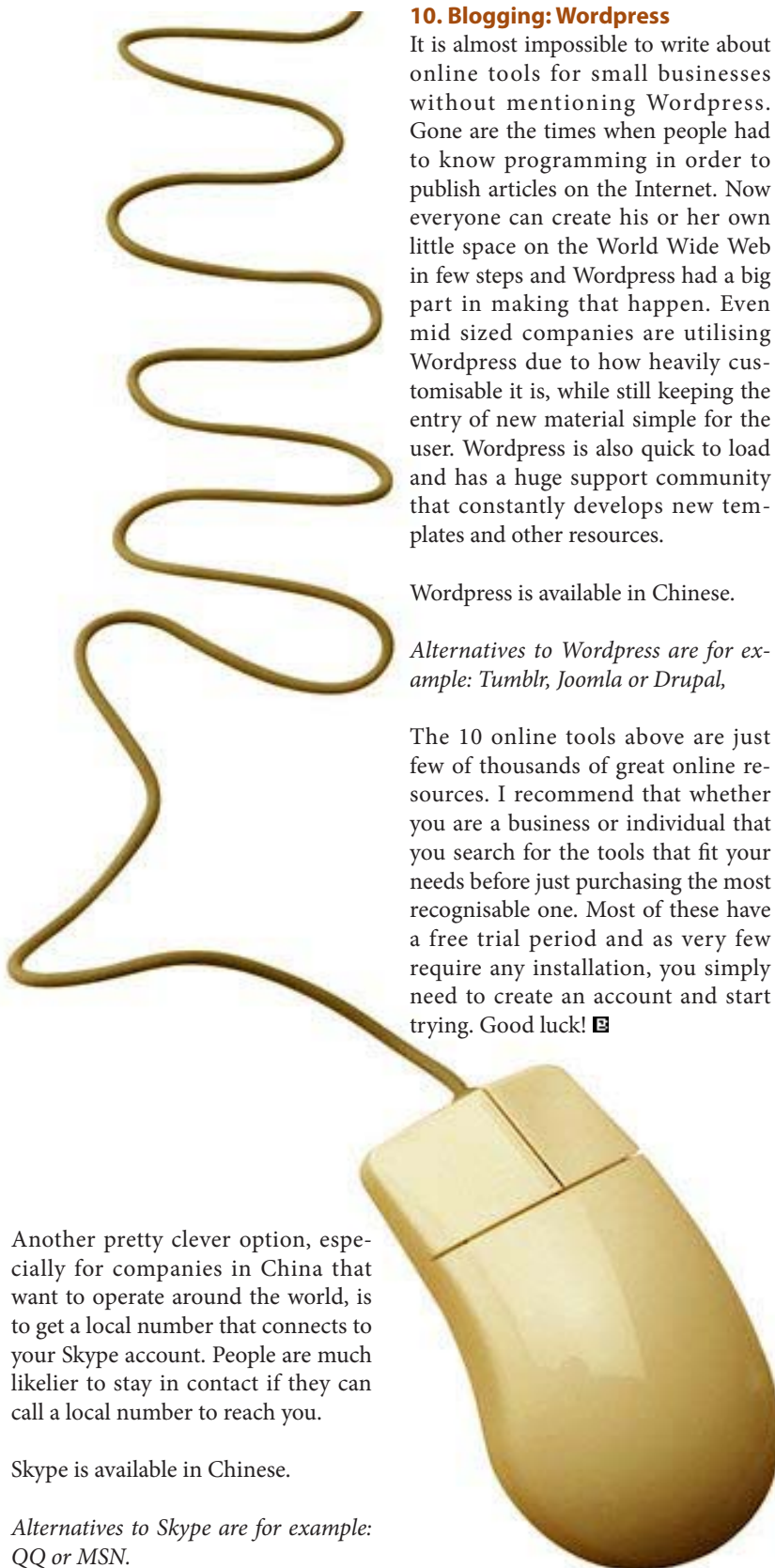
If you require a special tool for organising your projects, Basecamp might be a good place to start. One of its strong points is that it doesn't really follow any set project management methodology, but just provides tools such as file sharing, task assignment, and communication along with the ability to comment on almost everything. However, for large-scale projects, I would say it becomes very limited as tracking and overview is not very advanced.

It is not available in Chinese, but should work fine in China.

*Alternatives to Basecamp are for example: Freedcamp or Zoho Projects.*

### 9. Communication: Skype

Surely we have all heard of or even used Skype, but I guess that very few are utilising it to its full potential. Beside the obvious chat and videoconference functionality, with a subscription it is possible to make regular phone calls on Skype. It is by far the cheapest option I have found for international phone calls and most of the time it works fine.



Another pretty clever option, especially for companies in China that want to operate around the world, is to get a local number that connects to your Skype account. People are much likelier to stay in contact if they can call a local number to reach you.

Skype is available in Chinese.

*Alternatives to Skype are for example: QQ or MSN.*

### 10. Blogging: Wordpress

It is almost impossible to write about online tools for small businesses without mentioning Wordpress. Gone are the times when people had to know programming in order to publish articles on the Internet. Now everyone can create his or her own little space on the World Wide Web in few steps and Wordpress had a big part in making that happen. Even mid sized companies are utilising Wordpress due to how heavily customisable it is, while still keeping the entry of new material simple for the user. Wordpress is also quick to load and has a huge support community that constantly develops new templates and other resources.

Wordpress is available in Chinese.

*Alternatives to Wordpress are for example: Tumblr, Joomla or Drupal,*

The 10 online tools above are just few of thousands of great online resources. I recommend that whether you are a business or individual that you search for the tools that fit your needs before just purchasing the most recognisable one. Most of these have a free trial period and as very few require any installation, you simply need to create an account and start trying. Good luck! ☑

# Choosing Your Trade Mark Name in China



Philippe Healey,  
Project Manager,  
China IPR SME  
Helpdesk

## What is a trade mark?

Your trade mark is your identity and is used to market your product. Because you invest time and money into building its reputation, it would be very damaging to your own business if someone began selling their own products or services using your company name. As your reputation grows around the world, you will have to consider your trademark's meaning in each local market and in some cases will have to create a local mark for different consumers. In China this is particularly important because not only the meaning, but also the sound, tone and even look of the Chinese characters you choose for your trade mark can affect your brand's reputation.

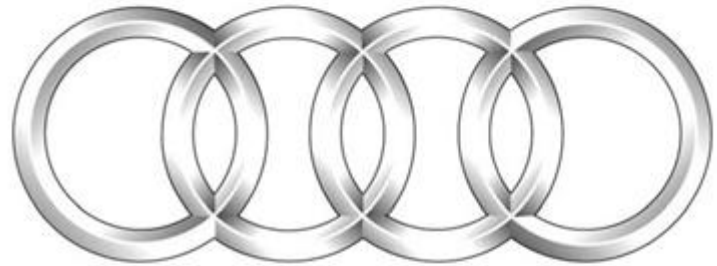
## Chinese consumers and your trade mark

Although you can keep your original trade mark for many markets around the world, registering a Chinese equivalent of your trade mark in China is essential in ensuring your brand name doesn't get lost in translation. In China, even if your trade mark is still used in Roman characters, it needs a Chinese equivalent in order for the



local population, who often cannot read Roman characters, to be able to pronounce it in Chinese. If your brand does not have its own Chinese character name, it is very likely that one will be adopted by local consumers, and not necessarily with the right connotations or image that you would wish to convey. For example, Quaker Oatmeal and Ralph Lauren are two well-known brands that did not create a Chinese trade mark when entering the Chinese market. Therefore, the general public created their own names for the two brands, based on their logos. Quaker Oatmeal gained the nickname 'Lao Ren Pai' (老人牌) which literally translates to 'old man brand'; while Ralph Lauren discovered that their brand was known as 'San Jiao Ma' (三脚马) in China, which translates as 'three legged horse'.

The Chinese language has unique characteristics, and therefore your Chinese equivalent trade mark should be carefully developed with the help and guidance of



**Audi**

**SIEMENS**

trade mark, marketing and PR experts, as well as native speakers and translators.

### Three ways to choose your Chinese trade mark name

#### 1. Create a literal translation

A literal translation works when the trade mark has a distinctive meaning. For example, Apple chose the brand name 'Ping Guo' (苹果), which is Chinese for 'apple'. Similarly, Palmolive is known as 'Zong Lan' (棕榄), a combination of the exact translation of 'palm' and 'olive'.

The disadvantage of this method is that the Chinese characters will sound different from your original trade mark. This means that marketing time and money will need to be spent on building the association between your Roman character trade mark and the Chinese character trademark.

#### 2. Create a phonetic translation

A phonetic translation involves creating a Chinese character name that sounds like your trade mark. Pinyin is the official Chinese phonetic al-

phabet that uses Roman characters, which can be used to create the transliteration. For example, 'McDonald's' is known as 'Mai Dang Lao' (麦当劳), to local Chinese consumers. 'Siemens' goes by the name of 'Xi Men Zi' (西门子), 'KFC' is known as 'Ken De Ji' (肯德基) to locals, and 'Audi' is known as 'Ao Di' (奥迪).

This method is preferable when your trade mark already has a reputation amongst Chinese speaking consumers. However, care must be taken when choosing a phonetic version of

#### ► Don't Forget!

As China is a 'first-to-file' system and generally does not recognise unregistered trade mark rights, it is very important to register your trade mark in China before entering the market so as to diminish the risk of your trade mark being hijacked. It is equally important to register early, as this process can take up to 18 months and your trade mark can only be protected in China once the registration has been completed.

a foreign mark, because the Chinese characters may have an undesirable meaning in one or more of the six major Chinese dialects.

3. Combine a literal and phonetic translation

The best trade marks are those that sound the same and also make reference to a defining characteristic of your brand or have positive meaning in Chinese culture. For example, after considering hundreds of combinations of the four syllables that make up its name, Coca-Cola finally settled with 'Ke Kou Ke Le' (可口可乐), which means 'taste and be happy'. The German brand 'Fuchs' which in German means 'fox' is translated into 'Fu Si' (福斯) which translates to 'good luck and blessing'.

**Take Away Message**

Whatever approach you decide to take, make sure that your trade mark has no negative meanings and that the trade mark works well in all major Chinese dialects. Whilst the common language is Mandarin, there are a number of other important dialects including Shanghainese and Cantonese, as well as other Chinese dialects throughout mainland China and other parts of Asia.

