

# BUSINESS TIANJIN

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2012  
NOV

## Specialist in Luxury Service

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General Manager,  
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As part of the prestigious Luxury Collection hotel ensemble, the Tangla Hotel Tianjin is taking the Chinese hospitality industry to new highs. Through its elite service and stunning blend of oriental and international ambience, the Tangla brand is differentiating itself from the countless big name international hotel chains on the market. [See P16](#)



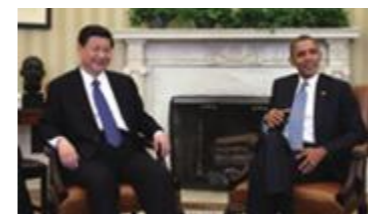
## ◀ Indonesia: Asia's Ideal Investment Opportunity

"Invest in remarkable Indonesia". That is the advice of the island-nation's Investment Coordinating Board in its latest adverts aimed at enticing foreign investors. Perfectly nestled between Asia and Australia's booming consumer markets, Indonesia presents one of the best money making opportunities of our era. According to the IMF's estimates, the country's GDP will grow by an impressive 6.1% this year. [See P30](#)



## ◀ Chinese VAT reform to pilot in Tianjin

In August 2012, China's Ministry of Finance (MOF) and State Administration of Taxation (SAT) announced that the pilot program in relation to the Chinese indirect tax system, concretely concerning the Value Added Tax (the VAT pilot program), which was formerly launched for Shanghai only, would be effective to another eight cities/provinces; including Tianjin. This VAT pilot program would certainly have significant tax implications in Tianjin's service industries. [See P36](#)



## ◀ Politics vs. Policy: A Credibility Gap

There's hardly a dull moment when following the love/hate relationship between the United States and China. This year, however, seems to have a bit more intrigue than usual. 2012 marks a significant time for the world's two largest economies. [See P81](#)

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## Dear Readers,

The economy in China is at a cross road. China's economic growth rates are, for the first time in history, failing below the expectations of the government. A 7.5% GDP growth was forecast for 2012, but we are now hitting September's projections under these figures. Inflation has been brought under control and banks have made efforts to ease credit, which could improve the chances of reaching the country's macroeconomic goals.

The business environment has seen some deterioration recently and a number of foreign firms have already decided to move some parts of their new projects back to their home countries. It will depend on the decisions of the new government to ease monetary and fiscal policies, but in all honesty, we don't expect many changes to take place until the middle of next year when the new leaders will take full control.

We are still very confident that China will be able to support to its own domestic industrial sector, but Chinese entrepreneurs need to move ahead to cover the gap being left by foreign firms. It will obligate Chinese companies to become competitive globally in many sectors where they are now only leading at home.

The unfavourable economic fundamentals of China's big trade partners, the USA and Europe, raise uncertainties for the future, but China has signs of recovering exports.. I suggest that you check our monthly Economy report for more details.

Our cover story this month is the Tangla Hotel's General Manager, Fintan O' Doherty, who is taking the Chinese hospitality industry to new highs through his incredibly vast experience and refreshing management style.

We also have a superb feature dialogue with prolific environmental campaigner Ma Jun, in which we discuss the tremendous impact China's economic development is having on its environment. His work has been recognised many times, most recently with him being awarded the prestigious Goldman Environmental Prize 2012. Don't miss this article. I was honoured to meet him in person and talk to him to learn what many Chinese people really think about environmentalism in relation to sustainable economic growth.

A night with stars! Was the main theme for the European Gala dinner, which was celebrated in October. Also last month, the organisers of the Pink Ribbon Gala Dinner treated all the foreign and Chinese guests who attended the event to a lovely evening. Many thanks go to the TICC and its members.

Check our online version [www.businesstianjin.com](http://www.businesstianjin.com) to get more updated information.

Best regards,

J. Hernan

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**TIANJIN NEWS**

**Wellington College History Trip to Europe**

*Business Tianjin, 16 October*



Wellington College has been open for just over a year and yet, in this comparatively short time, the school has already established an enviable reputation for its sense of the past. The pupils study many historic periods and topics, drawn from all over the world, and, in common with this global approach, forty pupils and four teachers will embark upon Wellington's first History Trip, to Germany, Poland and the Czech Republic in November. The party arrives in Berlin, where sites visited will include the Brandenburg Gate, the Olympic stadium and Sans Souci- Frederick the Great's palace. In Poland, visits will be made to the historic city of Krakow and to the former concentration camp at Auschwitz. The trip will end in Prague, where highlights include Prague's imposing hill-top castle, St. Vitus Cathedral and the tragic village of Lidice. The intention is that the History Trip will become an annual event at Wellington. Plans are already being made to introduce a Parents' History Trip.

**Hyatt Regency Jing Jin City Resort and Spa Hosts the 2012 Autumn Hyatt Cup Golf Tournament**

*Business Tianjin, 13 October*



Hyatt Regency Jing Jin City Resort and Spa recently hosted the 2012 Autumn Hyatt Cup Golf Tournament at the Royal Riviera Golf Course in Jing Jin City. This is the third time that the resort has hosted the charity event and over 130 friends from different areas enjoyed a day of golf followed by an awards dinner at the resort. The highlight of the awards dinner was the announcement by the resort that a CNY 50,000 charity fund would be allocated to an orphanage in Tianjin and to a primary school in Baodi County.

**The 2nd Lotte Department Store Has Opened in Tianjin**

*Business Tianjin, 22 September*



On 22 September, Tianjin vice mayor Ren Xuefeng and South Korean ambassador to China Kim Min-Jung came to the Lotte Department Store in the Tianjin Cultural Centre to open the store with the store's president. This is the fourth store wholly owned by the company and the second one of its kind in Tianjin. It has nine functional areas including a performance hall, a lounge, a golf demo room, a beauty nursing centre and a roof garden etc. In addition to the famous classical South Korean brands, Lotte has many other fashionable brands such as Tory Burch, Paul Smith, Kate Spade, Louis Quatorze, Kenzo, White Collar and Harman.

**Upholding the Best Service, Sheraton Tianjin Hotel Celebrates the 25th Anniversary**

*Business Tianjin, 18 October*



The year of 1987 witnessed the glaring birth of the Sheraton Tianjin Hotel - Tianjin's first five-star hotel. Enjoying international approvals and having such legendary beginning, the Sheraton Tianjin has provided an oasis of serenity and has combined business, leisure, travel and entertainment over 25 years of excellence. In order to celebrate the 25th anniversary

of the Sheraton Tianjin, we held special celebration activities for the hotel staff, in which an elaborate lunch was provided, an interesting hotel knowledge quiz was carried out and many pleasantly surprising gifts were given to the staff.

**IKEA: Sound, Comfortable Sleep**

*Business Tianjin, 19 October*



On 19 October, IKEA held a media event on the theme of sound sleep. IKEA put forward its idea that "the mattress that suits you is the best". Furthermore, they advised that "you'd better lie on the mattress to feel its texture" and "you can buy high quality mattress in IKEA". These ideas are different from the traditional ideas that "the harder the mattress, the better it is", "you can know the quality of the mattress only by sitting on it" and "good mattress costs a lot". Besides, IKEA offers customers a chance to return the products that they don't like and get a new one within 90 days.

**Turn the World Blu**

*Business Tianjin, 18 October*



On 28 September 2012, Carlson Rezidor, the veue's Hospitality Management launched 'Turn the World Blu' event in all Radisson Blu Hotels worldwide. Radisson Blu Plaza Hotel Tianjin welcomed more than 120 guests attending the party, which was also the opportunity to introduce their new General Manager, Mr. Clive Murray. In addition, there were performances from the hotel sales team and guests greatly enjoyed the 'Blu' themed dining cocktail to celebrate the event.

**Tianjin unveils its 4 main functional zones for the next 10 years**

*People's Daily Online, 11 October*



New city planning for Tianjin will see the city divided into four main functional zones within the next ten years. The zones will include a priority developing zone, key development zone, ecological function zone and an exploitation-prohibited zone. The priority development zone will cover a land area of 54.1% and will include the Heping District, Hexi District, Hedong District, Nankai District, Hebei District, Hongqiao District, Dongli District, Xiqing District, Jinnan District, Beichen District, Wuqing District, Baodi District and Jinghai County; focusing on the development of finance, business trade, cultural creation and leisure tourism.

**Tianjin International Cruise Home Port to be expanded**

*People's Daily Online, 19 October*



An expansion of the Tianjin International Cruise Home Port has been planned in order to encourage the cruise tourists and ships which are flocking to the city. The Phase II construction will add a 422-metre coastline to the terminal. Berths reserved for the Tianjin-Kobe cruise ship Yanjing and the Tianjin-Inchon cruise ship Tianren have also been planned. The two berths are scheduled to be open to roll-on/roll-off ships during vacant period for the Yanjing and Tianren. They will have the capacity to store 100,000 vehicles and 60,000 TEUs of containers per year. As of 18 October this year, the Tianjin International Cruise Home Port has received 36 international cruise ships and 120,000 passengers, up by 16% and 66% respectively on the numbers in 2011.

**Asian Development Bank funds cold chain facility in Tianjin**

*Sino Ship News, 17 October*



The Asian Development Bank (ADB) has provided its first-ever logistics-related loan to establish a large capacity cold chain facility at the port of Tianjin. "The project will not only address growing concern over food safety due in the People's Republic of China (PRC) to lack of infrastructure in cold chain storage and distribution. It's also critical for agriculture product transportation and storage," said Lu Shen, an ADB Investment Specialist in the Private Sector Operations Department. Tedahang Cold Chain Logistics (TCCL) will use the CNY 150 million loan to introduce an international common warehouse management system, logistics management and trading system that can serve as a model for the development of the cold chain logistics industry in the PRC.

**庆王府公馆正式开业**  
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## FINANCE

### Overseas energy projects get green light

China Daily, 10 October



Energy programs are among 15 major international economic projects that have been given the go-ahead in a major effort to boost the country's global presence in the solar sector and provide more opportunities for Chinese companies. The National Development and Reform Commission, China's top economic planner, announced the approval of 15 overseas projects on Monday. Energy projects account for about half. Silicon cell producers Hareon Solar Technology won approval to build a 122-megawatt solar-panel power station in Romania. Winsun New Energy also won approval to establish solar power stations in Italy and Greece. Solar panel manufacturers have been hit by trade friction recently but power stations may meet less opposition as they provide local employment, experts said.

### China's reliance on ore imports may surge

Bloomberg News, 9 October



China's dependence on imported supplies of iron ore, a raw material for making steel, is poised to rise to almost 80 % of consumption by 2015, according to Wood Mackenzie Ltd. Imports account for about 70 % of Chinese supply now, Paul Gray, the researcher's principal iron-ore market analyst, said yesterday at the 7th EU Iron Ore Conference in Vienna. He estimated the country's "medium-term" import need for the commodity at 50 million metric tons a year. China is the world's biggest steel producer and importer of the ore. It will consume more than 1.2 billion tons a year by 2015, a Wood Mackenzie presentation at the conference showed.

### China posts sharp slowdown in tax revenues in the first nine months of 2012

Xinhua, 23 October

Tax revenues slowed sharply in the first nine months of the year due to the economic downturn, falling prices and structural tax cuts, the Chinese Ministry of Finance said yesterday. In the first three quarters, tax revenues nationwide rose 8.6 % annually to CNY 7.74 trillion (USD1.24 trillion); 18.8 %age points slower than the growth seen in the same period last year, the ministry's statement said. It said that revenues from production-related taxes saw slowing growth from a year earlier. Revenues from value-added taxes grew by 5.8 %, down 12.9 %age points from the same period last year. Revenues from corporate income tax expanded by 14.7 %, down 21.1 %age points. The ministry attributed the deceleration to weakening economic growth, lower price levels and slowing property sales growth, as well as structural tax reduction policies.

## LAW & POLICY

### Investors hail draft fund laws

China Daily, 9 October



Venture capital and private equity fund managers have welcomed a draft amendment to the Law on Securities Investment Funds, aimed at protecting investors' interests and reducing financial risks by imposing new regulations on privately offered funds. A second review of the amendment started on Tuesday at the opening session of the bimonthly meeting of the National People's Congress Standing Committee. The first review was in June. The draft document specifies regulations for private equity funds, including its contracts, investment scope and rules for fund managers.

## LOGISTICS

### Korean Air's In-flight menu is named one of the world's best

Skynews.co.kr, 19 October

Korean Air recently won top honours in Travel Weekly's 2012 Magellan Awards and was ranked amongst the world's best for its in-flight Menu. The airline has been at the forefront of in-flight cuisine innovations by launching the first organic breads and salads in 2006 and introducing its Jedong farm-raised meat and poultry in 2009. "What makes our in-flight cuisine unique is that so much of our premium meats, poultry and vegetables come from our own farm in Korea," said Korean Air Vice President, John Jackson. The 1,700 livestock and more than 5,200 chickens raised at Korean Air's Jedong farms are antibiotic-free and the farm has received an environmentally friendly farm certification from Korea's Ministry for Food, Agriculture, Forestry and Fisheries. In addition, the feed for Jedong's cattle and poultry including barley, wheat, oats, and corn is also grown on the farm. Korean Air is a three times Mercury Award winner and the airline continues to raise the bar on in-flight cuisine.

## TELECOM

### Telecom giants hit back at allegations

China Daily, 9 October



Two telecom giants rejected as "baseless". The findings of a US congressional investigation accused them of posing a national security risk. The allegations indicated growing commercial disputes between China and the United States, especially in the high-tech sector, trade experts said. Huawei Technologies Co and ZTE Corp rejected the "baseless" findings of a US congressional investigation that accused them of posing a national security risk.

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**GENERAL**

**Mo Yan wins Nobel Prize for Literature**  
*China Daily, 12 October*



Writer Mo Yan won the Nobel Prize for Literature on Thursday. The Swedish Academy, which gives out the annual prizes, described Mo's works as "hallucinatory realism" merging "folk tales, history and the contemporary". "Through a mixture of fantasy and reality historical and social perspectives, Mo Yan has created a world reminiscent in its complexity of those in the writings of William Faulkner and Gabriel García Márquez, at the same time finding a departure point in old Chinese literature and in oral tradition," according to the citation for the award. Mo, 57, whose real name is Guan Moye, is the first Chinese writer to win the honor, which also comes with a financial award of 8 million Swedish krona, or USD 1.2 million.

**CHINA IN THE WORLD**

**Big Apple tempts Chinese buyers**  
*China Daily, 8 October*



Long-term views, rather than 'quick profit' mentalities, drive New York home prices. It used to be that Chinese buyers who purchased property in New York did so because the city's durable real estate market was both a reliable and potentially lucrative investment. Now, however, affluent Chinese buyers are more likely to seek out Big Apple properties as a way to hang on to their wealth, according to real estate brokers. Wealth preservation is a factor and "they take a long-range view", said Kevin Brown of Sotheby's International Realty.



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**New Zealand-China cooperation slows methamphetamine supply**

*People's Daily Online, 24 October*

Joint efforts with China's customs authorities have helped stem the supply of methamphetamine precursor drugs into New Zealand, the New Zealand government said on Tuesday. Customs Minister Maurice Williamson said that more than 1.2 tonnes of ephedrine and pseudoephedrine was captured by New Zealand Customs in 921 seizures in 2009; which was a record high. "In the first nine months of this year just over 300 kilograms was intercepted in 264 seizures," Williamson said in a statement. The government has focused on attacking the supply, manufacture and consumption of methamphetamine because of its dominance of the illicit drug market, he said.

**Switzerland's ABB is to boost its China presence**

*People's Daily Online, 23 October*



The cooling economic expansion and rising labour costs in China have driven a number of foreign manufacturers out of the country. But Swiss engineering group ABB Ltd said that it will stay and plans to attract more Chinese talent. "We did not come to China to make use of its low labour costs 20 years ago," Claudio Facchin, president of ABB North Asia and China said, in a recent interview. "And despite the economic slowdown in the country in the short term, there is a consolidated view for a strong market in the long run," he said. But not everyone is as optimistic. According to a survey recently conducted by the Boston Consulting Group, of 106 senior managers at American manufacturing companies with annual sales revenues exceeding USD 100 million, more than one-third said they are considering or planning to move their production facilities in China back to the United States.

**Arrears in the Spanish banking system reach 10.5 %**

*People's Daily Online, 19 October*

Arrears in the Spanish banking sector set a new record in August reaching 10.5 %, according to data released on Thursday by the Bank of Spain. It is the first time that arrears have passed the 10 % mark and this figure means that banks, saving banks, cooperatives and credit finance entities have EUR 178.579 billion in loans and unpaid credits. This figure experienced a 39.7 % increase from August 2011 (EUR 127.785 billion in arrears). The non-performing loan rate of the credit finance entities reached 8.97 %, which represents EUR 3.541 billion. The Bank of Spain did not publish separate data for the arrears of the remaining entities, whose joint non-performing loan rate reached 10.6 %.

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# Numbers

## 6

Six Italian scientists and an ex-government official have been sentenced to six years in prison over the 2009 deadly earthquake in L'Aquila. Prosecutors said the defendants gave a falsely reassuring statement before the quake. The 6.3 magnitude quake devastated the city and killed 309 people.

## 1.12

As the tallest dog in the world, Zeus, an American Great Dane is 1.12 meters tall. He and his family live in Michigan now.



## 4519

Japanese girl Asako Kanda has 4519 Hello Kitty products, the largest collection of Hello Kitty in the world.



## 76.2

Archie, The shortest Dexter cow in the world, is only about 76.2 cm.



## 920

920 people in the ancient city of Henan province, China took part in the activity of writing Chinese character of Chrysanthemums with brush at the same time, breaking Guinness World Records of 575.



## 740

During the longest ever golden week in China, 740 million people, half of China's population, had travelled around the country and the world.



## 487

The number of Chinese senior citizens is expected to skyrocket from the current 185 million to 487 million, or 35 % of the population, by 2053, according to the China National Committee on Aging.

## 6 billion

Wu Yajun is China's richest woman and richest self-made woman in the world for the second year running with a personal fortune of US\$ 6bn.

## 13

For 13 years, a young Chinese man called Songyang has taken good care of Hans, a Swedish man whom he met while studying in Britain. Song promised to take care of Hans and brought him back to China after graduation.

## 92 kg

Recently, a 6-year-old British boy, called Max, has harvested a huge pumpkin weighting in at 92 kg, four times his weight. He grew the pumpkin to celebrate Halloween.



## 96

Indian peasant Ramjeet Raghav is the world's oldest dad. At the age of 96, he welcomes his second child into the world, earlier this month.

## 50,000

50,000 young martial art practitioners are practicing kung fu on the way to Songshan Shaolin Temple in Henan province, to welcome participants to the Zhengzhou International Martial Arts Festival.



### Nightly Specials



#### Afternoon Tea

Enjoy our traditional afternoon tea alone or with friends in a perfect atmosphere overlooking bustling Nanjing Road. Taste our delicious assorted high tea set including finger sandwiches, scones with clotted cream, French pastries and cakes.

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Validity: until December 23, 2012



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Validity: October 15 to December 31, 2012

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Validity: October 1 to December 23, 2012

TANGLA HOTEL TIANJIN

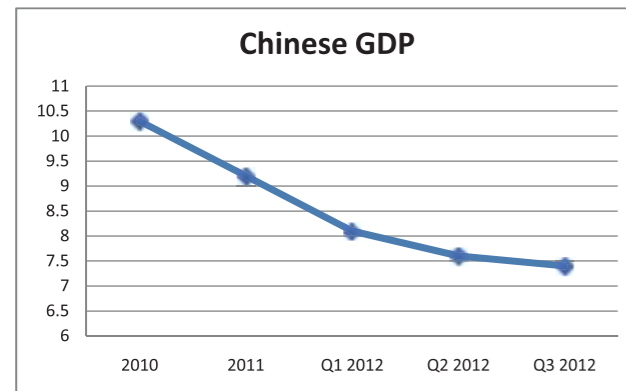
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# November China Economy Report

By Hyuk-tae Kwon

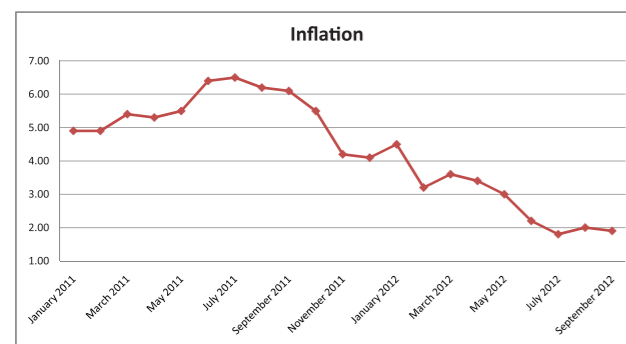
## China slows down and downside risk continues

China's economy slows down for seven quarters in a row and this year's third quarter' economic growth stayed at 7.4% - missing the government's target of 7.5% for the first time in the last three years.



China's inflation was close to the slowest pace in two years in September, giving the government room to ease policies should the economy drastically deteriorate further.

Consumer prices rose 1.9% from a year earlier, while the producer-price index dropped by 3.6%, the National Bureau of Statistics said on its website today. China's imports increased 2.4% from a year earlier, while overseas shipments climbed by 9.9%, the customs administration said on 13 Oct.



"The risks are stacked on the downside," said Jeremy Stevens, China economist at Standard Bank in Beijing, in an interview with Reuters on Wednesday 17 October. "Most macro figures, like industrial production, investment, retail sales and so on, have averaged a lower growth rate in the third quarter than in the second, suggesting additional momentum loss over the quarter."

Premier Wen Jiabao took the opposite stance. Xinhua quoted him saying that the economic situation in the third quarter was relatively good and that the government was confident of achieving its 7.5% target. Wen also said that Beijing would not relax restrictions in the housing market which are currently aimed at cooling home prices.

Some analysts cite electricity usage growth which is running at roughly half the average rate of the last five years as a manifest sign of economic malaise. Data on Wednesday 17 October showed that power consumption growth had slipped to an 8-month low contrasting sharply with double-digit growth just a year ago.

But Ting Lu, chief China economist at Bank of America/Merrill Lynch in Hong Kong, believes markets are overly worried about the risk of a hard landing and says that financing conditions have been eased significantly and system-wide credit is growing even more rapidly than official bank lending data suggests.

That's enough to stop economic growth from falling further beyond the third-quarter 7.4% bottom, Lu anticipates, but he cautions that it will not engender a sharp bounce in activity; forecasting full-year growth of just 7.6% for this year and next.

"It might take another couple of quarters for growth to truly bottom out," Lu wrote in a note to clients. "This cycle might be more U-shaped than V-shaped."

## Trade and money supply grows but momentum remains uncertain

China's monthly trade and money supply data released in early October provided a positive outlook for the world's second largest economy.

"The trade data is a positive sign for the Chinese economy," said Citigroup economist Ding Shuang. "But it remains to be seen whether import and export growth can remain at these levels," he added, noting that unfavourable economic fundamentals in the U.S. and the European Union—China's two big trade partners—raise uncertainties.

China's trade surplus widened in September as exports rose on improved overseas demand and imports recovered slightly, according to data released Saturday. Exports were at a record monthly level of USD 186.4 billion in September, rising a solid 9.9% from a year earlier, data from the General Administration of

Customs showed. This was much higher than August's 2.7% rise and well above the median forecast of 5% by 13 economists in a Wall Street Journal survey.

Meanwhile, China's broadest measure of money supply, M2, was up 14.8% at the end of September compared with a year earlier, accelerating from the 13.5% rise at the end of August and beating expectations of economists, data from the People's Bank of China showed Saturday. Analysts said that the September rise, which was above the central bank's target of 14% growth in M2 for the year and the 13.7% median forecast of 15 economists surveyed by The Wall Street Journal, was a sign of a slight loosening of monetary conditions that could help in the drive to boost China's still sluggish economic growth.

## Chinese job market still strong

The slowdown in China's economy isn't making it any easier for Liu Fenglin to hire 10 experienced welders this year for his heating-equipment maker, according to Bloomberg.

Liu has managed to find just three employees even with the economy in its deepest slowdown since the global financial crisis. "The scenario when migrant workers will throng around your desk after you hang the job poster is long gone," said Liu, 46, whose company is in the southern city of Zhuhai. "It's getting worse year by year."

Last month, Vice Minister Xin Changxing said the employment situation was generally "stable." The nation created 9.18 million urban jobs in the first eight months of the year, Xin said, exceeding the full-year target of 9 million.

Chang Jian, a Hong Kong-based economist at Barclays Plc who previously worked at the World Bank, said new entrants to the labour market have fallen from 4 million to 5 million a year from 10 million in the early 2000's. That means "6% to 7% growth is about right for China," she said.

The number of people aged 15 to 24 is projected to shrink 11.3% to just under 200 million in the five years through to 2015, after expanding 1.3% in 2005-2010 and 13.2% in 2000-2005, according to United Nations data. The group's share of the population will decline to 14.6% in 2015 from 16.8% in 2010, sliding to 11.4% in 2030, the UN forecasts.

## Difficult to follow Chinese employment rate

There's no reliable way to track changes in China's employment according to Bloomberg. The broadest figure the government gives is the quarterly urban jobless rate, which excludes migrant workers and has held at 4.1% for eight quarters through June, according to the Labour Ministry.

The highest rate since Bloomberg started compiling the data in 2002 was 4.3% in 2009.

The Ministry of Human Resources and Social Security conducts a quarterly survey of employment in 100 cities. Its latest report indicated 6.433 million positions were posted in the third quarter, while there were 6.1 million job-seekers. The ratio between positions available and sought was unchanged from the second quarter.

In Shanghai, the easiest work to find was "restaurant waiter and waitress," with four positions available for every job seeker, the study indicated. Least promising was "vehicle driver," with four applicants chasing each position. **B**

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# Specialist in Luxury Service: Tangla Tianjin's Top Man

By Josh Cooper



As part of the prestigious Luxury Collection hotel ensemble, the Tangla Hotel Tianjin is taking the Chinese hospitality industry to new highs. Through its elite service and stunning blend of oriental and international ambience, the Tangla brand is differentiating itself from the countless big name international hotel chains on the market. With the company's Tianjin hotel serving as its flagship venue, this domestic brand is setting new standards for China's booming hospitality sector. Hotel General Manager, Fintan O' Doherty, utilises his unparalleled expertise in high class hospitality to lead one of the city's most authentic Chinese style luxury venues. To date he has worked in over 30 hotels, in 15-20 cities and in six different countries; an impressive and extensive range of experience to say the least. Here is what he had to say about his work in Tianjin and the Tangla hotel and brand.

**First of all, please can you give our readers a brief insight into your personal and professional background?**

Well, I am originally from Sligo, near the west coast of Ireland, but my career has taken me all over the world. I went to catering college in Dublin and later did my MBA at Durham University in the UK. Throughout my academic career I was building up experience as a chef, waiter and bartender. After a few years of working in various hotels around Ireland and Britain, I got a really good job in the Ukraine. That was a very interesting place to work. I was in charge of the food and beverage for a casino and entertainment complex. Since then I have held a number of posts around Asia, including the Hilton in Chongqing, the Mandarin in Singapore and a very big hotel in Ho Chi Minh City, Vietnam. The latter was particularly fascinating and gave me some great experience

in hotel management. Eventually I was introduced to the Tangla brand and I have to say that my time with the company has been great. I have achieved so much already, winning a number of prestigious awards, and I absolutely love working with this extraordinary team.

**What inspires you about working in the hospitality industry and what do you most enjoy about your current role?**

From a young age I realised that I wanted to be a hotel manager. As a child I visited a lot of hotels and that is perhaps where my passion started. Hotels are incredibly interesting and dynamic places to work. With all of the different departments and activities that are going on at the same time, it is always busy and no two days are ever the same. There is an old saying that 'if find a job you love, you'll never work a day in your life'. I firmly believe that.



However, it is not easy being the manager of a luxury hotel. I like to think of my role as being similar to the coach of a football team. You have to make sure people are developing as 'players', but it is also extremely important that you get people in different roles communicating with each other. In the position that I am in now, a significant part of what I do is training the younger members of the team and helping them to develop their skills. That is what I love to do, working with people and sharing my experiences within the hospitality sector. It is also exciting to be a part of the evolution of the brand, which is currently expanding across China but eventually aims to bring Chinese hospitality to all major cities on the globe.

**In Vietnam you gave a series of lectures about 'the importance of communication in hotels'. Can you give us your thoughts on this topic?**

Proper communication in the hotel industry is absolutely vital. It is at the centre of everything we do. In terms of service, being aware of communication issues and developing staff members' abilities to interact with colleagues and customers is essential. As an example of one of the issues that come up in Asia generally, people sometimes avoid eye contact and this sort of thing because they are afraid of being impolite. For many of the western guests, however, this kind of behaviour is considered to be a little bit too shy and they feel that a more assertive and interpersonal service is more welcoming. We also discussed the ways that we should talk to guests, meet and greet them etc. First impressions are lasting impressions and therefore it is incredibly important to get it right.

**So thinking about your experiences in other parts of the world, how does the Chinese hospitality sector compare to elsewhere?**

China has a long and fascinating history which has given the country a very distinctive cultural heritage. In terms of my job here in Tianjin, it is very different from my previous roles because Tangla is a Chinese brand; whereas before I have worked for

international companies in China. So therefore, the company culture is very authentically Chinese. It is based on Taoist and Buddhist principles and we have several key points, 'Harmony, Elegance, Excellence, and Serenity', that guide our interactions with clients and other staff members. In my position I have to respect local customs and make a conscious effort to understand Chinese culture.

When working with Chinese people you need to be aware of cultural values such as 'saving face'. Sometimes certain members of staff are apprehensive about making decisions because they are scared of losing face. It is important for me to put them at ease and use humour and politeness to make them feel relaxed in their work. I work with a relatively young team of Chinese people, who I would say are very driven and keen to learn from western managers like myself. I find that Chinese people, especially in Tianjin, are very easy to interact with. You can really feel the energy in China and whilst there are still challenges to overcome, it is clear that things are going in the right direction.

The Chinese hospitality industry is evolving quickly. It is great to be in a city which is so dynamic and has so much potential. It is not an easy business environment because we are always competing with the international brands out there. As more Chinese people are travelling abroad though, I think our potential customer base is becoming more discerning in what they are looking for, particularly in terms of authenticity, services and products. We need to firmly establish ourselves as the number one Chinese luxury brand on the market and cater to the needs of this rapidly evolving clientele.

**What is unique about the Tangla Tianjin?**

We have a number of unique selling points. Of course, being a Chinese company, as part of the HNA Group, gives us something special and a certain degree of authenticity that our competitors cannot attain. Our location in Tianjin gives us an excellent



advantage towering above the city's main shopping and business area. The designs and layouts of our guest rooms are certainly much better than most other places. All of our bedrooms, including the standard rooms, are at least 60 square metres- by far the largest for a Tianjin hotel. They include our signature stand-alone bathtubs which have fantastic views of the city.

**Why should clients who are looking for a great place to stay or hold corporate events choose this hotel over other luxury venues in the city?**

Our core values are 'Harmony, Elegance, Excellence and Serenity'. Everything we do at the Tangla is guided by these principles. Everything from the service to the décor helps us

to give our clients an elite standard of luxury, as well as a comfortable, relaxing environment to stay in.

We have a superb range of dining facilities within our hotel, including our SoU restaurant with the most extensive seafood buffet in Tianjin, the China Bleu jazz bar and Café d'or which offers an amazing business breakfast. For events, our ballroom can accommodate over 400 guests and is perfect for weddings, parties and corporate functions. Superb service is the backbone of any luxury hotel. We have an excellent team of dedicated and extremely welcoming individuals, lead by our Tangla Ambassadors, who are always on hand to cater to your individual needs. We understand what

Chinese and foreign clients want and we are always striving to deliver a world class service

**So tell us what does the future holds for the Tangla brand and yourself.**

We want our brand to be the most recognisable and sought after in China. When Chinese and foreign clients are looking for luxury hotels in major cities all over the world, we want them to think of Tangla. We are going to use this hotel in Tianjin as our flagship venue. This is where we want to perfect our service and business model whilst we are expanding elsewhere. It will be a training ground for new staff and a testing centre for new products and services. One thing that we are trying to do now is to establish some

signature features, such as our Tangla Ambassadors and our excellent catering services, which will be part of Tangla hotels across the globe.