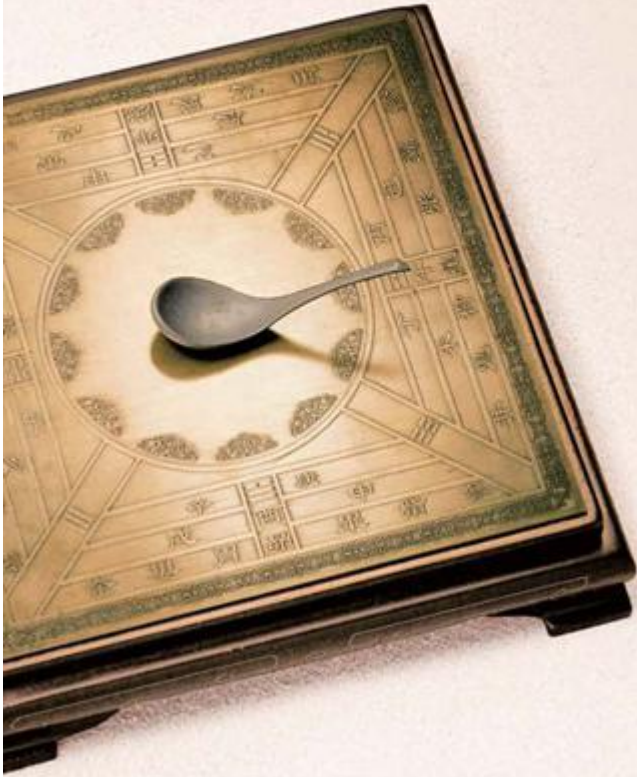
One quarter of the world's consumers is ethnic Chinese. Therefore you, as a trade mark owner, should give your Chinese character trade marks thought in order to give your brand

the right image in China and avoid costly mistakes from the start. Enlist the help of trade mark attorneys, marketing managers, as well as local, native-Chinese staff, and most importantly of all – register early! 



The China IPR SME Helpdesk is a European Commission funded project that provides free, practical, business advice relating to China IPR to European SMEs. To learn about any aspect of intellectual property rights in China, visit our online portal at [www.china-iprhelpdesk.eu](http://www.china-iprhelpdesk.eu). For free expert advice on China IPR for your business, e-mail your questions to: [enquiries@china-iprhelpdesk.eu](mailto:enquiries@china-iprhelpdesk.eu). You will receive a reply from one of the Helpdesk experts within seven working days. The China IPR SME Helpdesk is jointly implemented by DEVELOPMENT Solutions and the European Union Chamber of Commerce in China (EUCCC).





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## Building a Strong Brand in China

By Heidi Skovhus

A brand is a set of perceptions and images that represent a company, product or service. A brand is the essence or promise of what will be delivered or experienced, and so, it is much more than the logo or the slogan.

A brand cannot be 100% controlled – at best it can be guided and influenced. A brand is ultimately defined by the good and the bad, your best product, as well as your worst product. The award winning advertisement and the very bad one that somehow slipped through the cracks of your organisation. Your best employee and also your worst hire, ever. Brands are a mix of content, images, and feelings related to all the above parameters, and so brands become psychological concepts.

Creating and maintaining a strong brand requires commitment, consistency, integrity, and continuous attention to detail.

### Branding is Business Critical

Branding is critical to obtain long term business success anywhere in the world. A strong brand will increase customer loyalty and satisfaction, which will increase sales and reduce churn. It can even reduce price sensitivity significantly. A strong brand will also lead to increased effectiveness of marketing activities since the brand will ensure higher cut through effects in media.

### Main Ingredients in Building a Strong Brand

Behind every strong brand is a compelling idea, which captures customers' attention and loyalty by filling an unmet or unsatisfied need.

The core essence of building a strong brand is to be crystal clear on what the brand stands for, which is expressed in:

#### 1) The Brand's Core Values

The brand's core values not only determine the brand DNA but the entire company's DNA. To es-





establish core values, first the business, product or service's core competencies must be worked out. These are what the company achieves for customers, and not necessarily what it does for them. Secondly, existing and potential customers should be analysed, in terms of what they like and do not like, and which associations they have towards your business. Then key ideas are created to establish the brand's core values. Most often companies define these as single words like: Reliable, Honest, Outgoing etc.

### 2) The Distinct Brand Personality

Brand personality is a set of human characteristics associated with a brand. Personality is the sum of how the brand behaves and the gender, age, socio-economic class, psychographic and emotional characteristics. The brand personality is often what really differentiates the brand from competing brands. In popular terms one can ask: "If my brand knocks on the door who steps in?" Is it Bruce Lee or Mary

Poppins? By asking customers, potential customers, employees and maybe even competitors this question the company will get a good idea of the current brand personality. Sometimes the current brand personality is not the desired one, and so the company needs to define the desired personality traits, and then work long term to change the brand personality. A total makeover is not realistic, but adjustments are possible. Some examples: Marlboro is masculine and Virginia Slims is feminine. IBM is older while Apple is younger.

### 3) The Brand Promise

The promise is what you make and deliver to your customers and employees consistently. A successful brand promise is unique, compelling and believable. If not, give it another go. The promise should be based on customer, competitor and internal insights. An honest assessment of internal strengths, weaknesses, core competencies and strategic intent must

# Marketing

be made. This is a task for top management and not the marketing department since this is closely tied to business strategy. The brand promise should ultimately be translated into a brand identity, including a logo, images and tagline.

When all this is accomplished look at the whole picture and ask:

- Is it relevant?
- Does it make us stand out?
- Does it turn customers on?
- Is it credible?
- Is it durable?

If yes, you are likely to have created a strong brand.

## Brand Building in China

Few markets are as tantalising to global brand marketers as the new consumer-driven China. The “new” market of 1.3 billion people, coupled with the meteoric rise of both size and spending power of its middle class, holds enormous potential. Why is China taking off now? Essentially, the government has given the

people the right to go shopping. In 2011, China began its 12<sup>th</sup> five-year plan, shifting its economic focus from export-led sectors to increasing domestic consumer demand. The plan, passed by the government in mid-March 2011, is designed to transform the country into a major consumer marketplace.

The discipline of building a strong brand is more or less the same all over the world; however there are some China specific opportunities and challenges to encounter.

## How to Reach Chinese consumers

While there are consumers in droves, many brands do not know how to reach them. In today’s marketplace, creating a sustainable and successful brand has become a more complex task than in the past. More and more people are trying to avoid advertisements today. Globally, advertising and marketing channels are in a dramatic flux because of this. That situation is mirrored in China.

Today, television is the primary channel for reaching Chinese consumers, and it will remain a strong chan-



nel in the near future, although its predominance will be challenged in coming years. Some of the biggest increases in online activity can be found in China, where 53% of respondents to a survey had searched for an ad online, 40% had shared links to ads, and 35% had promoted a brand via social networking. There are more than 400 million Internet users in China today, but still less than one-half of the Chinese population has access to the Internet.

More and more, marketers in China are approaching customers with a 360 degree plan, including television, online, print ads, sponsorships, events, mobile advertising, direct e-mailing, public relations, social media, and so forth. The right channel mix depends on the category and on the purpose of the advertising. Right now many marketers in China are focusing on building brand awareness and for this, television is good. As marketing priorities shift from brand development and awareness to sales and geographical expansion, other media will play a critical part.

### Brand Liking is not Inherited

Many of the brands that are used in Western countries

are ones that people chose because their parents used them. You can say that brand preferences are inherited. However, in China under Chairman Mao, there was little brand choice, so today's youth are trying brands without any influence from their parents. For younger brands, this is an opportunity, but for many established brands this is a great challenge, since they do not get anything for "free" and they must look at their market position in a different light.

### Consumer Insights are Critical, but Difficult to Obtain


It has become increasingly apparent that a one-size-fits-all marketing strategy does not guarantee success in China. A degree of adaption to the Chinese market is necessary for most brands in order to appeal to Chinese consumers. This means altering some brand attributes to demonstrate alignment with local culture and local tastes. For example, some western spirits brands have had to alter their scotch marketing because of the Chinese cocktail that mixes scotch with ice and green tea. In order to do this right, consumer insight is crucial. But China is still an emerging economy, and marketers often feel they do not have the research they need to target Chinese consumers. To complicate this even further, new markets arise all the time and regional differences in China are pronounced but poorly understood, especially among foreign companies.

That is not to say that strong global brands need a complete makeover to compete. Just look at Apple, KFC, and Starbucks for instance.

### Finding Marketing Talent is Difficult

Another challenge is finding qualified marketing people. International companies have to have talented young and local marketing staff that can navigate the fast changing digital landscape on their behalf, and who can provide hands-on consumer insight to the company.

The conventional wisdom in China is that there is a new generation born every three years, so how do brands stay on top of this? Nike's solution is to hire a highly talented group of local staff, who speak English, and who can keep Nike informed. Today, 95% of Nike's corporate staff in China is locally sourced.

The challenges in China are great, but the potential reward of success is bigger. 





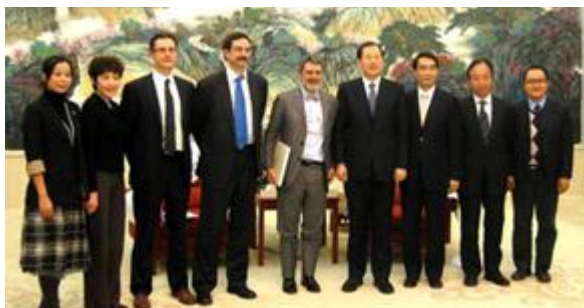
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Email: [tianjin@euccc.com.cn](mailto:tianjin@euccc.com.cn) [www.eurochamber.com.cn](http://www.eurochamber.com.cn)

### Events review



European Chamber President, Mr. Davide Cucino (5<sup>th</sup> from left), the previous and current Local Chair of Tianjin Chapter, Dr. Eric Bouteiller & Mr. Gabriele Castaldi (3<sup>rd</sup> & 4<sup>th</sup> from left), General Manager of Tianjin Chapter, Ms. Kitty Wang (1<sup>st</sup> from left) met with Mr. Ren Xuefeng, the Vice Mayor of Tianjin (6<sup>th</sup> from left) and Deputy Directors from Tianjin Commission of Commerce and Tianjin Foreign Affairs Office on December 9<sup>th</sup>, 2011, other government officials also seated.

Mr. Davide Cucino took this chance to introduce Mr. Gabriele Castaldi who just took over the responsibility from previous Local Chair Dr. Eric Bouteiller in November, he also highlighted the achievements made by the Chamber during the trip to European countries presenting this year's Position Paper. Both parties agree to meet on a regular basis in order to exchange views on Tianjin development and what could be the increased role of the Chamber in the development of Tianjin City.



#### December 8<sup>th</sup>, 2011

2011 China tax executives update: Start of China's 12<sup>th</sup> Five Year Plan - Trend of Tax Policies

An annual tax seminar jointly organised with PwC, European Chamber Tianjin Chapter, AmCham Tianjin Chapter and other 4 Tianjin business chambers was successfully held on 8 December 2011. Over 100 finance and tax people from Tianjin multinational companies of different industrial sectors joined this event. PwC tax professionals specialised in corporate taxes, personal tax, transfer pricing and customs areas were invited. They shared with participants about the latest insights and observations on the tax policy trends under China's 12<sup>th</sup> Five-year Plan and practical experience in resolving difficult tax issues. Warm and welcoming feedback from the participants was received.

### Upcoming events

#### Jan. 12th, 2012

GM Briefing: Food Safety in China

#### Jan.13th, 2012

F&T workshop: Individual Income Tax Filing

#### Jan.17th, 2012

InterChamber Networking



## AmCham-China Tianjin Chapter

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

### Fourth Dialogue with the Tianjin Government & 2011 Tianjin Chapter Annual Appreciation Dinner



5:30-8:30 PM, Friday, 9 December – Renaissance Lakeview Tianjin Hotel

More than 100 AmCham members and officials of the Tianjin Government came together recently for the 2011 Annual Appreciation Dinner hosted by AmCham-China, Tianjin Chapter at Renaissance Lakeview Tianjin Hotel on 9 December.

AmCham-China President Christian Murck opened the event by acknowledging Tianjin government's support and attention to AmCham and highlighted the interactions between the Tianjin government and AmCham Tianjin members in 2011: three AmCham dialogues with Tianjin government and two significant Tianjin government events including the Spring trade fair and the Haihe River Friendship Awards.

Ms. Li Runlan, Vice Director of Tianjin NPC acknowledged the efforts from both the government and the business community, and said she is pleased by increasing investment from foreign countries, and particularly from the U.S., and their contribution to the city's economic development. She also emphasised that the American business community and Tianjin government have much to gain from co-operation.

Michael Hart, Chairman of Tianjin Chapter Executive Committee addressed AmCham's willingness to contribute to Tianjin's economic development and transition, including AmCham members' investment in Tianjin and local companies' investment in the US. He also thanked all of the corporate sponsors of the event.

AmCham-China, Tianjin Chapter's Annual Appreciation Dinner gives attendees the chance to celebrate the mutually beneficial cooperation between the American business community and Tianjin government.



# Chamber Report



BenCham – the Benelux Chamber of Commerce in China – strengthens business, government and community ties between Belgium, the Netherlands, Luxemburg and China. Connecting people is our key mission! BenCham aims to achieve this by organising a wide range of events and providing all kinds of services to our members.

## Special Event: the Chinese Business Case on Corporate Social Responsibility

On the occasion of the visit of MVO Nederland, BenCham organised two seminars, one in Beijing and one in Shanghai about what drives Chinese companies to adopt CSR in their businesses and how Chinese CSR policies affect your company. It is known that a better understanding of the Chinese way of CSR can help a company to address CSR challenges with Chinese partners in a more effective way. CSR experts from BenCham and CSR Netherlands explored the Chinese values and policies which can be useful as a safe link-up for CSR.



## OUR LINKEDIN FAMILY

All BenCham members are invited to become part of the BenCham LinkedIn group. To go directly to our member group, please visit:  
[www.linkedin.com/groupRegistration?gid=105429](http://www.linkedin.com/groupRegistration?gid=105429).

## BENCHAM BEIJING OFFICE

Rm 1601 Zhongyu Plaza | A6 Gongtibe Road | Chaoyang District, Beijing, 100027  
Tel: +86 (10) 8523 6101/05 | Mob: +86 18601307793  
Fax: +86 (10) 8523 6305 | [beijing@bencham.org](mailto:beijing@bencham.org) | [www.bencham.org](http://www.bencham.org)  
北京市朝阳区工体北路甲6号, 中宇大厦1601, 邮政编码: 100027

## UPCOMING EVENTS

12 January: Social Event  
– BenCham New Year Cocktail & Walking Dinner



**BUSINESS TIANJIN**

### Freelance writers, editors & proofreader needed

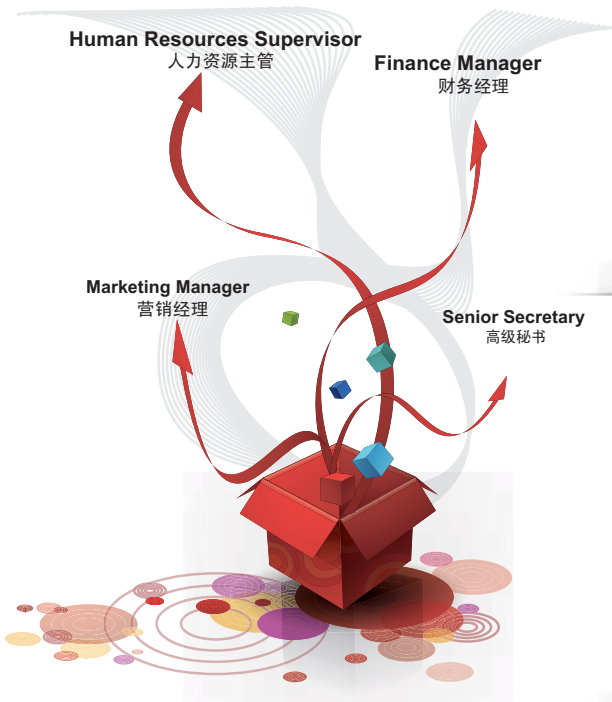
- **English speaker** with experience in reporting and editing
- Basic knowledge of **Chinese language and culture** are a plus

If interested, please email your resume and writing samples to [gm@businesstianjin.com](mailto:gm@businesstianjin.com)

ECONOMY AND CULTURE

## INTERNATIONAL ORGANISATIONS

BASED IN TIANJIN  
HAVE THE FOLLOWING  
**OPEN POSITIONS**  
在津跨国公司招聘以下高级人员



## BoxinRen

If you are interested in any of these positions  
Please send your resume and Code No. to

[HR@boxinren.com](mailto:HR@boxinren.com)



Marketing Manager  
营销经理

Code: MM120101

### JOB DESCRIPTION:

- Develop strategy for growth and expansion of current business
- Maintain and develop relationships with key customers
- Coordinate and execute planned events
- Lead a marketing/sales team
- Check sales proposals, presentations and contracts, negotiate and close contract with clients
- Prepare monthly report of activities and goals

### WHO WE ARE LOOKING FOR:

- Bachelor's degree or above, major in marketing or business administration
- 5 years of marketing/sales experience
- Ability to meet multiple objectives in an entrepreneurial environment with little supervision
- Negotiation skills
- Good interpersonal skills
- Team-leading experience
- Proficiency in written and spoken English

Human Resource Supervisor  
人力资源主管

Code: HRS120102

### JOB DESCRIPTION:

- Establish and implement HR policies and projects
- Manage the recruitment process
- Communicate and coordinate internal and external communication
- Develop a training program that supports the needs of the business and enhances the performance of individuals
- Organize and manage training activities, develop and improve the content of training courses, manage and file training results, ensure the effect of training courses on the improvement of employees' actual working ability
- Develop relationships with agency and arbitration bureau
- Coordinate with other departments

### WHO WE ARE LOOKING FOR:

- Comprehensive knowledge of HR policies and practices
- Strong mentoring and counseling skills
- At least 3 years of experience in a similar position
- Patient, good at communicating with people at all levels
- Degree in Human Resources, Business Administration or related discipline
- Works well under high pressure
- Good spoken and written Mandarin and English

Finance Manager  
财务经理

Code: FM120103

### JOB DESCRIPTION:

- Responsible for accounting department
- Prepare and analyze periodic financial reports
- Coordinate monthly closing and budget control
- Handle tax declarations
- Support all CFO responsibilities
- Manage cash flow

### WHO WE ARE LOOKING FOR:

- Education in Finance
- Several years of experience in the financial field
- Highly organized
- A fine eye for details
- Good spoken and written English
- Team player, sense of responsibility

Senior Secretary  
高级秘书

Code: GA120104

### JOB DESCRIPTION:

- Responsible for providing senior-level secretarial and clerical services for the GM
- Provide office support service
- Represent GM in events and business issues
- Perform other related duties as required

### WHO WE ARE LOOKING FOR:

- office administration experience
- an understanding of the western cultural and political environment
- analytical, problem-solving, time management and decision-making skills
- computer skills including the ability to operate computerized accounting, spreadsheet and word processing programs at a highly proficient level
- demonstrate sound work ethics
- Fluent English (speaking, reading and writing); candidates with Spanish proficiency will be preferred.

## International Business Travel

国际 (1) | 商务旅行 (2)  
guó jì | shāng wù lǚ xíng

VOLUME 50

I hear you're being sent to Madrid for the annual conference. Is that right?

我 | 听说 (3) | 你 | 要去 | 马德里 (4) | 开 | 年会 (5) , | 是吗?  
wǒ | tīng shuō (3) | nǐ | yào qù | mǎ dé lǐ | kāi | nián huì , | shì ma?

Yes. It will be my first trip overseas. Actually, it's going to be my first time leaving the country.

是的, | 这是 | 我 | 第一次 | 出国 (6) | 旅行。 | 事实上 (7) , | 这是 | 我 | 第一次 (8) | 离开 (9)  
shì de , | zhè shì | wǒ | dì yī cì | chū guó | lǚ xíng 。 | shì shí shàng , | zhè shì | wǒ | dì yī cì | lí kāi (9)

我的 | 国家 (10) 。  
wǒ de | guó jiā (10) 。

Are you serious? You haven't even been anywhere on vacation?

真的吗 (11) ? | 你没 | 去过 | 其他 | 地方 (12) | 度假 (13) ?  
zhēn de ma ? | nǐ méi | qù guò | qí tā | dì fāng | dù jià (13) ?

No, I've never vacationed anywhere exotic. But even if I don't get a chance to travel on my personal time, at least I can travel on company time!

没有, | 我 | 没在 | 任何 | 异国情调 (14) | 的 | 地方 | 度过假。 | 但是 (15) | 即使 (16)  
méi yǒu , | wǒ | méi zài | rèn hé | yì guó qíng diào (14) | de | dì fāng | dù guò jià 。 | dàn shì (15) | jí shǐ (16)

我 | 私人时间 (17) | 没机会 (18) | 去旅行, | 至少 (19) | 我 | 可以 (20) | 在 | 工作时间 (21) | 去!  
wǒ | sī rén shí jiān | méi jī huì | qù lǚ xíng , | zhì shǎo (19) | wǒ | kě yǐ | zài | gōng zuò shí jiān | qù !

Well, being able to go to the conference sounds like such a great opportunity. Have you applied for a visa at the embassy yet?