I will be here for a while. For me the number one priority is this hotel in Tianjin. I have been given some additional responsibilities within the company. I am now the Vice President and I am also responsible for training many of our managers. I feel very comfortable and excited by the prospect of working for the Tangla brand in the future. **E**

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## Bringing Excellent Healthcare to Tianjin's Expatriate Community

An interview with  
John Williams, Managing Director,  
International SOS, China

### Tell us about your professional background and your career highlights so far.

I originate from the UK and graduated from the University of Leeds and Fudan University in Shanghai. I started off in 1986 in London as an insurance broker and in 1989 was appointed as General Manager of their China subsidiary, which took me to Beijing. In 1998 I joined International SOS as General Manager and am currently Managing Director for China and Mongolia.

Career highlights so far include breakthroughs with securing licenses in China, which are always a challenge to obtain. I succeeded in getting my former employer the first-ever insurance broking license in China and have worked closely with government bodies to achieve many key licenses since. Other career highlights include facilitating the first-ever medical evacuation between mainland China and Taiwan, arranging the partnership with the Ministry of Foreign Affairs to provide medical assistance to Chinese diplomats overseas and the mass evacuation of Chinese tourists after a bus accident in Hoover Dam, USA, in 2009.

### What are the major challenges of managing this kind of organisation?

In the past, healthcare was not a strongly promoted area for foreign companies to be involved in China. So the regulatory framework has always been challenging for us, particularly navigating the licensing process and obtaining permission to open new clinics in China.

Staffing and retention is also an ongoing challenge; bringing on board highly-qualified doctors and professionals with the appropriate experience. Attracting foreign doctors and other experts to come to China to work and live can be challenging because of concerns about air quality, cultural and language challenges and access to education. Attracting the best and the brightest amongst Chinese nationals is a continual challenge in the war on talent in China.

### You have been working in China for 24 years. What kind of changes have you seen in the business sector over your time here?

I have witnessed changes in every aspect of doing business. In the 1980s when I first arrived, it was difficult finding staff that spoke English and had the right skills. However, today there is a large pool of talent in China with very strong skills and experience. There has been a large increase in salaries over that time which can mean challenges in terms of managing costs for businesses.

There is a younger generation of government officials that are very willing to help find solutions for foreign businesses to enter markets and are willing to help overcome entry barriers. Previously it was more challenging for businesses to enter these markets. At the same time the healthcare sector has undergone huge reforms in recent years with very significant state sector investment which has improved physical infrastructure and has begun to address many of the inadequacies of the State health system. This makes it an interesting

and challenging environment in which to work.

The Chinese legal structure has become much more transparent and organized, particularly in Beijing and Shanghai, although challenges still remain in second and third cities.

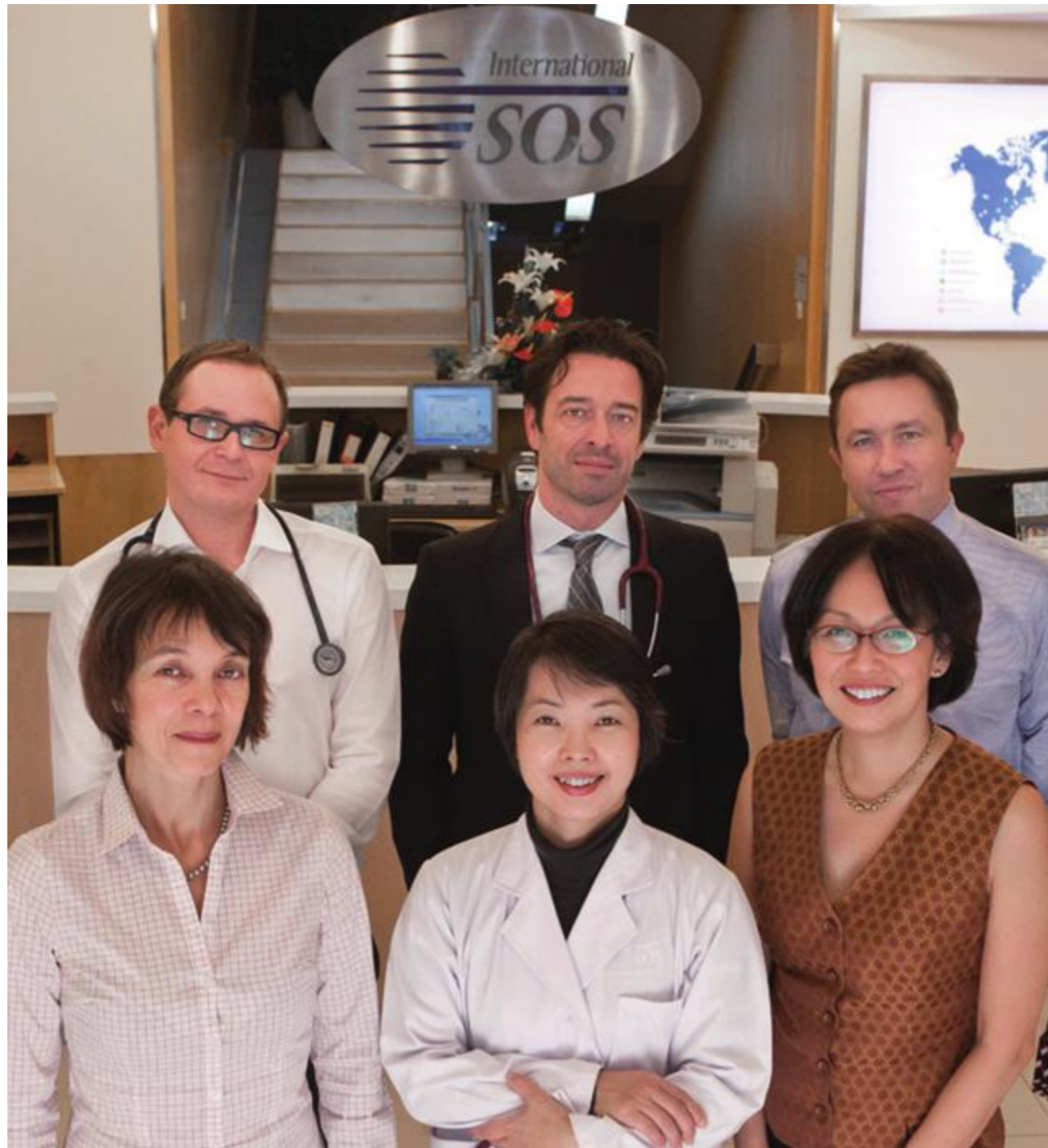
### Can you give our readers some insight into the work that International SOS does in China?

We have been in China since the late 80s and are therefore very well established. Today we employ more than 600 people in China, more than half of which are medical professionals.

International SOS' mission is to look after the needs of our clients and their demand for international-standard healthcare. Health risks in China vary depending on location

and foreign companies need to recognize and manage these risks. One of the most important things that we do for our clients is provide information and guidance to our members, in a way that they are familiar with: we can advise which hospital's to go to, which doctor's to see, we can arrange appointments, help with translation and also accompany patients. At our clinics, we provide high quality international standards of healthcare that you would expect abroad. We have a 24/7 assistance centre that directly connects to the other 27 assistance centres we operate around the globe and we provide on-site medical services on 32 client sites in China. We also support Chinese clients who have their operations in other parts of the world, from Mongolia to Niger in Africa.





**How competitive is the international style healthcare industry in China and what gives International SOS the edge?**

The industry is most certainly becoming competitive with an unprecedented wave of investment from both domestic and international sources. There already is a variety of international-style healthcare options in Tier 1 cities, but still developing in 2nd

and 3rd tier cities. The public sector is developing international wards within specialty hospitals that allow access to international-style care, that may have been difficult to access in the past. Despite the rapid development, challenges for foreigners when navigating the system remain, such as language barriers, cultural differences, access to ancillary services and busy medical facilities. Our

role at International SOS is to help organizations, families and individuals navigate through the complexities of the system and determine the most appropriate medical facilities specific for their medical condition and individual circumstances.

International SOS is not a standard hospital or clinic. We are pioneers in the health and security assistance

industries globally, as an assistance organization that provides a plethora of healthcare and security services for global clients wherever they may be. Our advantage is the high quality and standards across the globe and vast network which we can provide: we handle everything from routine medical or security advice, to the most challenging operations across borders such as mass evacuations and acute trauma cases. So wherever you are in the world and whatever problem you have, we can help.

**As the international community in Tianjin is rapidly expanding, are you seeing more people turning to International SOS for assistance with their medical needs?**

Given the expectations of our clients in Tianjin for international standards of healthcare, we have expanded our own services by opening a new clinic in Binhai as an addition to our existing clinic in downtown Tianjin. Our clinics connect our members to emergency services, primary care and dispensary services. We also can coordinate evacuations out of the Tianjin and Binhai area to local hospitals, Beijing or internationally. We intend to track the development trends of the different demographics in Tianjin and Binhai to offer the best healthcare solutions to each of these groups of people.

**For many expatriates, access to healthcare for themselves and their families is one of the most worrying aspects of living abroad. What is your advice in terms of planning for medical emergencies whilst living in China?**

We recommend that expatriates are covered by a reputable global insurance company. In addition, individuals should have a medical and security assistance provider, such as International SOS, to whom they can turn for medical advice, information and help in the event of an emergency.

Expatriates should become familiar the medical facilities near them and how to contact the municipal



emergency response system. For International SOS members, this process is simplified as we can coordinate with ambulances or a range of medical facilities as necessary and provide valuable language support and medical expertise, so most importantly, the member needs to know is how to contact our 24/7 assistance center.

**In terms of healthcare in China generally, would you say that the standard of public health provisions is improving significantly as the country grows economically?**

The general healthcare system has improved markedly over the past few decades. The government has gone through a sizable program of investment in the past two to three years and all evidence points to the fact that the government will continue to invest. However, the scale of the challenge of providing healthcare to this vast population is huge. China's healthcare is rapidly changing and lots of efforts are being made for further improvements, such as standardization in emergency services etc.

Finally, tell us what you see the future of International SOS China looks like and what your goals are going forward.

In the coming years, as people and companies increasingly go more global, we hope to establish an even stronger foothold as the company that looks after all people that go abroad for work or personal life. In China, as Duty of Care awareness improves, we anticipate more health promotion programs, training and workplace health measures that will benefit organizations and their employees.

China continues to be one of the most important recipients of foreign direct investment and so we look forward to expanding our services to global companies and their employees and families locating to China.

With more Chinese companies expanding overseas, we are working with these companies to meet their medical and security challenges and provide crucial support, in places such as Africa and the Middle East. We have done a number of challenging medical evacuations for Chinese employees working in North Africa of late, and we are very proud to help bring these Chinese nationals home. **E**

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# Crisis Zone Tianjin: Where is the Water?

By Matthew Baum



**M**a Jun has been leading China's battle against water pollution for well over a decade. He founded the environmental NGO, IPE in 2006. IPE is a major trendsetter which has developed new ways of working with the community to combat major polluters like Apple Inc. His hard work has been recognised many times, most recently by being awarded the Goldman Environmental Prize in 2012. Today he talks to Business Tianjin about the World Economic Forum's 2012 Summer Davos event and his ongoing role in China's water crisis.

**What was it that got you interested in changing China's environment?**

During the 1990's I worked for the media and I travelled to different parts of China. I was struck by the environmental damage, especially in terms of water of resources. Many rivers in the north had run dry or were polluted. There was also a lot of serious contamination in the south and west of China.

I wrote a book about what I had seen: 'China's Water Crisis' (1999). Its target audience understood the main point of the book and agreed that there would be a crisis if we didn't change our approach to water management, so I was pushed by the readers and some other people to get into environmental work.

**Why did you choose water as the main focus for your environmental activities?**

Water has a special impact. I think both water and air pollution are equally serious and expose hundreds of millions of people to harm. However, water involves disadvantaged groups of people, who are hugely affected by its scarcity and pollution. Water is not just about the environment, it is also about

resources. Water is a limited resource, but now it's being destroyed by pollution and overuse.

**What role did you play in the WEF's 2012 Meeting of New Champions in Tianjin?**

Firstly I want to thank the forum for providing me with a large platform and to reach out to a large audience. I participated in an important panel discussion, on the use of resources and sustainable development. I spoke with Thomas Friedman, the New York Times columnist, and also chatted with the audience.

I wanted to bring civil societies' perspective to the table. I didn't just talk about the grave situation that we are facing, I also discussed some of the creative, bottom-up efforts in China; which many stakeholders do not know about. I see this as a great platform to communicate our message and to engage with other stakeholders. I wanted to explain that there are opportunities for us to work together on a different type of environmental governance. I tried to show that there are methods which involve more

transparency and participation from the government, big corporations and citizens working together.

**Can you tell our readers a little bit about IPE. What are its goals and achievements so far?**

Our goal is pollution control and promoting sustainable development. We achieve this through expanding environmental transparency. The real barrier to environmental sustainability in China is not lack of technology or money; it's the lack of motivation. Government enforcement in this area is weak and environmental litigation is difficult. This needs to be changed by getting more people involved, but to do that people need to know more. We built a national pollution database compiling all of the government sourced environmental data including a list of violators of environmental laws. When people accessed this information polluters came under pressure especially after we added a green supply chain management tool to our site. Some brands started using our database to track the performance of their suppliers; which led to more

than 700 polluters publicly disclosing their problems.

**You measure many environmental factors such as air quality and energy consumption. Will you continue attempting to solve China's water problems or is water quality a stepping stone to a larger scale reform?**

Water will remain a major part of our work, but air pollution is equally serious. Therefore, as of 2008 we started making air pollution records. One reason for this was that companies wanted comprehensive pollution tracking. The goal is to create a comprehensive environmental database. Another objective is to create more transparency within China, because transparency is the foundation for all of our work. To that end, when companies want to be removed from the pollution record they can check the audit reports published on our website.

**What can people do to change their local water quality?**

Tianjin is where the Hai river runs into the Bohai sea. It used to have a lot of clean water, but now Tianjin is suffering from water pollution and serious water





shortage. Of course, the external impact from Beijing and other northern regions has a huge impact, but the massive urbanisation and industrialisation in Tianjin is also taking a toll on local water resources. I think people need to work with Beijing and other external polluters, but also try to grow in a more efficient and cleaner way.

**As someone who is working in China's burgeoning civil society movement, how do you see civil society's role in a rapidly changing China?**

Civil society is a new idea in China. The first environmental NGO was only registered in 1993/4, but now there are several hundred NGOs in China and there is definitely a lot more space for them to act. But there are also constraints and limitations, so every day is a balancing act. When we developed our pollution map database we decided to comprise it by only using government sourced data. So we try to involve a very broad range of stakeholders.

**Do you think environmental regulation is more effectively monitored than food regulation? If so, why is that?**

Unfortunately I think neither of these aspects has been regulated enough. Many environmental laws have been passed, but enforcement is still weak and fines are too low. I think there are a lot of similarities and links between

the two. As for food safety, people pay attention to food processing, but don't consider the contamination of soil or pollution of water for irrigation, which will eventually create huge food safety problems. I think both need more transparency and public supervision.

**What is your view on China's large scale water transfer project?**

The South-North Water Diversion Project was raised in the early 1950's. I think the currently unsustainable use of water in this region, especially in the Hai river basin, is a result of thinking that when we run out of water, water will flow from the south. In many people's view that time is now. We need to put this into perspective. This is an emergency relief project. This area is losing water and some regions are almost completely out of water. So we need this water for emergency relief.

I believe that water from the south will not be sufficient in solving this problem. It will only make-up a small amount of the current demand, which is rising as we speak. So later we will face a water crisis again and some people say we could widen our canals, but to me that is not feasible. We should take these 1,200 kilometre long canals as the limit. We have to shift our priority from expansion of water supply to water conservation. We are reaching our limit because the

social and environmental costs of this project are too high; each and every water user in this region must be made aware of this fact.

**What has been your most significant achievement so far in terms of environmental change?**

I'm very glad to see that there is a wider consensus on the belief that environmental transparency is needed. I think the trend is moving towards more transparency and that brings hope. However, we still need to motivate more people.