好吧 (22) , | 能去 | 开会 | 听起来 (23) | 是个 | 不错 | 的 | 机会。 | 你去 | 使馆 (24)  
hǎo ba , | néng qù | kāi huì | tīng qǐ lái (23) | shì gè | bú cuò | de | jī huì 。 | nǐ qù | shǐ guǎn (24)

申请 (25) | 签证 (26) | 了吗?  
shēn qǐng (25) | qiān zhèng (26) | le ma ?

Yes. It wasn't too hard to get. All I had to do was fill out the paperwork and pay the application fee.

是的, | 很容易 | 就 | 通过 (27) | 了。 | 我 | 所 | 需要 | 做的 | 就是 | 填写 (28) | 书面内容 (29)  
shì de , | hěn róng yì | jiù | tōng guò (27) | le 。 | wǒ | suǒ | xū yào | zuò de | jiù shì | tián xiě (28) | shū miàn nèi róng (29)

还有 | 缴纳 (30) | 申请 | 费用 (31) 。  
hái yǒu | jiǎo nà (30) | shēn qǐng | fèi yòng (31) 。

You leave next Tuesday, right? What time is your flight?

你是 | 下周 | 二走, | 对吧? | 几点 | 的 | 航班 (32) ?  
nǐ shì | xià zhōu | èr zǒu , | duì ba ? | jǐ diǎn | de | háng bān (32) ?

My flight departs at 7 am. I have everything except my luggage ready.

飞机 | 早晨 | 7点 | 起飞 (33) 。 | 除了 (34) | 我的 | 行李 (35) , | 其他的 | 我都 | 准备好 (36) 了。  
fēi jī | zǎo chén | 7 diǎn | qǐ fēi (33) 。 | chú le (34) | wǒ de | xíng lý (35) , | qí tā de | wǒ dōu | zhǔn bèi hǎo (36) le 。



# Business Chinese Lesson

If your flight is leaving so early, I can take you to the airport and see you off. I'll still be able to make it into the office by 9.

如果 | 飞机 | 起飞 | 这么早, | 我 | 可以 | 带你(37) | 去 | 机场 | 送你走(38)。 | 我 | 也  
 rú guǒ | fēi jī | qǐ fēi | zhè me zǎo, | wǒ | kě yǐ | dài nǐ | qù | jī chǎng | sòng nǐ zǒu. | wǒ | yě

还能 | 9点 | 前 | 去 | 公司 | 上班(39)。  
 hái néng | jiǔ diǎn | qián | qù | gōng sī | shàng bān.

That would be great! Thanks a lot!

那 | 真是 | 太好了(40)! | 谢谢!  
 nà | zhēn shì | tài hǎo le! | xiè xiè!

(1) 国际	international	guó jì	(21) 工作时间	company time	gōng zuò shí jiān
(2) 商务旅行	business travel	shāng wù lǚ xíng	(22) 好吧	well	hǎo ba
(3) 听说	heard	tīng shuō	(23) 听起来	sound like	tīng qǐ lái
(4) 马德里	Madrid	mǎ dé lǐ	(24) 使馆	embassy	shǐ guǎn
(5) 年会	annual conference	nián huì	(25) 申请	apply for	shēn qǐng
(6) 出国	overseas	chū guó	(26) 签证	visa	qiān zhèng
(7) 事实上	actually	shì shí shàng	(27) 通过	get	tōng guò
(8) 第一次	first time	dì yī cì	(28) 填写	fill out	tián xiě
(9) 离开	leave	lí kāi	(29) 书面内容	paperwork	shū miàn nèi róng
(10) 国家	country	guó jiā	(30) 缴纳	pay	jiǎo nà
(11) 真的吗?	Are you serious?	zhēn de ma?	(31) 费用	fee	fèi yòng
(12) 其他地方	anywhere	qí tā dì fāng	(32) 航班	flight	háng bān
(13) 度假	on vacation	dù jià	(33) 起飞	depart	qǐ fēi
(14) 异国情调	exotic	yì guó qíng diào	(34) 除了	except	chú le
(15) 但是	but	dàn shì	(35) 行李	luggage	xíng lǐ
(16) 即使	even if	jì shǐ	(36) 准备好	ready	zhǔn bèi hǎo
(17) 私人时间	personal time	sī rén shí jiān	(37) 带你	take you	dài nǐ
(18) 没机会	don't get a chance	méi jī huì	(38) 送你走	see you off	sòng nǐ zǒu
(19) 至少	at least	zhì shǎo	(39) 去公司上班	make it into office	qù gōng sī shàng bān
(20) 可以	can	kě yǐ	(40) 太好了	great	tài hǎo le



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

JANUARY						
MON	TUE	WED	THU	FRI	SAT	SUN
30	31					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

## JANUARY 2012 TIANJIN & BEIJING EVENTS

**01**  
SUN  
星期日

### New Year Carnival Shopping Festival

📍 Tianjin International Exhibition Centre  
天津国际展览中心2号馆B、C厅  
☎ +86 22 2801 2988  
1 - 5 JAN

### Tianjin Peking Opera Theatre Performance

📍 Tianjin Binhu Theatre  
天津滨湖剧院  
⌚ 19:30  
¥ 50/100/180/280/380/480/680  
☎ +86 22 2777 8571, 2730 7780  
1 - 5 JAN



**02**  
MON  
星期一

### 2012 New Year Viennese Orchestra Concert

📍 Tianjin Concert Hall 天津音乐厅  
⌚ 19:30  
¥ 180/280/480/680/880/1080  
☎ +86 22 2332 0068



### Strauss Waltz band New Year Concert

📍 Tianjin Zhonghua Theatre 天津中华剧院  
⌚ 19:30  
¥ 100/180/280/380/480/680/880/1080  
☎ +86 22 2777 8571, 2730 7780



**03**  
TUE  
星期二

### 2012 New Year Concert by Li Yundi

📍 Tianjin Olympic Centre Stadium  
天津奥林匹克中心体育场  
⌚ 19:30  
¥ 100/200/380/480/680/880/1280/1680(VIP/  
600(380\*2)/1000(680\*2)  
☎ +86 22 2777 8571, 2730 7780

**04**  
WED  
星期三

### 2012 New Year Concert---Symphony

📍 Tianjin Concert Hall 天津音乐厅  
⌚ 19:30  
¥ 180/280/480/680/880/ 1080  
☎ +86 22 2332 0068



**06**  
FRI  
星期五

### Energizer Battery Co., Ltd.

#### China Annual Meeting

📍 Binhai International Convention & Exhibition Centre 滨海国际会展中心  
☎ +86 22 6530 2888  
✉ enquiry@bicec.com.cn



### Eifman Ballet of St. Petersburg

📍 Beijing Poly Theatre  
东城区东直门南大街14号保利大厦1楼  
⌚ 19:30  
¥ 180/280/380/580/880/1280  
☎ 400-610-3721  
6 - 8 JAN

**07**  
SAT  
星期六

### World Tour Concert by Han Hong - Beautiful World

📍 Beijing Mastercard Centre 北京万事达中心  
⌚ 19:30  
¥ 380/580/880/1000(580\*2)/1280/1500  
(880\*2)/1500(580\*3)/1680/2400(880\*3)  
☎ 400-610-3721

### Photography Exhibition by Yu Zhenqi, China's former ambassador to Beralus

📍 Tianjin Western Art Gallery 西洋美术馆  
☎ +86 22 2330 3255  
7 - 22 JAN



**12**  
THU  
星期四

### BenCham New Year Cocktail & Walking Dinner

📍 The Royal Smushi House 北京皇家慕喜  
⌚ 19:00-22:00  
☎ +86 10 6416 9664, 6413 0577

### GM Briefing: Food Safety in China



**13**  
FRI  
星期五

### F&T workshop: Individual Income Tax Filing

### The Automotive Group of Continental Annual Meeting

📍 Binhai International Convention & Exhibition Centre 滨海国际会展中心  
☎ +86 22 6530 2888  
✉ enquiry@bicec.com.cn

## Special Days

Jan 1	New Year; lǎ bā (8th day of 12 lunar month)
Jan 6	"xiǎo hán (Slight Cold)
Jan 16	xiǎo nián (off year) Kitchen God's Day
Jan 21	dà hán (Great Cold)
Jan 22	New Year's Eve
Jan 23	Spring Festival

# Calendar

Include your event  
email to [editor@businesstianjin.com](mailto:editor@businesstianjin.com)

**15**  
SUN  
星期日

### Fairy Puppet Show "Mermaid"

📍 Tianjin Zhonghua Theatre 天津中华剧院  
⌚ 09:00-11:00  
¥ 50/80/120/150/200/200(120\*2)/300(120\*3)  
☎ +86 22 5839 5839, 5805 0234, 5805 0258

### Driving Force Chorus Two-year Anniversary Appreciation Concert

📍 Tianjin Concert Hall 天津音乐厅  
⌚ 19:30  
¥ 30/50/80/100/180  
☎ +86 22 2332 0068



### Joe Hisaishi Piano Stories Concert

📍 Beijing Concert Hall 北京音乐厅  
⌚ 19:30  
¥ CNY 280/380/580 VIP/699(380\*2)/999(380\*3)  
☎ 400-610-3721

### Dive! Living Off America's Waste

📍 12SQM Bar & Café, Beijing 南锣鼓巷  
⌚ 20:00  
☎ +86 10 6402 1554

**17**  
TUE  
星期二

### InterChamber Networking

**18**  
WED  
星期三

### Enterprise Annual Meeting

📍 Tianjin Meijiagang Convention Centre  
天津梅江会展中心  
☎ +86 22 8838 3311



**19**  
THU  
星期四

### Vestas Wind System A/S Annual Meeting

📍 Binhai International Convention & Exhibition Centre  
滨海国际会展中心  
☎ +86 22 6530 2888  
✉ [enquiry@bicec.com.cn](mailto:enquiry@bicec.com.cn)

**25**  
WED  
星期三

### Tianjin XiangSheng (Cross Talk) by Guo Degang

📍 Tianjin People's Stadium 天津人民体育馆  
⌚ 19:30  
¥ 200/300/480/680/980  
☎ +86 22 2777 8571, 2730 7780  
25 - 26 JAN

Editor's pick



**26**  
THU  
星期四

### Aussie-Kiwi Battle!

📍 12SQM Bar & Café, Beijing 南锣鼓巷  
⌚ 20:00  
☎ +86 10 6402 1554

**06**  
MON  
星期一  
FEB

### Live Superbowl XLVI

📍 Hank's Sports Bar & Grill  
南开区天塔道上谷商业街B座561门  
⌚ 05:00  
¥ 200/seat  
☎ +86 22 2341 7997