**How can volunteers contribute effectively to IPE's mission in monitoring?**

They can look at all of the information and reports we have collected on our website and micro-blog. The more active people can make their voices heard by communicating with major brands like Apple, and explaining that while the products are good, their supply chain is harming the environment. They can also share data through micro-blogs and social media. We have launched a project for local people to help us in locating the biggest polluters in China, which is on our website. Smart phone users can take pictures and send it to our Weibo account, along with their location. **E**



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# Hollywood Comes to China

By Justin Toy

This summer there has been a noticeable lack of foreign films at the movie theaters. Experts say that this is a strategy to protect the local Chinese film industry. There have been a number of big summer blockbusters like the Amazing Spider-man, The Dark Knight Rises and The Bourne Legacy that will have their summer release pushed back to the end of summer and beyond. China has been protecting its domestic film making market for years, allowing

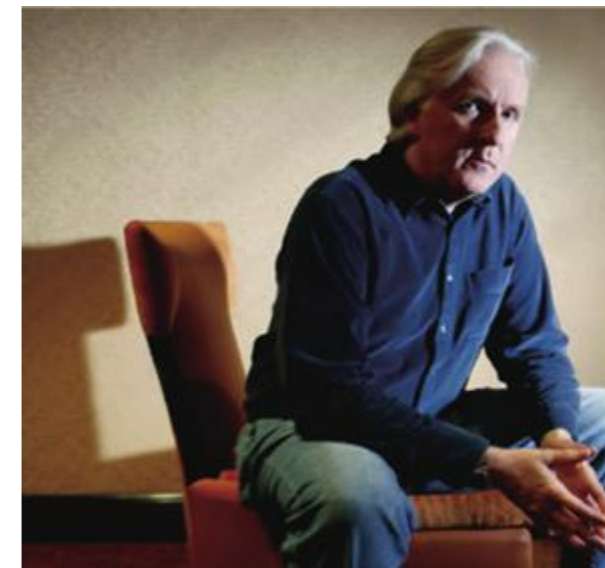


only a select few foreign films to be released in Chinese cinemas. Despite this, the Chinese market has been opening up recently; the import quota on foreign films for 2012 went up from 20 to 34 movies. The foreign movie studio will receive 25% (up from 13%) of the box-office revenue, compared with a 50:50 split in America.

However, things will start to change in the not so distant future. Movies, which are co-produced in China with a local Chinese partner, are exempt from this import limit. China's box-office ticket revenues have been increasing by 30% a year since 2003 a figure, which Hollywood has been making the Hollywood studios working hard to hammer out deals with their Chinese counterparts in order to cash in on this new gold rush.

Over the summer, there have been several monumental partnerships in the film industry that could drastically affect our theater going experiences in China and abroad.

On 6 August Dreamworks, the makers of such animated films as Kung-fu Panda, Shrek, and How to Train Your Dragon, announced a large international investment project to be based in Shanghai. The new animation studio, named Orient Dreamworks, announced that "Kung Fu Panda 3" would be made in China as a co-production with the parent company and will be released in 2016. The first full-length feature animation from Orient Dreamworks is expected to be released in 2017. After that, the plan is to create one to three animated films a year. Also announced was "Dream Center," a



cultural and entertainment center for tourists and citizens that will open in 2016. This entertainment center will exceed investment of RMB 20 billion and be built on the Xuhui Riverside in Shanghai. International architectural masters are submitting plans for various theaters, shopping centers, cinemas, tourist attractions, restaurants, and commercial facilities. This center and the nearby "Media Port of the West Riverbank" are being envisioned as new landmarks for Shanghai and a cultural and artistic center that might one day be compared with New York City's Broadway or London's West End.

James Cameron, the creator of the two highest grossing films ever, Avatar and Titanic, announced on 8 August that he and his partner, Vince Pace, are setting up a joint-venture here in Tianjin. The collaboration is a joint-venture between Cameron Pace Group China, Tianjin North Film Group, and the High-Tech holding Group

**The future of entertainment is 3D, and the future of 3D is in China" (James Cameron)**

(the latter two are state-owned entities). The collaboration will focus on bringing Cameron's industry leading 3-D technology and production services in order to aid China's booming moviemaking industry. Cameron believes that "the future of entertainment is 3D, and the future of 3D is in China" which is why he is making such a big investment in China. The first project that the group will work on is a 3D documentary film about Beijing. Perhaps Avatar 2 and 3 will be at least partly produced here in Tianjin.

Disney led the deal making when earlier this year they announced that Iron-Man 3 would be co-

produced with Beijing based DMG Entertainment Group. Part of the film will be shot in China and is rumored to feature the Chinese villain, Mandarin. Also, out in theaters right now is an interesting time travel drama called "Looper" (featuring Bruce Willis and Joseph Gordon-Levitt) which was another joint-venture that was partly filmed in Shanghai.

While all these developments are quite exciting for movie goers, China still has some major issues before it can fully reach its full box-office potential. The main issue of course is regarding piracy. However, while piracy is difficult to control, experts believe that if there are more interesting movies that come to theater, citizens will fork out the cash and see it in the theater instead of buying it off the street. **B**

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# Indonesia: Asia's Ideal Investment Opportunity

By Josh Cooper

“Invest in remarkable Indonesia”. That is the advice of the island-nation’s Investment Coordinating Board in its latest adverts aimed at enticing foreign investors. Perfectly nestled between Asia and Australia’s booming consumer markets, Indonesia presents one of the best money making opportunities of our era. According to the IMF’s estimates, the country’s GDP will grow by an impressive 6.1% this year, despite the terrible global economic circumstance, and that rate will increase to 6.6% in 2013. Nobody knows just quickly this emerging economic giant will grow thereafter, but one thing is for certain; it isn’t slowing down any time soon.

What makes this South Asian country such a special opportunity

for investors? Well, regardless of any other factors, the economic fundamentals are stunning. Imagine a nation which is in the early stages of a major industrial revolution. A few of the most important ingredients for success are favourable demographics, an abundance of natural resources, political stability and a sturdy financial sector. Indonesia, perhaps more than most countries on the planet, has an excellent combination of all these elements, and the boom is still in its infancy.

Indonesia’s demographics will most certainly be helpful in generating and maintaining sustained economic growth. Unlike the rapidly aging populations of the Europe, China and Japan, over 50% of Indonesia’s enormous

population are under 30 years of age. In fact, with approximately 240 million people, the country is home to the fourth largest group of producers and consumers on the planet. The strength in numbers, compared to most other major economies, should allow for the country’s industrial sector to steady hold its own in years to come. What is more encouraging, however, is the booming middle class which is driving domestic consumption through the roof. Pong Ho Yin, a fund manager at Allianz Global Investors, argues that “Indonesia is being driven by this huge consumption engine... The opportunity that is coming from this phenomenon is going to be enormous”. For him and many other commentators, it is only a matter of time before Indonesia is

ranked amongst the BRIC nations and becomes one of the economic powerhouses of the 21st century.

The country’s incredible richness of natural resources further complements both the growing demand for its exports and the increasing rate of domestic consumption. Indonesia is already one of the world’s leading exporters of coal, tin and natural gas. It is also home to the world’s biggest gold mine and the largest known copper reserve both of which have seen demand booms in recent years as China, India and other emerging nations have sought to expand their holdings. In terms of palm oil, which a third of the world’s population uses daily for cooking, Indonesia is already the world’s leading producer. While global

commodity prices may remain fairly stable for the time being, demand from the Asian tigers and other consumer nearby markets will continue to drive Indonesia’s mining and agricultural sectors for decades to come.

Political stability is always important when looking for a safe place to put your money. In this regard, Indonesia is a relatively sound bet in comparison to many other emerging markets. A report by Bloomberg recently pointed out that “Indonesia is one of the most politically stable countries in Asia and it deserves more attention from international investors.” Having seemingly put most of the underlying issues to rest, the nation is now united by its predominantly Islamic faith and the majority

of its population are strongly in favour of the current, pro-business government. The regime is firmly committed to facilitating business prosperity, improving education and health provisions and, very importantly, tackling the infrastructural problems which have hindered economic activity in recent years. Diplomatic ties with its neighbouring nations in Asia and Oceania- as well as a progressive working relationship with the west, provide solid foundations for smooth participation with the global economy.

At a time when much of the world is feeling some degree of financial distress, Indonesia’s banking and investment sectors are continuing to weather the storm with relative ease. Despite the seemingly







never ending fallout of the global financial crisis in 2008, capital markets, financial institutions and lending agencies in Indonesia have gone from strength to strength. According to Jerome Booth, chief strategist at London based Ashmore Investment Management, "Indonesia, in terms of sovereign risk, is better than several Western European countries." With healthy bank balance sheets and foreign investment rates soaring year on year, the nation's financial sector is in a strong position to provide a catalyst for future growth.

So it's clear that Indonesia is a golden opportunity for savvy investors. But where should you put your money? As with any kind of

investment activity, deployment of capital depends largely on personal preference. For those who like stocks and ETFs, the Jakarta Composite Index is home to some great small caps with huge growth potential. Whilst the large cap companies are not particularly cheap at the moment, they are still in a strong position to continually increase earnings going forward. Besides the obviously lucrative commodities play, land and real estate are also very enticing. With millions of Indonesians moving to Jakarta and other urban areas every year, property prices will surely see some significant gains. Furthermore, as the country's magnificent natural beauty continues to reel in millions of new tourists every year, holiday

destinations like Bali are thriving. Buying assets in line with these trends would certainly be a good long term strategy.

As Taizo Ishida, lead manager of Matthews Asia Pacific Fund, has stated "Indonesia has long been overlooked by emerging market investors and now there is a lot of value in cheap companies with good growth rates." So forget China, India, Brazil and the other emerging giants- Indonesia is set to take the financial world by storm over the coming years. With the right approach and an eye for long term growth, strategic investors could make some incredible returns from this exciting newcomer to the emerging market explosion.

## Investment News

### Stocks and Shares

#### German Chancellor adds fuel to the Eurozone fire

In October, things started to heat up between the German leadership and the other Eurozone member states. Markets around the world have felt the aftermath of Chancellor Merkel's outspoken opposition to using new funds for further bail outs of troubled Spanish banks. She stated that "there will not be a retroactive direct recapitalisation." With the country's major elections coming up next year, there is an ever-present danger of a full scale German backlash to the colossal lending programs. Investors may be wise to look for sturdy, non-European assets in 2013.

#### US third quarter earnings disappoint investors

A wave of earnings figures from US firms has left shareholders and speculators severely disappointed. Amongst the companies with significant revenue shortfalls were IBM, Microsoft and General Electric. With retail sales also posting significant weakness, as well as a generally bleak economic picture across the board, analysts are already suggesting that 2013 will be a miserable year for the markets.

#### Speculators are bracing themselves for the presidential election

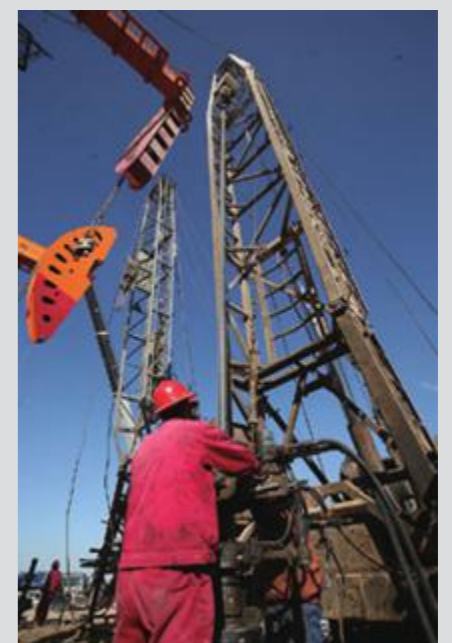
Historically, stock markets receive a temporary boost when republicans or presidential challengers get elected to the White House. With Obama's fiscal policies coming under heavy criticism from various big players in the financial world, a re-election of the current administration, which seems to be the most likely outcome, may be unpopular with certain investors. If Romney is elected to office, it could lead to a rally in various sectors- particularly with regards to defence related companies. On the other hand, analysts predict that pharmaceuticals, green energy providers and technology stocks are poised to benefit from another Obama presidency.

#### Canadian Government rejects Malaysian oil merger

Canada's Ministry of Industry has rejected a bid by Malaysian petroleum giant Petronas to take over Progress Energy Resources Corp, on the grounds that it would not be of 'net benefit' to the country. The offer, which amounted to USD 5.22 billion, is not the only ongoing takeover attempt in Canada's thriving energy market. Chinese oil firm CNOOC have recently made a staggering USD 15 billion bid for a controlling stake of Nexen Inc. The rejection of the Petronas plans has sparked rumours that any other takeover deals by foreign companies could be in jeopardy under the current Conservative government.

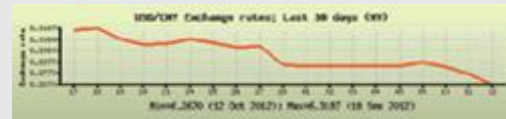
#### Japanese equities enjoy a mid month rally

On 19 October, Tokyo's Nikkei share index went above 9,000 in what was its best weekly surge for almost a year. After monetary easing plans were released by the country's central bank last month, it seems like speculators have regained some of the risk appetite that has been lost due to the troubled Japanese economy.



## Currencies

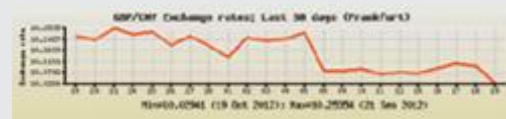
Chinese Yuan - US Dollar



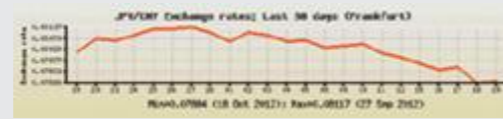
Chinese Yuan - Euro



Chinese Yuan - GB Pound



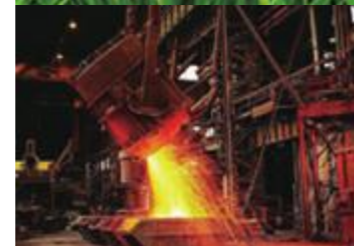
Chinese Yuan - Japanese Yen



As the Chinese government's currency stance takes centre stage in the battle for the US presidency, the yuan has its new highs against the dollar. It seems that the Chinese administration is gradually letting the country's currency edge towards the landmark 6-1 valuation with its US counterpart. However, if Romney is elected and follows through with his promise to "label China as a currency manipulator right from day one," nobody knows what the forex fallout will look like. In other news, the HKMA has stepped in to slow down the strengthening of the Hong Kong dollar amid fears that the surge in capital inflow will eventually repress the state's export potential. The euro looks set for turbulent times over the next month and beyond as pressure mounts over Spanish debt problems.

## Commodities

Commodity	1 Month Change	1 Year Change
Crude Oil (Petroleum)	0.99%	5.44%
Natural Gas	0.50%	6.85%
Wheat	1.15%	11.87%
Sugar	-1.70%	-24.14%
Rice	1.31%	-4.07%
Aluminium	11.98%	-10.00%
Copper	7.69%	-2.56%
Iron Ore	-7.73%	-43.88%
Lead	14.75%	-4.81%
Nickel	10.09%	-15.16%
Gold	7.02%	-1.48%
Silver	16.82%	-11.86%



Monetary measures and economic uncertainty are continuing to boost precious metal prices. Whilst gold is edging back towards the historical highs of last year, silver has been leading the way with gains of more than 15% over the last month. Industrial metals have also seen some significant revaluation this month. Copper, aluminium, lead and nickel are all becoming more

sought after as the recent panic of plummeting demand from China and elsewhere has seemingly eased. Oil has remained fairly stable, as have agricultural products following the explosive price surges they saw over the summer. **B**

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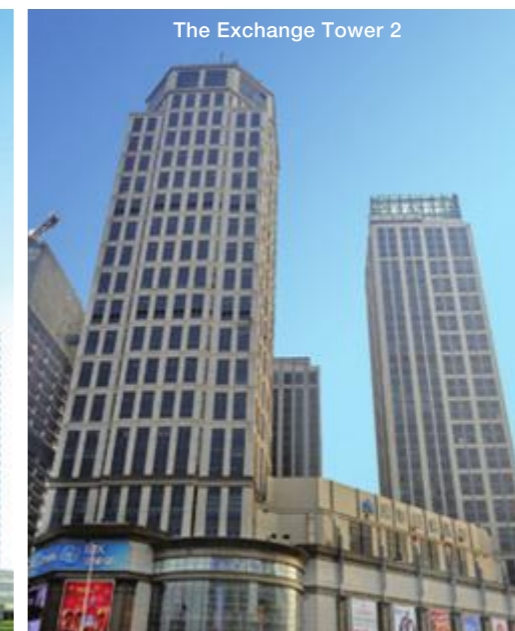
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# Chinese VAT Reform to Pilot in Tianjin



Manuel Torres



Diego D'Alma

by Manuel Torres (Partner) and Diego D'Alma of Garrigues Shanghai



## Introduction

In August 2012, China's Ministry of Finance (MOF) and State Administration of Taxation (SAT) announced that the pilot program in relation to the Chinese indirect tax system, concretely concerning the Value Added Tax (the VAT pilot program), which was formerly launched for Shanghai only, would be effective to another eight cities/provinces, including Tianjin. This VAT pilot program would certainly have significant tax implications in Tianjin's service industries.