# Selected INTERNATIONAL FLIGHTS

for more, contact [editor@businessianjin.com](mailto:editor@businessianjin.com)  
(1=Mon, 2=Thu, 3=Wed, 4=Thu, 5=Fri, 6=Sat, 7=Sun)

## From Beijing

DEST	DEP	ARR	Flight No	Days
Addis Ababa	22:30	06:00(+1)	ET605	1234567
Amsterdam	11:05	15:15	KL0898	1234567
Bangkok	17:05	21:15	TG615	1234567
Dubai	01:20	05:55	HU491	1234567
Delhi	07:40	02:05(+1)	KA937/CX695	1234567
Brussels	23:55	04:20(+1)	EK307	1234567
Frankfurt	10:30	14:40	LH721	23.567
Hanoi	15:45	18:20	VN901	.23.567
Helsinki	14:55	18:40	SK996	1234567
Hong Kong	10:00	13:35	CX347	1234567
Istanbul	23:55	05:25(+1)	TK021	1234567
Kuala Lumpur	09:00	15:10	MH371	123.6.
London	11:15	15:00	BA038	1234567
Los Angeles	14:00	11:00	CA987	1234567
Madrid	00:05	06:35	CA907	.234.67
New York	13:00	14:20	CA981	1234567
Osaka	08:40	12:40	CA927	1234567
Paris	09:30	14:20	AF129	1234567
San Francisco	12:00	08:17	CA8888	1234567
	11:45	14:50	KE2852	1234567
Seoul*	14:00	17:10	KE856	1.3.5.7
	21:20	00:15	KE854	1234567
Singapore	00:45	07:05	SQ801	1234567
Sydney	16:50	06:50(+1)	NZ4905	.2.456.
Moscow	02:30	06:40	SU574	1234567
Ulaanbaatar	08:35	10:50	CA901	1234567
Vancouver	16:15	11:30	AC030	1234567

## To Beijing

ORIGIN	DEP	ARR	Flight No	Days
Addis Ababa	00:05	15:30	ET604	1234567
Amsterdam	17:35	08:55(+1)	KL0897	1234567
Bangkok	10:10	15:50	TG614	1234567
Brussels	13:50	05:40(+1)	HU492	1234567
Delhi	23:35	19:15(+1)	CX694/KA974	.2.4.7
Dubai	04:10	15:10	EK306	1234567
Frankfurt	17:20	08:30(+1)	LH720	1234567
Hanoi	10:10	14:45	VN900	.23.567
Helsinki	18:05	06:55(+1)	AY051	1234567
Hong Kong	17:00	20:20	CX312	1234567
Istanbul	23:45	15:00	TK20	1234567
Kuala Lumpur	00:20	06:35(+1)	MH370	123.6.
London	16:45	09:30(+1)	BA039	1234567
Los Angeles	01:40	05:20	UA7617	1234567
Madrid	11:25	05:00(+1)	CA908	.23.56.
New York	16:50	18:20(+1)	CA982	1234567
Osaka	13:50	16:00	CA928	1234567
Paris	20:20	12:25(+1)	CA934	1234567
San Francisco	14:50	17:55(+1)	CA986	1234567
	09:05	10:25	KE2851	1234567
Seoul*	11:35	12:50	KE855	1.3.5.7
	19:00	20:10	KE853	1234567
Singapore	08:45	14:55	SQ802	1234567
Sydney	11:20	23:00	NZ4906	1.3.567
Moscow	13:20	01:00	SU573	1234567
Ulaanbaatar	11:50	14:00	CA902	1234567
Vancouver	13:50	16:15(+1)	CA992	1234567

## From Tianjin

DEST	DEP	ARR	Flight No	Days
Hong Kong	08:35	11:50	CA103	1234567
Seoul*	12:40	15:25	KE806	1234567
Nagoya	14:00	17:45	JL840	1234567
Kuala Lumpur	11:55	21:10	CZ365	1234567

## To Tianjin

ORIGIN	DEP	ARR	Flight No	Days
Hong Kong	12:50	16:05	KA104	1234567
Seoul*	10:35	11:30	KE805	1234567
Nagoya	10:30	12:40	JL841	1234567
Kuala Lumpur	09:40	19:05	CZ366	1234567



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

## Airline Code

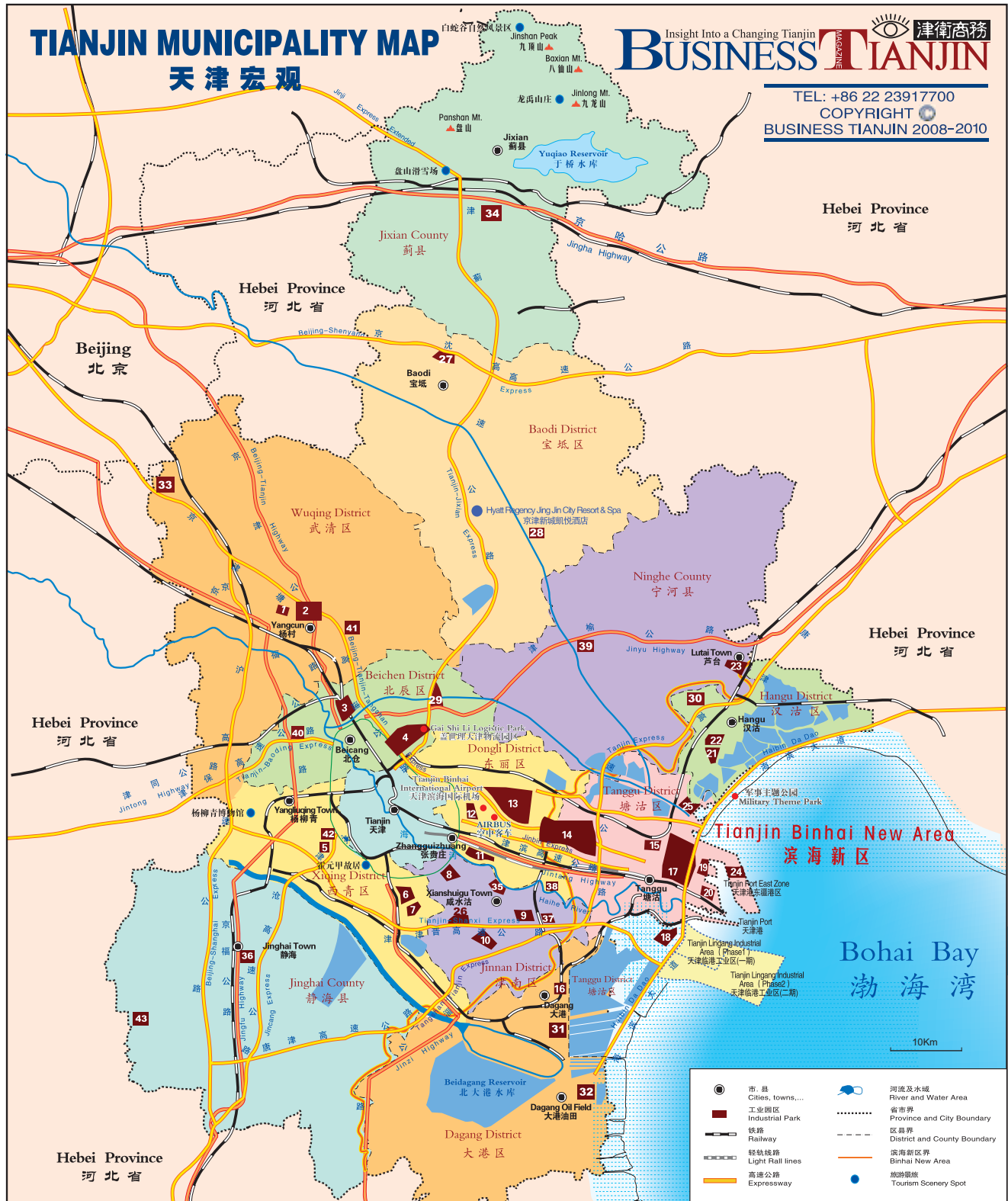
<b>AC</b> Air Canada	<b>EK</b> Emirates	<b>LH</b> Lufthansa	<b>SQ</b> Singapore Airlines
<b>AF</b> Air France	<b>ET</b> Ethiopian Airlines	<b>LY</b> El Al Airlines	<b>SU</b> Aeroflot Airlines
<b>AY</b> Finnair	<b>EY</b> Etihad Airways	<b>MS</b> Egypt Airlines	<b>TG</b> Thai Airways International
<b>BA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

# Tianjin Industrial Parks & Economic Development Areas

## TIANJIN MUNICIPALITY MAP 天津宏观

Insight Into a Changing Tianjin  
**BUSINESS TIANJIN**

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### List of Tianjin Industrial Parks & Economic Development Areas

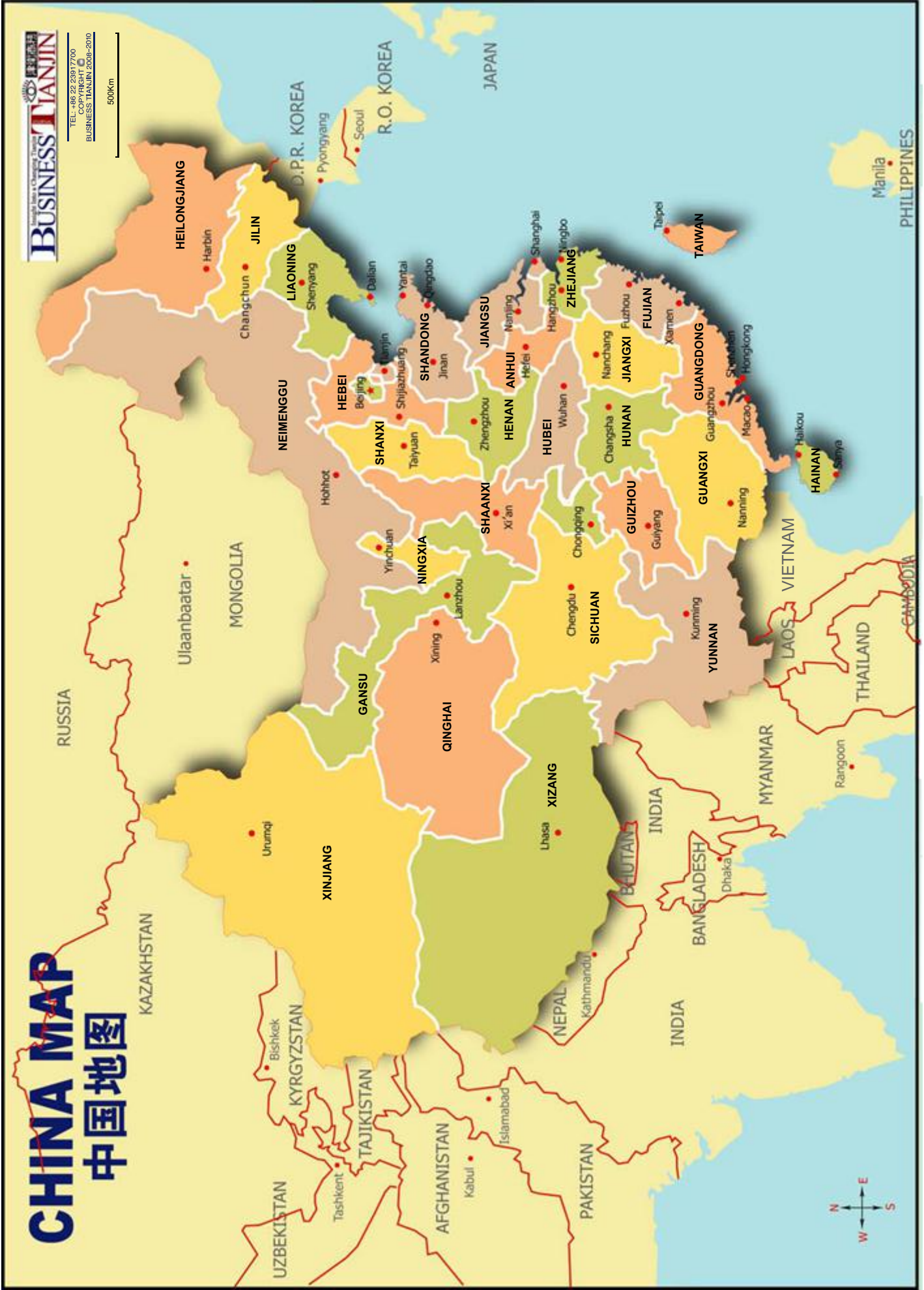
- |  |   |  |   |
|--|---|--|---|
| 1 TEDA Yat-Sen Scientific-Industrial Park<br>TEDA逸仙科学工业园                                   | 10 TEDA (Jinnan) Microelectronic Industrial Park<br>TEDA微电子(津南)工业区  | 19 Tianjin Port Container Logistics Center<br>天津港集装箱物流中心 | 28 Tianjin Baodi Jiuyuan Industrial Park<br>天津宝坻九园工业园区                |
| 2 Wuqing Development Area<br>武清开发区   | 11 Dongli Economic Development Area<br>东丽经济开发区                      | 20 Tianjin Port Free Trade Zone<br>天津保税区                 | 29 Tianjin Beichen Economic Development Area<br>天津北辰经济开发区             |
| 3 Beichen Hi-Tech Industrial Park (North)<br>北辰科技园(北区)                                     | 12 Tianjin Airport International Logistics Zone<br>天津空港国际物流区        | 21 TEDA Chemical Industrial Park<br>TEDA化学工业区            | 30 Tianjin Chadian Industrial Park<br>天津茶淀工业园区                        |
| 4 Beichen Hi-Tech Industrial Park (South)<br>北辰科技园(南区)                                     | 13 Tianjin Airport Industrial Park<br>天津空港物流加工区                     | 22 Hangu Chemical Industrial Park<br>汉沽化学工业园区            | 31 Tianjin Dagang Economic Development Area<br>天津大港开发区                |
| 5 Tianjin Hi-Tech Industrial Park<br>Huayuan Industrial Development Area<br>天津新技术产业园区华苑产业区 | 14 TEDA West<br>天津经济技术开发区(西区)                                       | 23 Ninghe Economic Development Area<br>宁河经济开发区           | 32 Tianjin Dagang Petrochemical Industrial<br>天津大港石化产业园区              |
| 6 Xiqing Development Area<br>西青开发区   | 15 Dagang Development Area<br>大港开发区                                 | 24 Dongjiang Duty-Free Port Area<br>天津东疆保税港区             | 33 Tianjin Wuqing Dawangou Economic Development Area<br>天津武清区大王古经济开发区 |
| 7 TEDA (Xiqing) Microelectronic Industrial Park<br>TEDA微电子(西青)工业区                          | 16 Tanggu National Marine Hi-Tech Development Area<br>塘沽国家海洋新技术开发区  | 25 Sino-Singapore Eco-City<br>中新生态城                      | 34 Tianjin Ji County Economic Development Area<br>天津蓟县经济开发区           |
| 8 Jinnan Economic Development Area (West)<br>天津市津南经济开发区(西区)                                | 17 Tianjin Economic-Technological Develop. Area (TEDA)<br>天津经济技术开发区 | 26 Tianjin Balitai Industrial Park<br>天津八里台工业园区          | 35 Tianjin Jinnan Xinda Industrial Park<br>天津津南鑫达工业园区                 |
| 9 Jinnan Economic Development Area (East)<br>天津市津南经济开发区(东区)                                | 18 Tianjin Port Bulk Cargo Logistics Center<br>天津港散货物流中心            | 27 Tianjin Baodi Economic Development Area<br>天津宝坻经济开发区  | 36 Tianjin Jinghai Economic Development Area<br>天津静海经济开发区             |
|  |   |  | 37 Tianjin Jinan Economic Development Area<br>天津津南经济开发区               |
|  |   |  | 38 Tianjin Junliangcheng Industrial Park<br>天津军粮城工业园区                 |
|  |   |  | 39 Tianjin Panzhuang Industrial Park<br>天津潘庄工业园区                      |
|  |   |  | 40 Tianjin Shuangkou Industrial Park<br>天津双口工业园区                      |
|  |   |  | 41 Tianjin Wuqing Fuyuan Economic Development Area<br>天津武清福源经济开发区     |
|  |   |  | 42 Tianjin Zhongbei Industrial Park<br>天津中北工业园区                       |
|  |   |  | 43 Tianjin Ziya Industrial Park<br>天津子牙工业园区                           |

# CHINA MAP 中国地图

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## TIANJIN

## Chinese

## China Station

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

中国站

河东区新开路66号天津天诚丽笙世嘉酒店2层

## Fortune Restaurant

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

富淳中餐厅

空港物流加工区中心大道55号  
天津滨海圣光皇冠假日酒店2层

## Fountain Lounge

**A:** Hyatt Regency Jing Jin City  
Resort & Spa

No. 8, Zhujiang Da Dao

Zhouliang Zhuang, Baodi District  
**T:** +86 22 5921 1234

碧泉茶园

宝坻区周良庄珠江大道8号  
京津新城凯悦酒店



## Qing Wang Fu

**A:** No. 55, Chongqing Road Heping  
District

**T:** +86 22 8713 5555

庆王府

和平区重庆道55号

## Riverside Chinese Restaurant

**A:** 3F, Holiday Inn Tianjin Riverside  
Phoenix Shopping Mall  
East Haihe Road, Hebei District  
**T:** +86 22 2627 8888 ext. 2211

海河轩中餐厅

河北区海河东路凤凰商贸广场  
天津海河假日酒店3楼

## Shui An

**A:** 1F, The Astor Hotel Tianjin  
No. 33, Tai'er Zhuang Lu  
Heping District

**T:** +86 22 2331 1688 ext. 8920

水岸中餐厅

和平区台儿庄路33号天津利顺德大饭店豪华精选酒店1层

## Tao Li Chinese Restaurant

**A:** 6F, Hotel Nikko Tianjin  
No. 189, Nanjing Lu, Heping District  
**T:** +86 22 8319 8888 ext. 3561

桃李中餐厅

和平区南京路189号  
天津日航酒店6层

## Japanese

## Benkay Japanese Dining

**A:** 5F, Hotel Nikko Tianjin, No. 189  
Nanjing Lu, Heping District  
**T:** +86 22 8319 8888 ext. 3558  
和平区南京路189号天津日航酒店5层  
弁慶日本料理餐厅

## Kasumi

**A:** 1F, Crowne Plaza Tianjin Binhai  
No. 55, Zhongxin Da Dao  
Airport Industrial Park  
**T:** +86 22 5867 8888 ext. 2322  
霞日式料理  
空港物流加工区中心大道55号  
天津滨海圣光皇冠假日酒店1层

## Kushi Grill

**A:** 2F, Radisson Blu Plaza Hotel Tianjin  
No. 66, Xinkai Lu, Hedong District  
**T:** +86 22 2457 8888  
串烧  
河东区新开路66号天津天诚丽笙世嘉酒店2层

## Seitaro

**A:** Sheraton Hotel Tianjin  
Zi Jin Shan Lu, Hexi District  
**T:** +86 22 2731 0909  
清太郎日本料理  
河西区紫金山路喜来登大酒店

## SôU

**A:** 49F, Raffles Tianjin, No.219  
Nanjing Road Heping District  
**T:** +86 22 2321 5888 ext.5106  
思创  
南京路219号天津莱佛士酒店 49楼

## Thai

## Kudos Thai Restuarant &amp; Lounge Bar

**A:** No.88, Chengdu Road  
Heping District  
**T:** +86 22 2332 9988  
**W:** [livekudos.org](http://livekudos.org)  
泰廷泰国餐厅  
和平区成都道88号

## YY Beer House

(Behind International Building)  
**A:** No. 3, Aomen Lu  
Heping District  
**T:** +86 22 2339 9634  
粤园泰餐厅  
和平区澳门路3号(国际大厦后侧)

## Western



**Aulare**  
**A:** Magnetic Plaza, Building A4  
2-16, Binshui Xi Dao  
Nankai District  
**T:** +86 187 2229 0691  
**E:** [tianjin@aulare.com](mailto:tianjin@aulare.com)  
艾伊莎贝西餐厅  
南开区滨水西道时代奥城A4座2-16号



## Brasserie Flo Tianjin

**A:** No.37, Guangfu Road  
Italian Style Town, Hebei District  
**T:** +86 22 2662 6688  
福楼  
河北区意大利风情区光复道37号

## 1863 the Dining Room

**A:** 1F, The Astor Hotel Tianjin  
No. 33, Tai'er Zhuang Lu  
Heping District  
**T:** +86 22 2331 1688 ext. 8918  
1863 至尊西餐厅  
和平区台儿庄路33号天津利顺德大饭店豪华精选酒店1层

## Café@66

**A:** 1F, Radisson Blu Plaza Hotel Tianjin  
No. 66, Xinkai Lu, Hedong District  
**T:** +86 22 2457 8888  
咖啡66  
河东区新开路66号天津天诚丽笙世嘉酒店1层

## Café Majestic

**A:** 1F, The Astor Hotel Tianjin  
No. 33, Tai'er Zhuang Lu  
**T:** +86 22 2331 1688 ext. 8910  
凯旋咖啡厅  
和平区台儿庄路33号天津利顺德大饭店豪华精选酒店1层