## Tianjin has become the second pilot area.

The VAT pilot program seeks to progressively substitute the Business Tax (BT) currently applicable to taxable services in China, for the VAT. BT, a tax currently levied on the revenue derived from rendering services or transfer/rental of real estate, amongst other items, has been considered as a local tax with Chinese characteristics- since the main indirect tax system adopted by most jurisdictions worldwide is VAT (both on the revenues derived from sales of goods and services). It

Pilot Industries	Pilot VAT rate	Current BT rate
<b>Transportation service industries</b>	11%	3%
1. Road transportation services		
2. Shipping services		
3. Air transportation services		
4. Pipeline transportation services	6%	5%
<b>Part of modern service industries</b>		
1. Research & Development and technical services		
2. Information technology services		
3. Cultural and Creative services		
4. Logistics Auxiliary services		
5. Certification and Consulting services	17%	
6. Tangible and movable properties leasing services		

is observed that this recent VAT reform implemented by the Chinese government reveals the trend and intention of China on the globalisation of its indirect tax regime.

The VAT pilot program will be carried out in several phases. The first phase has already been carried out only in Shanghai and applied to specific sectors in Shanghai, namely transportation and 'modern' services. The following phases will consist of applying the VAT pilot program to specific sectors in other regions of the country and eventually, if the program is successful, it will be applied nationwide and to all service sectors. Now, Tianjin has become the second pilot area.

The new VAT pilot program has come into effect in Tianjin as of 1 August, 2012. In this newsletter, we will provide a preliminary and brief analysis of the VAT pilot program and offer some comments to enterprises that will be impacted by such change.

## Outline of the VAT reform

Circular 110<sup>1</sup> and Circular 111<sup>2</sup>, jointly issued by the MOF and SAT, mainly set out the legal framework of the VAT reform.

Circular 111 sets forth the specific services which are subject to the VAT pilot program ('Pilot Industries') and the applicable VAT rates respectively. According to Circular 111, enterprises chosen as pilot enterprises shall file VAT

instead of BT on the service revenues derived from services of Pilot Industries. Detailed scope and clear definition of each Pilot Industry has been provided in Circular 111. In addition to the current VAT rates of 13% and 17%, another two VAT rates, 11% and 6% will be adopted. Below is a table of the current BT rates and applicable pilot VAT rates under each category of industries.

## Compliance rules

In respect to the calculation of the payable VAT, if the taxpayer qualifies as a general VAT payer and is approved by the tax authority, the general VAT mechanism shall apply (i.e. output VAT - input VAT). However, if the taxpayer does not reach the threshold to become a general VAT payer, it will be considered a small scale VAT payer, subject to a 3% VAT rate, and whose input VAT will not be deductible.

Pilot Enterprises will soon be required to set up systems regarding the issuance, management and submission of special VAT invoices. In addition, service contracts would become essential under the VAT pilot program and will be required by SAT for VAT deduction purposes or be considered as evidentiary documents in determining the due date of payable VAT.

## Zero rate and exemption for services provided to overseas companies

Circular 131 was issued by the MOF and SAT, specifically addressing taxable services supplied by a Pilot Enterprise

<sup>1</sup> Notice on Publishing Pilot Plan for the Transformation from BT to VAT

<sup>2</sup> Notice on the Pilot Program for the Transformation of Transportation and Certain Modern Service Industries in Shanghai from BT to VAT



to an overseas company eligible for both VAT zero-rate and exceptions.

According to Circular 131, services taxable at zero-rate will be subject to VAT but at 0% and, thus, the relevant input VAT associated with the services provided to overseas clients will be fully recoverable. Such services include research and development services, design services provided to overseas entities and international transportation services relating to the transport of cargo and passengers from China to overseas, from overseas to China and those services provided outside of China.


VAT exempted services rendered will imply that the input VAT associated with the services provided to the customer is not recoverable. Industries subject to such exemption include, amongst others: certification, attestation and consulting services; technology consulting services; leasing of tangible and moveable goods when such goods are located overseas; advertising for ads published outside China and international transportation not supported by an international transportation operation license.

### Our observation

Enterprises in Tianjin which are engaged in Pilot Industries shall first confirm with the in-charge tax authority whether

they have been falling into the pilot scheme. Overseas enterprises which provide relevant services to clients in Tianjin shall also confirm the tax position of such clients since the latter might have to withhold relevant VAT (6% or 11%) on the service income.

In addition, enterprises subject to BT may bear a heavier tax burden when purchasing services from enterprises which are subject to VAT, since such payable VAT might eventually be reverted into purchase price for such services. On the other hand, those VAT taxpayers could benefit from the VAT transformation as they may apply VAT deduction under the general VAT mechanism. Therefore, it is advisable for all enterprises to go through and review contracts already executed or under negotiation and reconsider the relevant prices.

For the above reasons, we strongly recommend that enterprises rendering or receiving services from Pilot Industries shall be familiar with the VAT pilot program and learn how the system will adapt to their specific services in a detailed perspective. 

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# Latest Developments on Foreign Investment in the Medical Care Industry in China



Simon Bai  
Winners Law Firm



Healthcare expenditures in China have been growing steadily over the years, with annual growth rates of up to 20%. Moreover rising income among the population and growing social security coverage throughout the country have fuelled investments in the industry which forecasts for an expanding market. By 2015, the beds and medical treatment provided by non-public hospitals will account for 20% of total medical services, according to the China Ministry of Health (MOH). The entire medical services market is expected to reach USD 500 billion by 2015, offering great opportunities for private and foreign companies in medical service industries. Many investors are keeping a close watch on the huge potential in the Chinese healthcare industry with the gradual loosening of policies and growing demand for high-end medical services by China's growing middle and upper classes.

## Background of Legislation on Foreign Investment in Medical Services

In July of the year 2000, MOH issued the Interim Measures for the Administration of Sino-foreign Equity and Cooperative Joint Medical Institutions, allowing a foreign equity share of up to 70% within a joint venture.

In 2007, the Chinese government promulgated a revised Foreign Investment Industrial Guidance Catalogue, (2007 Catalogue) which further opened many industries for foreign capital and encouraged medical services for elderly and disabled patients in healthcare, sports and social welfare. It also allowed pharmaceutical manufacturing on ordinary products, but still restricted investment in medical service.

In November of 2010, Opinions on Further Encouraging and Guiding

the Establishment of Medical Institutions by Non-public Capital (Circular No. 58) issued by the National Development and Reform Commission ("NDRC"), MOH and Ministry of Human Resources provides measures for opening the market for privately-funded capital, and encourages foreign capital in investing in the medical service industry and even commits to gradually loosening the equity proportion requirement for foreign investment and completely lift restrictions in the long-run. It expressly indicates that foreign investment in medical service industry shall be categorised as 'permitted'.

Circular No. 58 provides measures to further expand the scope of market entry and the opening-up of medical establishments for private and foreign investment in the form of joint venture or cooperative joint venture. It allows local authorities to carry out the pilot programs of wholly foreign-owned (WFOE) medical institutions in China by qualified overseas capital. The Circular simplifies the procedure by delegating the examination and approval power for establishment of Sino-foreign joint venture and cooperative joint venture medical institutions to the of provincial

health and commercial authority. Meanwhile, the establishment of WFOE medical establishments shall be subject to the approval of MOH and the Ministry of Commerce (MOFCOM).

**In light of the huge demand for quality medical service and size of the population, there is no doubt that opportunities for foreign investors will increase**

In December of 2011, the new Foreign Investment Industrial Guidance Catalogue was released by NDRC and MOFCOM (2011 Catalogue), which became effective on 30 January, 2012. 'Medical Treatment Establishments' was one of the 'restricted' industries in the 2007 Catalogue. But in the revised 2011 Catalogue, Medical Treatment Establishments was removed from the 'restricted' list. Therefore, it is clear that this area is now permitted. Medical Treatment Establishments generally include hospitals, clinics,

nursing homes, emergency centres, rehabilitation establishments etc.

Furthermore, investors from Hong Kong and Macau, who have already enjoyed benefits of being able to invest in designated provinces in mainland China in the form of WFOE, are allowed, as of 1 April 2012, to expand their business in all municipalities directly under the Central Government and cities of provincial capital instead of only in Shanghai, Chongqing, Guangdong, Fujian, and Hainan as previously restricted, thanks to the implementation of CEPA (Closer Economic Partnership Arrangement signed between mainland and Hong Kong and Macao).

On 13 April, the MOH promulgated the Notice on Definition of the Nature of Medical Institutions Funded by Non-public Capital (Circular 26). Circular 26 states that privately funded medical establishments could be either for profit or nonprofit, according to the nature of their business, by repealing a previous regulation that categorised almost all medical establishments set up by non-public funds as for-profit hospitals.

The Implementation Plan for Deepening the Reform on Medical and Healthcare System During the 12th Five-year Period was issued by the State Council in April 2012. The Plan intended to further loosen the entry policy for private funding, such as charity institutions funds and commercial insurance companies from home and abroad, and to encourage qualified individuals to open private clinics. It also aims to allow access to the social security reimbursement system by those qualified non-public hospitals and pharmacies.

More specific implementing regulations from the MOH and MOFCOM, and other administrative authorities are expected to be rolled out in the near



# Policy Explanation

future in order to further implement the strategy of opening up medical care industries to private and foreign investors. New regulations will be needed to clarify and delineate the specifics of regulatory landscape for foreign investors.

## Outlook for Foreign Investment in Medical Care Industry

In spite of the ongoing major shifts of legislation and government policy from a predominately publicly-owned industry towards a more private and foreign investment-friendly regulatory and market environment, the total proportion of Sino-foreign joint-ventures or wholly foreign-

owned hospitals to state-owned ones remains very small. The fact speaks for itself: the prospect for foreign-invested hospitals remains challenging. The reasons are many-fold. First of all, medical facilities require a huge amount of investment with complicated and time-consuming approval processes by various government authorities, while the entry threshold for establishing medical establishments is rather stringent. Secondly, the lack of qualified doctors and experienced management personnel, as well as restrictions on the practice of doctors employed at State-owned hospitals, presents a major hindrance for foreign

hospitals to operate competitively in Chinese market. It is only recently that doctors employed at State-owned hospitals have been allowed to practice concurrently at different hospitals. In practice, there are still many practical obstacles for that to happen. Thirdly, it remains difficult for foreign-invested or private hospitals to be able to offer patients the benefit of reimbursing expense from social insurance. Lastly, the pricing mechanism of medical service is largely determined and heavily regulated by the government which could pose a big obstacle for foreign-invested hospitals to compete effectively on the market as they tend to be much more expensive for the large majority of the population.

As a result, before the reform of China's social insurance policy and complete overhaul of legislation on medical services, such as pricing regulation in order to create a level-playing fields for all market players, foreign investment aimed at medical service industry might have to seek more real opportunities in niche areas or specialist services such as dentistry, ophthalmology maternity care, health examinations and elderly care and paediatrics where quality services are in short supply and which have a higher technical barrier with a higher profit margin. Moreover, China's growing middle and upper classes with more disposable income are the best target customers for foreign-invested medical service establishments rather than general public with lower income. In light of the huge demand for quality medical service and size of the population, there is no doubt that opportunities for foreign investors will increase in the industry which is anticipated to be fully open soon. **B**

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# Managers Health

Medical advice provided by Dr. Xavier Rault

There is much written about the health of workers in the workplace, but much less about specific health problems of managers. It is sometimes assumed that managers will take care of themselves; however, this is often not the case.

There are many aspects of the work and lifestyle of a manager which can contribute to health problems. Many senior managers fall within the 40-50 age bracket, a time in life when preventative healthcare is needed but frequently neglected.

### Common health problems for managers include:

- escalating levels of stress
- improper diet and lack of exercise
- excessive alcohol intake and smoking
- jet lag due to frequent business trips
- muscle fatigue as a result of long hours spent at the desk in front of a computer.

Stress is not a disease but a person's reaction to excessive demands and pressure. Many managers may see stress as a sign of weakness and ignore symptoms which damage their health in the long term. The greatest cause of stress reported these days is due to work.

### Stress for a manager can come from many areas:

- Trying to balance obligations at home and work
- Increasingly complex work environments with constant change
- Trying to achieve more with little resources
- Email and mobile phones making managers live and work a 24 hour day

The symptoms of stress can be both physical and psychological. Physical symptoms include headaches, backaches, bowel disturbance, high blood pressure, and poor sleep quality. Psychological symptoms include being short tempered, agitated, easily irritated by small problems, decreased work productivity and poor concentration.

Simple solutions to stress are to effective time management, accept what cannot be changed, be realistic in what is achievable, delegate responsibilities, take time out to relax and find interests away from work, exercise regularly and avoid using alcohol, coffee or cigarettes as a solution.

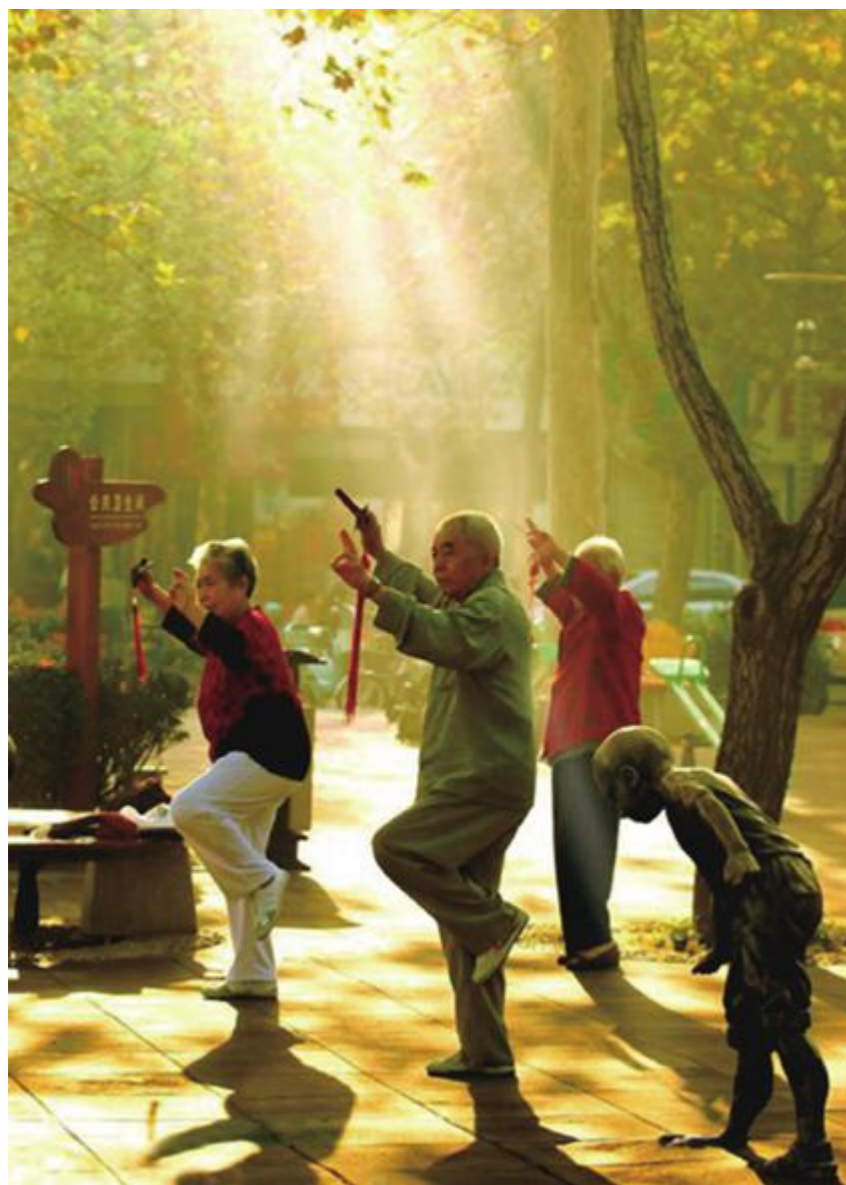
Preventative health checkups become increasingly important as you get older and many working in management will avoid these if they have no symptoms. The purpose of health checks is to identify health problems before they cause permanent problems. The concept is similar to car owners taking their vehicle for routine maintenance. During these checkups vaccinations can be reviewed and updated.