## Café Venice

**A:** 2F, Holiday Inn Tianjin Riverside  
Phoenix Shopping Mall  
East Haihe Road, Hebei District  
**T:** +86 22 2627 8888 ext. 2271  
威尼斯咖啡厅  
河北区海河东路凤凰商贸广场  
天津海河假日酒店2楼

## Glass House

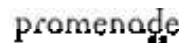
Hyatt Regency Jing Jin City  
Resort & Spa  
**A:** No. 8, Zhujiang Da Dao  
Zhouliang Zhuang, Baodi District  
**T:** +86 22 5921 1234  
水晶厨房  
宝坻区周良庄珠江大道8号  
京津新城凯悦酒店

## Hank's Sports Bar &amp; Grill

**A:** No. 56, 1F, bldg. B, Shang Gu  
Tianta Dao, Nankai District  
**T:** +86 22 2341 7997  
汉克斯运动酒吧  
南开区天塔道上谷商业街B座  
1层56号

## Pan Shan Grill &amp; Wine

**A:** 2F, Main Building  
Sheraton Hotel Tianjin  
Zi Jin Shan Lu, Hexi District  
**T:** +86 22 2731 3388 ext.1820  
盘山葡萄酒扒房  
紫金山路天津喜来登大酒店主楼2层



## Promenade Restaurant

**A:** 1F, The St. Regis Tianjin  
No. 158, Zhang Zizhong Road  
Heping District  
**T:** +86 22 5830 9959  
河岸国际餐厅  
和平区张自忠路158号天津瑞吉金融街酒店一层



## Riviera Restaurant

**A:** 1F, The St. Regis Tianjin.  
No. 158, Zhang Zizhong Road  
Heping District  
**T:** +86 22 5830 9962  
蔚蓝海法餐厅  
和平区张自忠路158号天津瑞吉金融街酒店一层

## Spectrum All-Day Dining

**A:** 7F, Hotel Nikko Tianjin  
No. 189, Nanjing Lu, Heping District  
**T:** +86 22 8319 8888 ext. 3570  
彩西餐厅  
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**T:** +86 22 6539 9899  
Opening hours: 09:00-20:00

## GuangMing Wine Shop:

**A:** No.1 Guangming Flat, Xianguang Rd., Nankai District, Tianjin  
天津市南开区霞光道光明公寓1号  
**T:** +86 22 2391 5118  
Opening hours: 09:00-20:00

## BinXi Wine Shop:

**A:** No.187 Binshui West Rd., Nankai District, Tianjin  
天津市南开区滨水西道187号  
**T:** +86 22 2337 2116  
Opening hours: 09:00-22:00

## RongYe Wine Shop:

**A:** No. 175 Rongye Avenue  
Heping District, Tianjin  
天津市和平区荣业大街175乙  
**T:** +86 22 2723 1139  
Opening hours: 09:00-20:00

4006-199-159

[www.milan-wines.com](http://www.milan-wines.com)



## Bars

## China Bleu

**A:** 50F, Raffles Tianjin Hotel, No. 219 Nanjing Lu, Heping District  
**T:** +86 22 2321 5888  
 中国蓝酒吧  
 南京路219号天津莱佛士酒店50层

## JV'S Bar

**A:** 1F, Main Building, Sheraton Hotel Tianjin Zi Jin Shan Lu, Hexi District  
**T:** +86 22 2731 3388 ext. 1846  
 JV S 酒吧  
 河西区紫金山路天津喜来登大酒店主楼1层

## O'Hara's

**A:** 1F, The Astor Hotel Tianjin No. 33, Tai'er Zhuang Lu Heping District  
**T:** +86 22 2331 1688 ext. 8919  
 海维林  
 和平区台儿庄路33号天津利顺德大饭店豪华精选酒店1层

THE ST REGIS BAR  
瑞吉酒吧

## The St. Regis Bar

**A:** 1F, The St. Regis Tianjin. No. 158 Zhang Zizhong Road, Heping District  
**T:** +86 22 5830 9958  
 瑞吉酒吧  
 和平区张自忠路158号天津瑞吉金融街酒店一层

## Accounting

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## Tianjin Office:

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 The Exchange Tower 2  
 No.189, Nanjing Lu  
 Heping District  
**T:** +86 22 2318 5056  
**F:** +86 22 2318 5001  
**E:** tianjin@lehmanbrown.com  
 天津市和平区南京路189号  
 津汇广场2座29层2901-104室

## Beijing Office:

**A:** 6/F, Dongwai Diplomatic Building,  
 No. 23, Dongzhimenwai Dajie  
 Beijing  
**T:** +86 10 8532 1720  
**F:** +86 10 85322746  
**E:** beijing@lehmanbrown.com  
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 International Building,  
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 国际学校天津分校  
 津南区津南微山路

## Tianjin International School

**A:** No. 1, Meiyuan Lu, Huayuan  
 Industrial Area, Nankai District  
**T:** +86 22 8371 0900  
 天津国际学校  
 南开区华苑产业区梅苑路1号



## Tianjin Rego International School

**A:** No. 38, Huandao Xi Lu  
 Meijiang Nan, Hexi District  
**T:** +86 22 8816 1180 ext. 212  
 Mobile: +86 138 2090 0420  
**E:** j.zheng@regoschool.com  
**W:** regoschool.org  
 天津瑞金国际学校  
 河西区梅江南环岛西路38号



## GEMS World Academy

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 C 79 1st Avenue, TEDA  
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 天津杰美司国际学校  
 开发区第一大街79号泰达MSD-C  
 区3楼307室

Wellington College  
International Tianjin

**A:** No. 1, Yide Dao, Hongqiao District  
**T:** +86 22 8758 7199 ext. 8001  
 Mobile: +86 187 2248 7836  
**E:** admissions@wellington-tianjin.cn  
**W:** wellington-tianjin.cn  
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 福楼外宴策划  
 河北区意大利风情区光复道37号

## Hotels &amp; Apartments

## ★★★★★ Hotels



## Crowne Plaza Tianjin Binhai

**A:** No.55 Zhongxin Avenue Airport  
 Economic Area Tianjin  
**T:** +86 22 5867 8888  
 天津滨海圣光皇冠假日酒店  
 天津市空港经济区中心大道55号



假日酒店  
 Holiday Inn  
 天津河畔

## Holiday Inn Tianjin Riverside

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



## Hotel Nikko Tianjin

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

Hyatt Regency Jing Jin City  
Resort & Spa

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



## Radisson Blu Plaza Hotel Tianjin

**A:** No. 66, Xinkai Lu, Hedong District  
**T:** +86 22 2457 8888  
 天津天诚丽笙世嘉酒店  
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**Renaissance Tianjin Lakeview Hotel**

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**Sheraton Apartment**

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**E:** [manager.tianjin@agsfourwinds.com](mailto:manager.tianjin@agsfourwinds.com)  
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 世邦魏理仕天津分公司  
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**T:** +86 22 8378 8397 (English) +86 136 0205 9458 (Attn: Elsa)  
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 滨水西道时代奥城商业广场17座6层17号

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 Zi Jin Shan Lu, Hexi District  
**T:** +86 22 2731 3388 ext. 2227  
 喜来登绿洲  
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**Hospitals**

**Tianjin International SOS Clinic**

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 Zi Jin Shan Lu, Hexi District  
**T:** +86 22 2352 0143  
 天津国际(SOS)紧急救援诊所  
 紫金山路天津喜来登大酒店公寓楼1层

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**A:** No.22 Tianxiao Yuan  
 Tangjiang Dao, Hexi District  
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 24 Hour Emergency:  
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**W:** [ufh.com.cn](http://ufh.com.cn)

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 和平区南京路108号现代城C区

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**T:** +86 22 5806 8888  
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 Dao, Xiao Bai Lou (1902 Street)  
 Hexi District  
**T:** +86 22 2302 2008  
 宝力豪健身俱乐部  
 河西区小白楼滨江购物中心

**Sheraton Hotel Fitness Center**  
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 Zi Jin Shan Lu, Hexi District  
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**Swimming Pool**  
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 Nanjing Lu, Heping District  
**T:** +86 22 8319 8888 ext. 3290  
 焕 - 健康中心游泳池  
 和平区南京路189号天津日航酒店6层

**Sheraton Hotel Tianjin**  
**Swimming Pool**  
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 Zi Jin Shan Lu, Hexi District  
**T:** +86 22 2731 3388  
 喜来登酒店游泳池  
 河西区紫金山路天津喜来登大酒店1层

**Swimming Pool at Radisson**  
**Plaza Hotel Tianjin**  
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 No. 66, Xinkai Lu, Hedong District  
**T:** +86 22 2457 8888  
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 河东区新开路天诚丽笙世嘉酒店4层

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 Mall, Haihe Dong Lu, Hebei District  
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 开发区第一大街86号天津滨海假日  
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**T:** +86 6528 8888 ext.  
 6220/6222  
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 天津滨海喜来登酒店2层

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**Sake n Sushi Bar**  
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**T:** +86 22 6628 3388 ext. 2730  
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 酒店11层

Italian Restaurant

**Bene Italian Kitchen**  
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 天津滨海喜来登酒店2层

Western

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 万丽西餐厅  
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 酒店及会议中心



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**T:** +86 6528 8888 ext. 6210  
 盛宴全日制西餐厅  
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 天津滨海喜来登酒店1层

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**T:** +86 22 6622 6158  
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Hotels

★★★★★  
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**T:** +86 22 6628 3388  
 天津滨海假日酒店  
 开发区第一大街86号  
**Holiday Inn Express Tianjin Binhai**  
**A:** TEDA Fashion Plaza  
 No. 11, Aoyun Lu, TEDA  
**T:** +86 22 5988 8999  
 天津滨海快捷假日酒店  
 开发区奥东路11号泰达时尚广场

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**CONVENTION CENTRE HOTEL**  
**A:** No. 29, 2nd Avenue, TEDA  
**T:** +86 22 6621 8888  
 天津万丽泰达酒店及会议中心  
 开发区第二大街29号

**Sheraton Tianjin Binhai Hotel**  
**A:** No. 50, 2nd Avenue, TEDA  
**T:** +86 22 6528 8888  
**F:** +86 22 6528 8899  
 天津滨海喜来登酒店  
 开发区第二大街50号  
<http://sheraton.com/tianjinbinhai>

**TEDA International Hotel & Club**  
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Spas

**Touch Spa**  
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 Hotel & Convention Centre  
 No. 29, 2nd Avenue, TEDA  
**T:** +86 22 6570 9504  
 开发区第二大街29号天津万丽泰达  
 酒店及会议中心