Many managers attend frequent business lunches and dinners. Others will say they are too busy to have regular meals. Either one of these extremes can result in a poor diet, either lacking in nutrition or too high

in fats, cholesterol and sugars. Frequent business dinners can also result in drinking excessive levels of alcohol.

Lack of time due to work demands is also major excuse given for not exercising regularly. Exercise not only maintains heart and lung health as well as bone and muscle strength, it is also a valuable method of weight control and stress reduction. It helps reduce high blood pressure and cholesterol and reduces the risk of certain cancers and diabetes.

Finally, managerial staff should make it a priority to establish a long term relationship with a family medicine doctor. Making repeat visits over a period of time allows a doctor to understand your lifestyle and work habits as well as your family medical history including any presence of congenital conditions. With this intimate knowledge, a doctor can give proper attention to your health and provide advice that is tailored to your specific profile.



# iPhone 5: Buy or Sell

By Justin Toy



On 21 September, Apple's highly anticipated iPhone 5 went on sale in various markets around the world, and as expected, has been selling successfully ever since. The next generation iPhone has, for the most part, been receiving quite positive reviews. However, no date has been set yet for a China release date. When the iPhone 5 does hit China, will you

upgrade? Here are some details to help you make your decision.

## What's New?

The screen of the iPhone 5 is larger (well, longer). The screen hasn't gotten any wider but it has gotten long enough to accommodate a fifth row of applications on the home screen. The new screen resolution, which has been the same for the

past five years, goes from a 3.5-inch, 960x640 pixel display to a 4-inch 1136x640 pixel display. To give you some perspective, the iPhone 5 is as long as the Samsung Galaxy SII but not as wide.

This is the lightest iPhone produced to date. It is 25% lighter than the iPhone 4S, which is extremely impressive given the fact that the



iPhone 5 is a bigger phone. At 3.95 ounces, the iPhone 5 is freakishly light. The phone is also significantly skinnier than the iPhone 4S, going from 9.3 mm to 7.6 mm in depth.

If you are using the iPhone 5 in a place that has 4G technology (4G is not yet available in China) than the new 4G LTE technology may shock you by how fast the speed is. In a test done in downtown Manhattan, download speeds ran from 10-20 Mbps, which is twice as fast as a typical wireless router in your house. You could use the iPhone as a wireless personal hotspot for your laptop or other devices and have internet access on the go.

The entire bottom of the phone has been redesigned. Firstly, the headphone jack has been moved to the bottom (making it impossible to stand your iPhone up while using your headphones). Secondly, the traditional iPhone/iPod/iPad connection/charging port has been

ditched for a new, much smaller, 'Lightning' port. This may cause a headache for a number of Apple users who have plopped down money on docks and charging stations.

## IOS 6

With the new phone also comes a major new update to the operating system. IOS 6 is chalk full of new features (200 to be exact) and has a distinctive new look and feel in terms of presentation and functionality. However, users of iOS 6 have been complaining about a number of issues including the exit of Google Maps and the introduction to the new Apple Maps application. IOS 6 is available for the iPhone 3GS and all newer iPhone models, all iPads and the fourth and fifth generations of iPods. However, not all of the new features will work for every device. For example, turn-by-turn navigation will only work for the iPhone 4S and 5. Below you can find some key highlights to the new OS.

## The features

The change that has made the biggest headlines is Apple's move to purge Google Maps from the OS and replacing it with **Apple Maps**. Apple has been getting ready for this move for several years now. Since 2009, the company has purchased three different mapping companies and has forged partnerships with TomTom and OpenStreetMaps. Many people have been complaining about the accuracy of locations and directions with Apple's map application. However, if you are using the application in China, I think this is not a big issue. In my experience, Google Maps has also been quite unreliable at times for finding locations, and is generally very slow to load. When I played around with Apple Maps it was blazingly fast and was able to pinpoint major locations within Tianjin. However, there were several instances whereby I would type in an address or place in Tianjin that it didn't recognise and it would automatically jump to another city

in China where the address existed. Apple has admitted that their new Maps program is a work in progress and they promise to keep the updates coming. Some added functionality to maps on the iPhone that may or may not be useable in China are flyover (a bird's eye view of the city), turn-by-turn navigation, multi-touch to rotate the map (it's about time) and enhanced real-time traffic data.

**Passbook** is another key update to iOS 6, which allows you to store tickets, gift certificates/cards and boarding passes in a digital wallet. Unfortunately, the iPhone 5 doesn't use NFC (near field communications) so you won't be able to store credit/debit card details and make mobile payments with your iPhone. Passbook is still useful as you can purchase and store gift cards to retailers such as Starbucks and pay with your phone. The retailer will then use their existing POS system to scan the barcode on your digital gift cards and tickets. Also, when the iPhone senses that you are near a store that you have a gift card for or if you have a ticket that is about to expire, Passbooks will send you a notification to your home screen. As time goes

on, more and more developers and retailers will utilise this feature making it more valuable.

**Find My Friend and Reminders** got some updates that will help to enhance their user experience. For Find My Friend, you are now able to receive notifications when your friend/family member enters or exits a certain location. For example, you can set an alert for when your children get home if you are worried about them getting home from school. Reminders also utilises location by allowing you to setup alerts for when you enter a location. For instance, you walk into the office and your phone will send an alert that reminds you about a conference call at 10. Additionally, Reminders now works with iCloud so you can seamlessly sync your reminders with all of your devices and make sure you never forget anything again!

**Facebook Integration** is now extremely deep. You can easily post pictures to Facebook, integrate Facebook data into your mobile contacts and post to Facebook just by talking to Siri. Of course, living in



Nano-SIM



Apple Map



iSight camera



All-New EarPods



China means that you will need to use a VPN in order to take advantage of these functions!

**Do Not Disturb** is a simple yet useful function. As the name implies, it is a setting you can turn on when you don't want to be bothered by any notifications or calls. How many times have you been woken up in the middle of the night by an unimportant notification? This will help to put an end to those sleepless nights. What if someone is trying to contact you about some emergency? You can set your favourites or a special list of contacts who will be able get through to you. If you have a family member calling you from someone else's phone you can even set it up so that if an

**If you already own an iPhone 4S then it may not be worth upgrading to the iPhone 5.**

unknown number calls multiple times within some period, the phone call will get through.

**The Verdict:** Apple has yet to announce when the iPhone 5 will be released in China. But when the phone does hit the shelves in Mainland China, expect to pay around CNY 5000 for it. If you already own an iPhone 4S then it

may not be worth upgrading to the iPhone 5; unless, perhaps you can sell your 4S to offset the cost for the 5 model. If you have an iPhone 4 or even older, it is probably time to upgrade. If you are upgrading your phone you may also want to consider the Samsung Galaxy S3. The S3 is another top tier phone on the market right now that has a much bigger screen than the iPhone 5 and can be purchased for a cheaper price. Also worth considering is the Nokia Lumia 900 and the 920 when it is released in early November. **E**

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## Focus on: Chinese Utility Model Patents



Philippe Healey,  
Project Manager,  
China IPR SME  
Helpdesk



In 2010, over 340,000 Chinese utility model patents (UMs) were granted. However, only about 2,200 of these were granted to foreigners (a UM can be registered in the name of a person or entity). Chinese entities seek to register UMs much more actively than foreign entities, but these can be very valuable. The highest recorded patent infringement compensation awarded by the Chinese People's Court of CNY 330 million (about 50 million Euros) was based on a UM registration in the case Chint v. Schneider.

### Who uses the utility model system?

UMs are not unique to China. In fact, there are more countries in the world that have a UM system than those that do not. European Union Member States with a UM system include Austria, Belgium, Denmark, Finland, Germany, Italy and the Netherlands, among others. Notably, the USA and the UK do not have a UM system.

### Why consider utility model patents in your business strategy?

In addition to being cheaper to register, UMs can be a faster way to protect your inventions. Their primary purpose is to provide patent protection for inventions with a short commercial life. In China, UMs are typically granted 10 to 18 months from the Chinese filing date. This is far quicker than the 3 to 6 years required for invention patents (which are similar to UK patents or European patents).

Therefore, a common practice under the Chinese system is the parallel filing of a UM and an invention patent, followed by the abandonment of the UM once the invention patent is officially granted. The applicant can benefit from the early patent protection granted by the UM, as well as the longer term protection granted by the invention patent (once eventually approved). Please note that these parallel applications must be filed on exactly the same day and both applications must be accompanied by a declaration that a parallel filing was made.



### Utility model patents and invention patents: what's the difference?

The following are the most important differences between UMs and invention patents:

- 1) **Subject matter** – UMs only protect products with new shape/structural physical features. For example, methods of production or chemical compounds are not eligible as they do not have a shape or structure.
- 2) **Inventiveness** – although invention patents in literal terms require a higher 'inventiveness', in practice there is no difference.
- 3) **Examination** – UMs only require the 'formality examination' or 'preliminary examination', while invention patents require 'substantive examination', which takes longer and is much more detailed. Grounds for objections at preliminary examination are also different.
- 4) **Term of protection** – the maximum term of protection for a UM is 10 years

### This is far quicker than the 3 to 6 years required for invention patents.

from the filing date, while an invention patent lasts 20 years.

#### 5) Different filing costs.

Although there are a number of differences, UMs and invention patents share many common features as well, the most important of which are listed below:

- **Protection requirements:**
  - o There are specific disclosure requirements (on sufficiency, support, and clarity)
  - o Novelty
  - o Industrial applicability
- **Scope of protection:**
  - o Interpretation of the protection scope of the patent
  - o Grounds for invalidation
  - o The right to forbid any other

person from practicing the invention for operation or manufacturing purposes without the patentee's consent is granted

- **Enforcement possibilities:**
  - o Compensation for infringement

### Take-away message

While in principle UMs are extremely similar to invention patents, they can often be a faster, cheaper and easier alternative (if all application requirements are met), but one which offers a shorter IP protection term. UMs are a form of patent in China that is often overlooked by foreign entities, but which can be a powerful tool to protect your IPR when used effectively, usually in conjunction with other forms of IPR such as invention patents. UMs should therefore be considered by SMEs as part of their IP strategy in China. **E**

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# HR Localisation is Much More than Hiring Natives

By Robert Parkinson, CEO and Founder of RMG Selection



8 years ago, when I came to China for the first time, half of the positions in foreign companies in China were aimed at people who were from other Asian countries or other foreigners with Asian experience. However, in 2012, 80% of RMG Selection's clients are MNCs and 90% of their positions require a Chinese candidate. Another official report, released by Talents Pool of Jiangsu Province Foreign Affairs Service Centre, also says that 95% of employees in foreign companies within their province are Chinese. It seems like the HR localisation in China is almost completed. Are most of the HR departments in those foreign companies are proud of their human resource localisation, because they hired so many Chinese candidates?

First of all, let's see what 'localisation' is. Localisation happens when an imported product, service, person or identity is given the local 'look and feel' with respect to language and identity. It is not simply a case of translating instructions and text on packaging into the language of the intended country; it is a way of fitting something to the target audience of the country. Then, in my mind, HR localisation is fitting your HR system to the people, society and employees in the target country. So to hire local employees is just the talent localisation, a small part of 'HR localisation'. According to my experiences, in 5 countries and 8 years working in China, I would say that there are four other tasks which should be performed in order to localising your HR System to here China.

## Value Localisation

The most different aspect between China and other countries is the culture. But culture is the base of every single piece of business action. Chinese culture, as a representative of Eastern culture, is one of the longest surviving cultures worldwide. One of the important reasons for that is its adaptability and flexibility. But too much flexibility inevitably results in not attaching importance to the establishment and implementation of a formal system, relying more on the 'rules of man'. Value localisation is not simply to adopt the local cultural values; it is a way to merge and combine your culture with the Chinese one. The best practice here is to explain your mission via the local

language and logical thinking. And you should show your respect here.

Take RMG Selection as example, our slogan is 'specialist, professional, recruitment'. But it is kind of 'dry' for merging the local culture here. Then, we add a company culture explanation here as 'Work Hard, Play Hard; Happy Staff, Happy Clients'. With this meaning we build up a unique HR management style of combining a friendship-feeling and family-feeling. This is the feature that all of my employees are proud of.

## Reward Localisation

As a head hunting agency, we ask people why they join every day. There are many reasons from different people, but the most prevalent one of those is to be rewarded. The reward includes not only the salary but also all other kinds of benefits, incentives and inspiration. Chinese people think very highly of rewards and respects. In RMG Selection, we prefer to encourage any tiny correct action of our employees in relation to the bigger rewards available. Take



new employees as an example. They will be keenly aware of such positive energy because here we pay special attention to the new employee's incentives. New employees who produce fine performances will receive the praise during the general membership meeting. After that, a notice form will also be published via e-mail to the whole office. To increase positive responses, let the employees from China understand the attitude of the enterprise accommodating them. Also, increase their sense of accomplishment, pride and desire for further good performances. On the other hand, if you fail to consider these important Chinese values,

you may lose the heart of your staff. There is another case from one of our clients. The way they calculate salary is to set up the highest income you will get and then minus some in the case that employees don't reach their targets or make mistakes. However, the Chinese like the way of adding different items of income even though the final numbers are the same. We have heard many complaints from their employees and their turnover rate is more than other companies in the same industry.

## Training Localisation

It is always good to have efforts from many areas. The employer



could also train people to adopt the value, skills and views better suited to a localised way. Then we half the work of localisation with double results. One of the best practices is overseas training. For executives and managers, the main purposes are to nurture the international ties and strengthen the connection with the HQ. According to Shanghai Talents Market, there is a good number of MNCs which send their CEO from the HQ to Shanghai to pick up good managers. Those local managers will be sent back to the HQ having had global training. When they go back to China, they will be promoted to higher levels. For the graduates, the Global Trainee Program is a fundamental way to develop customised talents for your company. As we all know, Guanxi is incredibly central to Chinese life. So I prefer the 'Mentoring System' in China very much. In this system, every employee will have his/her coach and learn not only skills but also the way to deal with people in your company from the coach. Guanxi relates very much

**It is not simply a case of translating instructions and text on packaging into the language of the intended country; it is a way of fitting something to the target audience of the country.**

to the learning process. This is the way Chinese people feel comfortable.

**Expatriate Localisation**

Finally, let's go back to the original point - talents localisation. There is no doubt that this is the most important aspect of the for localisation process. But more is not always better. How many expatriates you need really depends on your industry and culture. For example, 99% of employees in Wal-mart China were local people

in 2006, while Motorola got 83.3% in the same year. And the Korean and Japanese companies usually have lower localisation level than western companies. My advice here is "please localize your expatriates as well". Whatever you planned, it's all about people. It will shorten the communication process of value, rewarding and training on all levels to make your expatriates understand the local language, culture, system and importance of social relationships.

In one word, localisation is an effective way to achieve a win-win situation. 2012 is the 34th year after China released the reform and opening-up policy. Foreign companies here should practice their localisation strategy. In my experience, I believe HR will play a more important role in the whole process. It is just getting started. [E]

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**Tangla Hotels and Resorts International appoints Fintan O'Doherty as Vice President**

HNA Hospitality Group Chairman and President Steven Song has announced the recent appointment of Fintan O' Doherty as Vice President.

In his new capacity as Vice President of Tangla Hotels and Resorts International, Fintan O' Doherty will be responsible for overseeing the general management and operations of member hotels under the four Tangla brands, including Tangla Grand Place, Tangla Hotels & Resorts, The Tang Hotel and Gardenlane Select.



**Newly appointed Director of Food and Beverage of Hotel Nikko Tianjin**

Ms. Flora Chia- Wen Chen, who is Taiwanese, has been in the hospitality industry for more than 13 years. Her career has taken her around the world through an extensive and impressive list of hotels, including the Banyan Tree Lijiang, Kempinski Wuxi, Kempinski Sanya, the Orchard Parade Hotel Singapore, the Fullerton Singapore and the Grand Hyatt Taipei.



**Clive Murray has been appointed as General Manager of Radisson Blu Plaza Hotel Tianjin.**

Clive Murray is General Manager of Radisson Blu Plaza Hotel Tianjin. Clive was formerly managing director of west region of Japan Ishin Hotels Group. Prior to that he was general manager of Stamford Grand North Ryde, Resident Manager of Prince Hotel Kuala Lumpur Malaysia. He has 24 years of hospitality experience and was has also served as various positions at 8 properties of Intercontinental hotel Groups in Sydney and Melbourne.



**The Ritz-Carlton, Tianjin appoints Silvia Alonso Miragaya as Executive Assistant Manager of Food and Beverage**

The Ritz-Carlton Tianjin has announced the appointment of Silvia Alonso Miragaya as Executive Assistant Manager of F&B. She will be fully responsible for the management and achievement of all food and beverage operations in the hotel including restaurants, bars, catering and banquet operations. She will also guide the development of Food and Beverage team members to ensure uncompromised quality in guest services and culinary excellence.



**Mr. Kevin Zhang has been appointed as Executive Assistant Manager i.c. Sales & Marketing in The St. Regis Tianjin.**

The St. Regis Tianjin is honoured to announce the new appointment of Kevin Zhang, who has been appointed as Executive Assistant Manager of Sales & Marketing in the St. Regis Tianjin. Kevin has a solid career path in the sales aspects of hotel management and started his Starwood journey in 2001 in the Sheraton Tianjin and then moved to the Sheraton Changsha hotel as a pre-opening team member. Most recently, Kevin was Executive Assistant Manager of Sales & Marketing for the Sheraton and Aloft, Beijing Haidian. Kevin is looking forward to working with the whole St. Regis team and utilising his enthusiasm and outstanding leadership skills to manage the St. Regis Tianjin and maintaining the venue's outstanding position within the hotel industry.

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# Prime Retail - China in High Demand

CBRE



“China is still in high demand,” says Sebastian Skiff, Executive Director of Retail in Asia, who, together with Anthony Buono, CBRE Executive Managing Director of Retail Services in the Americas, recently shared their insights on the current global retail market.

## Global Retail Market Overview

Economies are steady

- The US expansion should continue, although restrained by inevitable fiscal tightening. While these fiscal policies will tighten, the timing and scope are uncertain.
- The Eurozone’s recession will likely deepen with the resurfacing risks of a disruptive sovereign debt crisis.
- In Asia, Japan is suffering from a loss of export competitiveness and the reconstruction from the March 2011 earthquake is proceeding slowly.
- Despite an export deceleration and no decoupling, emerging markets will continue to enjoy robust growth.
- Inflation has moderated worldwide, enabling more central banks to ease monetary policies.

## Consumers gain knowledge and confidence

The single greatest driver of this trend is the use of the internet, mobile technology and the “open discussion” of brands by consumers that “pass judgment” on their relevancy, price sensitivity and quality of each experience. Further, global city centres like Shanghai are seeing a commonality of brand acceptance as consumers travel more, shop more and experience trends from one market and then demand the same experience in their local market.

## Retailers are on the move

While the retail sector continues to globalise, with more brands expanding outside of their home markets, Asian retailers are less well travelled in comparison to their European and American counterparts. This is mainly because of the untapped opportunities available in their own region and this is also why so many retailers are coming to Asia and specifically China.

## The Americas retail market overview

For the Americas, the markets have reverted to the core, where retailers are seeking prominent/perfect locations for their brands. These core markets have defaulted into global city centres, like NYC and San Francisco, and then higher density suburban zones like Washington DC, San Diego, Dallas etc. Markets with these profiles are experiencing higher retail sales, and better rental growth, along with superior occupancy rates.

For US retailers, expansion/cross border markets that are of keen interest are Canada, Mexico, China, South East Asia and Russia.

As far as investment in the Americas is concerned, retail capital in the US is bifurcated into two primary segments- core and value added. Investors and lenders are decidedly focused on these types of investment, providing lower yields on core and potentially higher yields for those assets that have a clear path for re-

positioning. But the majority of the retail properties that exist in the US are in the middle of this bifurcation. Therefore, most assets that are available for sale don’t actually trade because there is gap between what buyers will pay and what sellers require.

There have been many retailers opening for the first time in Asia after the global financial crisis, looking to offer a growing Asian consumer direct access to their stores – notably in this Asian expansion we can see some of the mega global brands such as Gap, Abercrombie & Fitch, Hollister opening. That said, we are also seeing some really unique concepts coming into the market and, whilst not being truly global mega brands, these stores are very popular – such as Smiggle from Australia – an exciting stationery store that CBRE are working within Singapore as their first foray outside of Australia and New Zealand. CBRE are also seeing a tremendous level of interest from two sectors in China; ‘bridge brand’ fashion and ‘creative luxury’. In both cases they represent validation that the Chinese consumer is ready to consider fashion as unique to them, opting for style over conformity. Both categories compliment the already well established luxury and fast fashion choices.

## Asia retail market overview

Retailers have shifted their focus and amended their strategies to include exploring new markets and new opportunities with the promise of expansion and the execution of expansive cross-border initiatives. With this strategic transition comes an increase of high quality retail space in emerging markets, such as China, Malaysia and Vietnam. These markets are experiencing an influx of retailers which therefore fuels the demand for new developments.

## China

China continues its rise with a steady flow of retailers entering the market and better landlord projects in the

**Retailers have shifted their focus and amended their strategies to include exploring new markets and new opportunities**

pipeline. While the speed of retailer expansion, especially those in the mass market sector who tend to open several stores in each city, has been stifled by the availability of suitable real estate, the substantial pipeline of development will help retailers to accelerate the rate of portfolio growth across China.

The rapid growth of China’s middle class population is forcing the number of shopping centre developments to increase in order to satisfy the growing consumer demand. With developments expanding into the heavily populated provincial cities, China is topping the charts for development growth and seeing great opportunities for expansion in these large cities. With this, China’s momentum will push forward with more and better shopping centres, replicating the best retail venues now found around the world.

It is safe to say that China, and as an extension, Asia as a whole, is really the largest single opportunity for retailers to consider when viewing markets on a global level. That is not to say that it is ‘easy’ to be successful here. After all, it is a fashionable market and fashion can be at times fickle. Comprehensive due diligence on the differences in consumer likes from city to city, potential current and future store locations, sequencing of what to open, where and when, peer brand activity and performance are all key to establishing a strong foothold in the market. That is just the front end. Alongside of this, getting the operations side in sync is critical – logistics, corporate structure etc.

## Key trends

As said, the current trend is for a much more defined retail project in first tier cities that are bridging the space between very high end and a more casual general offering. In the provincial capitals there some really well conceived, planned and focused projects that are coming to the market in the next one-two years.

## Chinese brands opening in international markets

Some Chinese based retail brands, such as Bosideng are opening in London, but it is an inevitable reality that in say two-three years this will be a common story and not just a one off.

## Retailers continued interest in China

Fundamentally it is still very positive. However, with the strength of the currency, competition for prime locations, general difficulty in adjusting to the business processes and the hefty capital commitments required retailers are all carefully balancing these alongside understanding what the opportunity is. Sales figures, for the first time in many years, have showed signs of maturing in certain sectors and consumers are much savvier now in deciding what they buy, where they buy it and when they buy it.

## What can Chinese developers learn from global shopping centre developments?

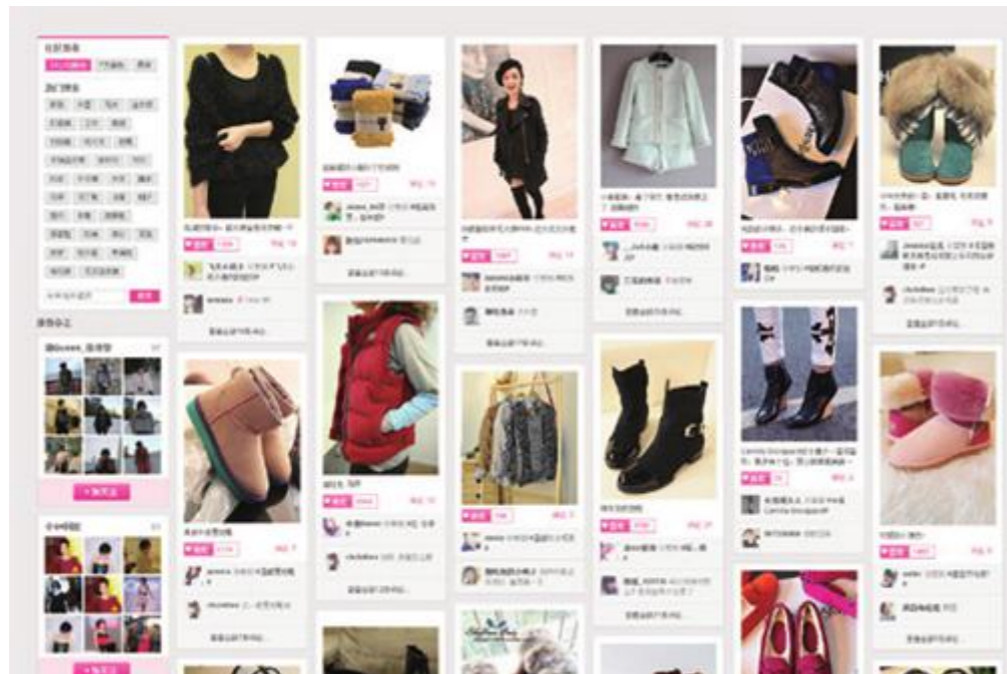
Undoubtedly they can learn a lot. The main lessons to learn are to avoid being overly seduced by pretty pictures of beautiful concepts and designs, rather than spending more time on your due diligence of the market. Ensure that your knowledge is robust in its understanding of the consumer and retailer requirements, then you can add in the great architecture but above all execute your concept well. **E**

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# Social E-commerce



Oscar Ramos  
CEO, DaD Asia Seed Capital



**S**ocial E-commerce, in a very short way, is Social media + E-commerce. It supports social interaction and users contribute to assisting in the online buying and selling of products and services. One of the earliest social E-commerce websites overseas is ThisNext, whose slogan is, 'Discover, recommend, share'. Shortly afterwards, several copies came to China and the social E-commerce story began, in 2006.

**Social media is becoming more and more important.**

It is certainly true that social E-commerce is becoming more important and popular. Why? An interesting survey from Nielsen may give you some idea. The topic is 'What are the most trusted forms of advertising?'

Nielsen's Global Trust in Advertising survey of more than 28,000 Internet respondents in 56 countries shows that 92% of consumers around the world say they trust earned media, such as word-of-mouth or recommendations from friends and family, above all other forms of advertising an increase of 18% since 2007. Online consumer reviews are the second most trusted source of brand information and messaging, with 70% of global consumers surveyed online indicating that they trust

messages on this platform- an increase of 15% in four years. While nearly half of consumers around the world say that they trust television (47%), magazines (47%) and newspaper ads (46%), confidence declined by 24%, 20% and 25%, respectively, between 2009 and 2011.

Television advertising remains a primary way in which marketers connect with audiences, but consumers around the world continue to see recommendations from friends and online consumers as by far the most credible information sources. How can you get better connected with your customers? SNS is a fantastic solution.

**Categories of social E-commerce**

E-commerce exploded in 2010 and 2011 in China, and the whole industry environment is now mature. Although the economy has cooled down recently, the E-commerce sector is continuing to grow steadily. According to a recent report, the total sales amount of Taobao was CNY 100 billion in 2008, and 4 years later the number has reached CNY 1 trillion. As an obvious trend of E-commerce, social E-commerce is very promising. So far, there are 4 basic categories of social E-commerce in China.

**1. Community based on a E-commerce websites**

Create a community for users to discuss the products and services which contribute to the E-commerce.

**Taojianghu:** This is a social E-commerce platform launched by Taobao, which is also an important part of Taobao's development strategy. Users can get access to Taojianghu via their Taobao accounts, share products bought from Taobao and obtain virtual money. Users can then buy very good products when shops start certain promotion campaigns.

**Star Vanc:** It's Vanc's social platform. The users can show their opinions on the clothing ranges and can suggest some fashion advice. Normal users can follow the star users and get to know the latest information. Essentially, this system encourages users to discuss issues and ultimately leads them to purchasing items .

**2. The third party E-commerce platform**

These social websites are based on some existing E-commerce services, but they do not sell products and services directly and they own the user system themselves. They can maintain independence from the ones who sell. Meanwhile, they also cooperate with other E-commerce platforms They can lead the traffic to the sales shops and get commission. Meilishuo, founded in 2010, is one of the biggest social shopping websites. It focuses on white-collar workers and its business model is based on advertisement for brands or online shops. There users can find and share some shopping information.

Mogujie, founded in 2011, is quite similar to Meilishuo. Mogujie focuses more on contributing to the trade. It will get commission from each trade. Currently, most of the traffic transfer transfers to Taobao. The business model is CPC.

**3. Based on the current community**

There are several SNS communities with great impact on the internet

now. Facebook and Twitter are two platforms for people to get connected with friends and spread information very quickly. China has local SNS communities too. Sina Weibo (Twitter in China), and Renren (Facebook in China) are very big SNS platforms.

Many companies, including the leading brand companies, start their promotion on these SNS platforms.

In China, companies usually start an official account on certain platforms and post the latest news or promotion information. Currently, this is the most common way that most companies choose to promote their services. Because it is relatively cheap, the only cost is human cost, and the brand can interact with fans directly; it is a great user experience.

**Consumers around the world continue to see recommendations from friends and online consumers as by far the most credible information sources.**

According to our small survey, every internet company has a Sina Weibo account. More and more offline shops are starting to use Weibo.

**4. Guide shopping online, consume offline**

These are vertical portals focusing on a certain industry. These websites gather offline shop information and post on them onto a website. Take Dianping as an example. It focuses on local life services and it's famous for its catering industry information. When we go out we want to find some places to relax or have some food, the easiest way is to search on Dianping. It will tell you the nearest and most popular ones, and people can give comments to the certain shop, which will be a reference for the next consumers.

Furthermore, group-buying belongs to this category, too. This model is common, like Groupon overseas, Meituan and Lashou in China. People buy the coupons online at a great discount and consume offline.

**Bright future**

The SNS community will continue to performance strongly. They have more and more registered users because people know that E-commerce is a great opportunity.

**Focus on industry segments.** Entrepreneurs will focus more on the overall industry.

Mobile Apps are also useful. Mobile will become the biggest entrance to the Internet, and it is obvious that people need convenient and effective Apps. There is no doubt that accessing the net via mobile phones will be a continuing trend, but it is more likely to be beneficial to larger companies that already have an established user base.

The website will be a more intelligent focus. It will always get to know what your customers need.

**To conclude**

DaD Asia believes this is a promising industry and we are trying to find excellent projects to invest in. All the evolution on the internet will make the world more interesting and friendly.

So far, EE-commerce in China has been living through 3 periods. The first period, the B2B business model, providing a platform for Small and Medium-size Manufacture Enterprise (SMMEs) to exchange information, for example Alibaba. The second period, the online retailing business model C2C, B2C, C2B etc, for example Taobao. The third, social E-commerce connects the E-commerce world with friends and families, which is also the trend of Internet. Do you have any ideas about what will happen next? **E**

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# E-mail Marketing: Good Advices and Warnings

By Heidi Skovhus



E-mail was one of the first uses of the Internet and it is still the most popular use, by far.

E-mail marketing is a growing field within marketing and is becoming more popular across industries and so a larger portion of the marketing budget is allocated to the development and administration of e-mail marketing programs. E-mail marketing has become an increasingly effective way for companies to reach out and engage prospects. Simply put, it is directly marketing a commercial message to a group of people using e-mail. It usually involves sending an ad, request business or solicit sales or donations. The main purpose

of e-mail marketing is to increase sales, build loyalty, trust and brand awareness.

## The three main types of e-mail marketing

E-mail marketing strategies and tactics can vary but most of the activities fall into one of the following three categories:

- Acquisition: this is promotional e-mails sent to encourage potential customers to buy a product or service or to convince current customers to keep buying.
- Customer Relationship Management (CRM): this is regularly sent e-mails to strengthen the relationship

between the business and the customers and encourage loyalty to a product or service.

- Newsletter/Promotional: this is advertisements for a product or service that are placed in e-mails sent by other people or companies (typically found in banners above or to the side of the e-mail's body of text).

## Best practices within e-mail marketing

Even though e-mail marketing has proven to be an effective marketing tool and its popularity is growing, there are some very important things to be aware of and to treat with the

upmost respect. Otherwise, the company can end up hurting the company and the brand significantly.