**Yue Spa**  
**A:** 15F, Holiday Inn Binhai Tianjin  
 No. 86, 1st Avenue, TEDA  
**T:** +86 22 6628 3388  
 开发区第一大街86号天津滨海假日  
 酒店15层

Hospitals

**TEDA Hospitals**  
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**T:** +86 22 6520 2000  
 泰达医院  
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**Western Hospital**  
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 TEDA  
**T:** +86 22 6620 8676  
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 开发区第二大街加孚园底商

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 开发区南海路1号

Gyms

**Champs Elysees**  
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 Hotel & Convention Centre  
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**T:** +86 22 6621 8888  
 香榭丽舍健身俱乐部  
 开发区第二大街29号天津万丽泰达  
 酒店及会议中心2楼

**Holiday Inn Binhai Hotel**  
**Fitness Center**  
**A:** 15F, Holiday Inn Binhai Tianjin  
 No. 86, 1st Avenue, TEDA  
**T:** +86 22 6628 3388 ext. 2960  
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 开发区第一大街86号天津滨海假日  
 酒店15层

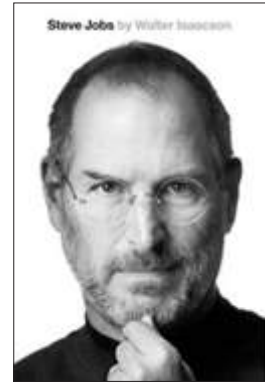


# Steve Jobs

By Walter Isaacson

Reviewed by Mike Cormack

**T**he death of Steve Jobs saw the almost simultaneous publication of his authorized biography by Walter Isaacson. Fortunately, it's not a quick, unseemly cash-in: Jobs had plenty of what Wordsworth called "intimations of mortality", and actively sought Isaacson to write his story. The book is well-researched, offering a superb overview of Job's life, his pioneering work with Apple, Pixar and NeXT, and is crammed with interviews from those who were also there. There's little sense of this being a book of "his master's voice". Jobs' unseemly traits are frequently seen, and rarely simply excused, though the occasional description of Jobs as a "Nietzschean superman", perhaps over does it.



The arc – or rise, fall and subsequent triumph – of Jobs' life is a fascinating one, a mythical reminder of the phoenix rising from ashes. Founding Apple Computers in 1976 with Steve Wozniak, Jobs overreached by demanding perfection with the Apple Macintosh. He found himself ousted from Apple in 1985, after a corporate duel with John Sculley, the CEO he had recruited from Pepsi (with the famous pitch, "Do you want to sell sugar water for the rest of your life or do you want to change the world?"). Triumphant with Pixar (maker of Toy Story) but underwhelming with the poor-selling NeXT, Jobs returned to Apple in 1996. The company was then near-death. Subsequent creations such as the iMac, iPod, iPhone and iPad have made Apple the largest company in the world by market cap, and Jobs' place in the pantheon of great innovators is assured.

Jobs' actions are of course well captured, but the sense of his psychological states, his innermost feelings and deepest motivations, are elusive. Perhaps this is to be expected with a man like Jobs, who could almost define the phrase "charismatic psychopath". Few could bend people to their will like Jobs, and he could be savagely ruthless and heartlessly cold. But in the end, such matters will have less importance than his astonishing impact upon the computing, music, film, telecom and publishing industries, and Isaacson's book is an excellent overview of these.

*If you want to purchase this book, please send an email to [BOOKS@INTERMEDIACHINA.COM](mailto:BOOKS@INTERMEDIACHINA.COM), we will deliver the book to your door.*

## QUOTATIONS OF THE MONTH

1. We must accept finite disappointment, but we must never lose infinite hope. -- Martin Luther King
2. A contented mind is the greatest blessing a man can enjoy in this world. -- Joseph Addison
3. The only limit to our realization of tomorrow will be our doubts of today. – Franklin Roosevelt
4. Do not, for one repulse, give up the purpose that you resolved to effect. -- William Shakespeare
5. The man who has made up his mind to win will never say "impossible".-- Bonaparte Napoleon
6. Character is what you are in the dark. -- Dwight Lyman Moody

# Raising the Reserve Requirement Ratio

By Mike Cormack

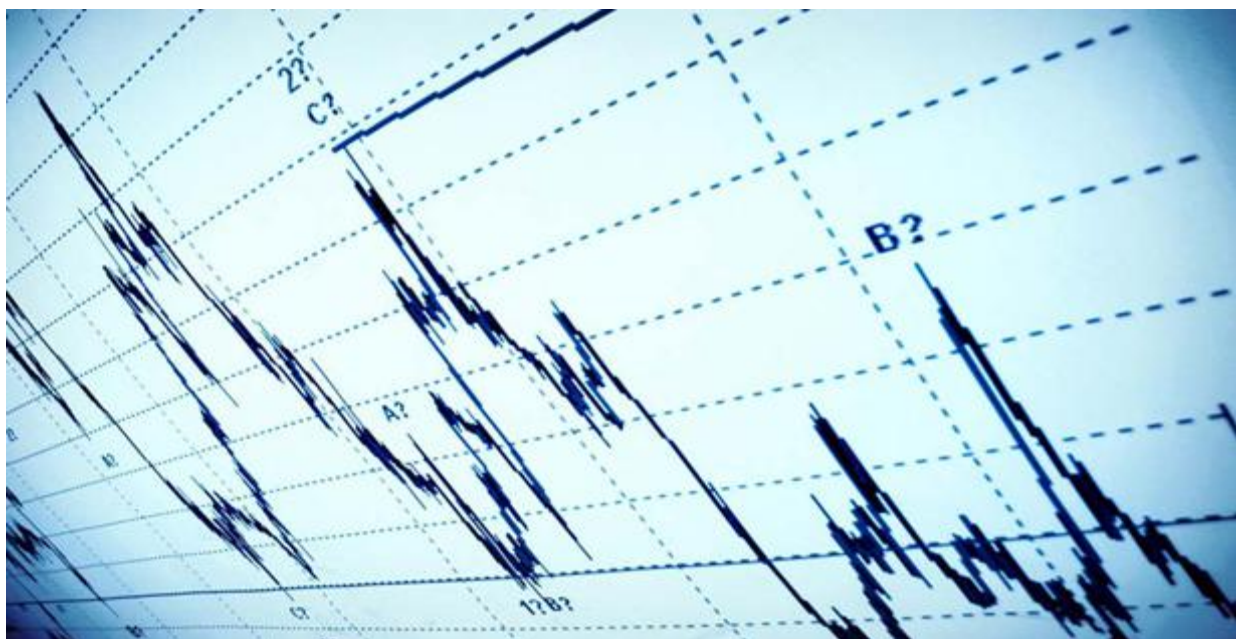
**T**urning round “the ship of state” is a very difficult task. Like a ship, countries and economies have enormous momentum behind them, in the form of trading relationships, business practices, and economic structures and agreements, and to alter these takes considerable time. Economies aren’t just numbers; they are aggregates of human efforts, of labour. It always comes down to people, and altering behaviours is a difficult process. Similarly, the markets like to have a sense of financial trajectory, a sense of where the economy is headed, a sense of where sound investments can be found. - It’s when markets are faced with uncertainty, as with the ongoing euro-area financial situation, that squeals of protest

come through. Predicting the future is often a silly pastime, and it’s the easiest thing in the world to look at anticipations of the future which turn out to be erroneous, but governments do best when they articulate their economic frameworks clearly and confidently, and follow up with decisive action.

The Chinese framework until recently has been clear. The CNY has been appreciating at around 0.5% per month. The reserve requirement ratio (the proportion of a bank’s capital kept in reserve, in case of credit crunches or other problems) has been steadily rising to reduce liquidity. Supply-side restrictions on property ownership, such as requiring a 50% down payment on a second apartment, have

been increased. These moves were designed to cool the property sector, and to gently encourage a move towards domestic consumption and away from export manufacturing. These moves followed the Chinese custom of incremental reform, and with their pragmatic rationale seemed to have the approval of the markets.

However, events in the Chinese economy have been moving faster. Signs of distress in the housing market emerged during autumn, with developers beginning to offer sometimes large discounts to encourage buyers, who were starting to disappear. With developers highly leveraged, they needed to sustain sales to maintain cash flow, but with sales volumes



down considerably, (Business China cited a 57% drop in Tianjin's November transactions, year-on-year), cost-cutting was the only way. Prices though were plunging faster than many would have liked: the Shanghai showroom which offered 25% discounts was ransacked by those who had paid full price less than a month previously. This, though, isn't the major problem it would be in western economies (as we've seen from the troubles in the US and the UK). China has a far less developed secondary market (the market for previously-owned properties), and owners are generally much less leveraged, tending to pay large deposits or buying outright in cash. Most property owners assume that the government will ensure that prices do not drop too far, and without anywhere to invest except in stocks and property, it's likely that there is a reserve of would-be owners waiting for prices to fall.

But such rapid falls in prices, along with the endless troubles of the euro area which are depressing the European economy and their

appetite for imports from China, evidently caused concern at the People's Bank of China (PBOC), despite Premier Wen Jiabao's repeated statements that the government intended to curb rampant housing inflation. On 30 November, the bank reduced the reserve requirement ratio for the first time since 2008, cutting it by 50 basis points from a record high of 21.5%, thus adding CNY 400 bln of liquidity to the Chinese economy by freeing up capital for new loans.

This marked a clear change in China's tightening policy and was concurrent with similar actions from the euro zone, Brazil, Indonesia and Thailand. Given the rise in unemployment and the dispersal of low-cost manufacturing to cheaper countries like Laos and Vietnam, this may be a good idea. But on the other hand, it seems to indicate the unwillingness of the Chinese governing class to alter the current economic system without suffering the birthing pains of a new approach. If the role of a central bank is to remove the punch bowl before the party really gets going



(a phrase attributed to William McChesney Martin, Jr., a former chairman of the Federal Reserve), then the Chinese economy has just been handed another round. The Chinese economic dependence on property is well-known (a recent poll of Chinese with between USD 78,520 and USD 157,000 in investments revealed that property made up 75% of the their assets), yet the day of reckoning is always postponed.

A parallel might be the British experience of the early 1980s. Under the premiership of Margaret Thatcher, the British government greatly reduced the size of the state sector, cut the power of trade unions, and let the pound float freely. The aim was to change the British economy from being over-manned and subsidy-dependent to one which was far leaner and meaner. This was done, but at some considerable cost: unemployment more than doubled by 1983, and some areas of the UK, like the north of England and the greater Glasgow area, have never recovered. Even now, Thatcher's name is a curse in parts of the UK. Yet the UK economy, despite recent problems, did reform, with considerable gains in productivity.

What the Chinese economy needs to do is well known. Whether it can be managed is another thing. We shall simply have to wait and see. ■