The following are some of the most common best practice advices given in the literature:

- 1) **Knowing your company's e-mail privacy policies.** Many companies have formulated policies that govern the sending of e-mail. These policies should clearly state how you should use your customer's data. The company's policy should be clearly stated on the web site and in all e-mails that ask individuals for information. If the company does not have e-mail privacy policies, then set them up before starting any e-mail marketing program.
- 2) **Always gain permission.** Opt-in e-mail marketing is an absolute must today. An individual opts in by specifically subscribing or registering to receive information from the company.
- 3) **Encourage 'legacy' customers to opt-in.** Unless you have obtained permission, you should not send marketing e-mails to names in your database gathered prior to permission gatherings. If you do, then stress the value of the future communication, indicate each item for which you are asking permission and provide clear and easy 'unsubscribe' options. Always keep the customer database up to date.
- 4) **Provide valid 'to' and 'from' header addresses and accurate subject lines.** Always let the receiver know who is communicating and state accurately the content of this communication.
- 5) **Proactively manage your bounces. Bounce management helps keep your data clean.** An e-mail may bounce from an address for various legitimate reasons, such as a system's temporary availability. To confirm this type of bounce, use your software system to resend the message more than once

during a set time period. If the e-mail continues to bounce, mark the individual at that address and automatically unsubscribe the person.

- 6) **Include an easy, automated method to unsubscribe.** In all marketing e-mails, include an obvious link to an unsubscribe page and make it easy to opt-out or change preferences.

**There are some things to be aware of, which differ in China compared to other markets.**

- 7) **Follow up on complaints – quickly.** When conducting e-mail campaigns expect that a number of people will reply to your message with a question, suggestion, complaint or some other interaction. You must have resources in place to respond to such communications. It can be beneficial to have an individual monitor responses and complaints and publish the policies on how complaints are managed.
- 8) **Buy or rent clean permission-based lists.** It is best to use in-house permission based lists because you have no guarantees as to the integrity of rented or purchased lists. However, if you do rent or purchase a list, make sure it is 'clean' by obtaining independent verification from the people listed, to make sure that they have given their permission for their information to be rented or sold.
- 9) **Be aware of new laws.** Make sure you stay on top of the different legislations in the different countries in which you are operating.
- 10) **Use technology to help manage permissions.** Technology can provide an easy, automated way for e-marketers to manage

permission marketing. There are a number of products available to effectively implement and manage permission based e-mail practices. Furthermore, products to build and manage customer profiles are available. Here users have access to their profiles and can update them at any time and marketers have confidence that their e-mail campaigns are going to users who have given permission. Through segmentation and profiling, these solutions can deliver personalised e-mails based on the user profile and test offers and other variables to find out what works for certain customers.

- 11) **Ability of E-mails to identify themselves.** Any e-mail sent to customers or potential customers needs to identify itself as an advertisement.

## Warnings – e-mail scams

E-mail marketing is proven to drive better returns for marketers and deliver more targeted, relevant content to recipients; however, the news is not all good. There are still businesses that continue to distribute unsolicited, irrelevant e-mail at a cost to the recipient. Spam is an intrusive and sloppy marketing tool that does not take advantage of e-mails strongest capability.

In many cases, avoiding e-mail scams and internet fraud can be achieved by being aware of the different methods that scam artists use. Here are some prime examples of e-mail scams along with tips on how to avoid becoming a victim:

- 1) **Phishing.** This scam involves thieves trolling the internet with fake e-mails, web sites, chat rooms and other devices while illegally using the names of trusted financial brands in an attempt to convince victims to divulge personal information such as credit card or social security number.

- 2) **Money handling.** This scam involves recruiting a third party to receive funds stolen through another e-mail scam into an account before then transferring the money overseas, minus a commission.
- 3) **Lottery scams.** Potential victims are notified via e-mail that they have won a large prize in a foreign lottery. In most cases, the victim is asked to provide either an up-front fee, or bank account or social security number so that the lottery can transfer the money.
- 4) **Internet auction scams.** In this case, scam artists pick victims from those using sites such as eBay. They contact those bidding by e-mail asking to work with them outside the auction to make a deal. As usual, the perpetrator asks for payment up front, often in cash.

## E-mail marketing in China – standard rules do not apply

All of the above is important to know and is valid information going into the Chinese market of e-mail marketing. However, as with many other topics, there are some things to be aware of, which differ in China compared to other markets.

In short, China has less developed anti-spam technologies, greater volume of mailboxes, different tech specs, more involved parties (consumers, ISPs (Internet Service Providers) and the government), strict advertising rules and culturally sensitive content related issues. In order to succeed in China, with e-mail marketing programs it is recommended to invest in relationships. Make time to meet and develop good personal relationships with leading ISPs (e.g. mailbox partners). Localising the e-mail marketing material is very important; make sure your website, landing pages and any other links you use are in local language. Make sure not to pick a date where everyone is on vacation, or that the colour scheme, use of numbers



(lucky and unlucky), symbols etc is culturally appropriate. On the technical side, it is being recommended to set up the e-mail servers in China, so that you do not have to go through an international gateway, and following local anti-spam and advertising legislation.

To complicate matters even more, recent surveys have shown that the

number of advertisement related e-mails that are opened and even delivered are very low and getting even lower. Both relevance and permissions will help improve these numbers. **E**

Visit us online:  
[btianjin.cn/121114](http://btianjin.cn/121114)



## Celebrating the Best of Tianjin



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



## The Fifth European Union Film Festival Brings European Cinema to Life for Chinese Audiences

Festival expands to four cities; 26 films to screen during November.



The magic of European cinema returns to China for its fifth year, as the European Union Film Festival (EUFF) unspools in four Chinese cities starting 1 November, 2012.

Featuring 26 films from all over Europe, along with a selection of short films, the EUFF, presented by the Delegation of the European Union to China in partnership with the European Union Chamber of Commerce in China, returns to Beijing, Chengdu and Shenzhen, and is joined this year by a fourth host city, Tianjin.

The EUFF opens 1 November in Beijing with a screening of Cyprus' Fish & Chips, and continues through 30 November. Screenings take place in Tianjin from 8-14 November; Chengdu from 15-22 November; and Shenzhen from 23-29 November.

Following the fifth edition of the EUFF, the first edition of the EUFF Online will take place on the video platform of Sohu for three months, starting from the end of November 2012. The EUFF Online, which is organised by the European Commission in cooperation with Sohu, will showcase recent, popular and successful films from various EU member countries. Each film will be screened in their original language with Chinese subtitles.

Our Douban: [site.douban.com/184260/](http://site.douban.com/184260/)

Our Weibo: [weibo.com/eufilmfestival](http://weibo.com/eufilmfestival)

Our Official Website: [www.europeanchamber.com.cn/en/euff](http://www.europeanchamber.com.cn/en/euff)

### 天津影展地点: Venues in Tianjin

#### 天津中影国际影城津湾店 Imax Tianjin (JinWan Square)

地址: 天津市和平区解放北路与赤峰道交口津湾广场E座3层  
影展时间: 11月8日-11月14日  
票价: 40, Nov.8th-14th, entry fee: rmb40  
影片场次: Screen schedule  
11月8日, 塞浦路斯“鱼和薯条”, 电影节首映礼20:30, 只限于被邀请嘉宾  
Nov.8th, Cyprus "Fish and Chips", timing: 20:30, only available for invited guests  
11月9日, 西班牙“黑色面包”, 两场17:30及19:30  
Nov.9th, Spain "Black Bread", timing: 17:30 and 19:30  
11月10日, 爱尔兰“跑道”, 两场17:30及19:30  
Nov.10th, Ireland "The Runway", timing: 17:30 and 19:30

11月11日, 卢森堡“返乡”, 两场17:30及19:30  
Nov.11th, Luxembourg "Quartier Lontain", timing: 17:30 and 19:30  
11月12日, 法国“所有的太阳”, 两场17:30及19:30  
Nov.12th, France "Tous Les Soleils", timing: 17:30 and 19:30  
11月13日, 波兰“必要的杀戮”, 两场17:30及19:30  
Nov.13th, Poland "Essential Killing", timing: 17:30 and 19:30  
11月14日, 英国“匿名者”, 两场17:30及20:00  
Nov.14th, UK "Anonymous", timing: 17:30 and 20:00  
购票联系: Tickets booking  
022-23219061-23219067, 022-23219069 (团体 group)

#### 天津惠灵顿国际学校 Wellington College International Tianjin

地址: 中国天津市红桥区义德道1号  
影展时间: 11月10日-11月18日  
票价: 免费, Nov.10th-18th, free entry  
11月10日, 电影节短片首映13:30  
Nov.10th, Short Film Festival, timing: 13:30  
11月17日, 意大利“氦星石”, 19:30  
Nov.17th, Italy "La Kryptonite Nella Borsa", timing 19:30  
11月18日, 保加利亚“爱情往事”, 15:30  
Nov.18th, Bulgaria "Something More About Love", timing: 15:30  
购票联系: Tickets booking  
022-87587199



Deutsche Handelskammer  
German Chamber of Commerce  
in China • North China

### Past Events:

#### The 3rd German Chamber Octoberfest in Tianjin

Time: Saturday, September 22  
Venue: Drei Kronen 1308 Brauhaus

Three times makes it a tradition: The German Chamber of Commerce celebrated its third Oktoberfest in Tianjin on 22 September. The Oktoberfest band Alpenrock & Igor heated up the crowd with their live show and German songs. More than 70 guests celebrated the world's most famous folk festival with the German Chamber at Drei Kronen Brauhaus, experiencing German culture, enjoying the authentic German buffet and the free flow of beer.



### Upcoming Events:

- I. **Breakfast Seminar (in German):** Kulturelle Aspekte, die unser Geschäftsleben beeinflussen – ein augenzwinkernder Vergleich China / Deutschland, 7:30 – 9:30, 7 November, 2012
- II. **German Chamber monthly Get-Together in Binhai (Stammtisch in Binhai):** 17:30 - 21:00, 7 November, 2012, Delights Restaurant & Bar
- III. **GM Roundtable: How to achieve labour legal compliance - A toolbox for foreign invested enterprises in Tianjin,** 17:30 – 19:30, 12 November, 2012, GCC North China – Tianjin Office
- IV. **Inter-Chamber Networking,** 19:00 – 22:00, 20 November, 2012, 49F Tangla Hotel Tianjin
- V. **Visit at Rego International School and Tianjin United Family Hospital and Clinics (TJU),** 9:00 – 12:30, 21 November, 2012
- VI. **Seminar:** Visa Service for the German Chamber Member, date to be confirmed, GCC North China – Tianjin Office
- VII. **German Chamber monthly Get-Together (Stammtisch Tianjin):** 28 November, 2012, Drei Kronen 1308 Brauhaus

Room 1502, Global Center, No. 309 Nanjing Road, Nankai District  
Tel./Fax: +86 22 8787 9249 Email: [tianjin@bj.china.ahk.de](mailto:tianjin@bj.china.ahk.de) Website: [www.china.ahk.de](http://www.china.ahk.de)

### Past Event:

#### AmCham China, Tianjin

#### 2012 Annual Fall Classic Golf Tournament

10:00AM – 8:30PM, Saturday, 13 October – Tianjin Warner International Golf Club

Golfers from Tianjin, Beijing and Wuhan came out to join AmCham China Tianjin's 2012 Annual Fall Classic Golf Tournament on 13 October. The tournament was held at Tianjin Warner International Golf Club. After an exciting day of golf, members and guests enjoyed a buffet dinner, awards ceremony, prize drawings and live bands from the Renaissance Teda Hotel. We would like to thank all of those who came out to play golf, join in the dinner, and especially the sponsors, such as Tiger Beer, Cintas, Taylor Printing, Northern Lights, Hank's Sports Bar and Grill, the NFL, and Jones Lang LaSalle. The St. Regis Hotel and many others were able to give other forms of donations that helped create a successful night.

## AmCham China

T I A N J I N

中国美国商会·天津



### Upcoming Events:

#### Exclusive dinner with delegates from the U.S. Embassy Beijing

6:30-8:30 PM, Thursday, 1 November – Hotel Nikko Tianjin

#### Exclusive GM dinner – How has the GM role changed recently and what are companies now looking for in a GM

6:00-8:30 PM, Thursday, 8 November – The St. Regis Tianjin



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



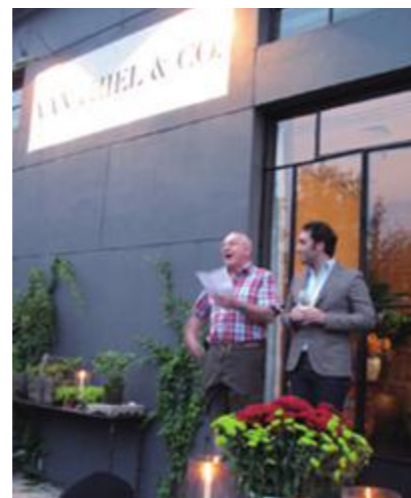
# Chamber Report

## Past Event:

What is better to welcome back the BenCham members and their family in the open air than with a lovely barbecue? That's right, nothing! While everyone was still being a bit in the summer mood but had already started preparing for the second half of the year, BenCham together with Van Thiel & Co, organised a BBQ. On 22 September, a group of more than 70 people got together in the wonderful garden of the Van Thiel & Co showroom. It was the perfect occasion to welcome old and new friends with their families, and together, they enjoyed the last bits of summer. Everything was provided for; entertainment for the children and delicious snacks for adults. Great food was provided by Katherin Witbreuk from Black Chook Catering and refreshing Belgian beers (courtesy of Vandergeeten).

For most people, the evening started at the Hilton Hotel. From there the transportation was provided for so everyone could relax while bus drivers knew the way. After arriving in Shunyi the joy began, as the beers were cold and the snacks were ready. In the garden, several young entrepreneurs from the Benelux community displayed their products and services. They, in the relaxing atmosphere of the barbecue, promoted their businesses whilst appreciating the ambience. The entertainment for the kids existed out of a bouncy castle; this satisfied them almost the whole evening which the parents, off course, appreciated.

At the end of the evening, everyone went home with not only a full stomach but also new contacts, new experiences and new stories to tell. The BenCham and Van Thiel & Co BBQ was undoubtedly a successful social gathering and a great kick off of the second half of the business year!



Benelux Chamber of Commerce, Beijing Office – (mailbox No. 78) 1601 Zhongyu Plaza, A6 Gongtibi Road, Chaoyang District, Beijing; 100027  
 北京市朝阳区工体北路甲6号, 中宇大厦1601, 78 号邮箱, 邮政编码: 100027  
 Tel: +86 (0)10 8523 6101/05 - Fax: +86 (0)10 8523 6305 Email: [cpeere@bencham.org](mailto:cpeere@bencham.org) - Website: [www.bencham.org](http://www.bencham.org)

## Past Events:



### 11 Oct, 2012. Social Insurance Law for Foreigners , Fairmont Hotel, Beijing.

- What has actually changed for expatriates and employers?
- What are the differences between the different regions?
- What are the future tendencies?

To answer these questions and more for you, Chet Scheltema from Dezan Shira and Kristie Tien from HIL Lawyers.

### 13-14 Oct, 2012. SAVE THE DATE, Celebrate Italy in China: Festival Italiano in Suzhou.

FESTIVALITALIANO offers you the great opportunity to advertising your brand and services and showcasing your products to more than 10.000 Chinese people and foreign companies' executives. Fashion shows, Italian wine & food tasting activities, family entertainments will delight the public audience of all ages and represent the liaison between Chinese and Italians.

## Upcoming Events:

15 Oct, 2012. How to get your money back, Le Royal Meridien, Shanghai.

Oct 18, 2012. Autumn Joint Chamber Networking, Gallery Hotel, Beijing.

25 Oct 2012. The Future of CNY, The Portman Ritz-Carlton, Shanghai.

The seminar will cover the following topics:

1. RMB convertibility
2. Current RMB valuation and ongoing internationalization
3. RMB as an asset class and investment products
4. RMB/FX hedging solutions for enterprises

Beijing, Unit 1612, Zhongyu Plaza, A6, Gongti North Road, Chaoyang District, 100027, Beijing, China  
 Shanghai, Room 1604, Xin Cheng Mansion, No.167 Jiang Ning Road, 200041 Shanghai, China  
 Guangzhou, Garden Hotel, Room 948, 368 Huanshi Dong Road, Garden Tower, 510064 Guangzhou, China



## Living History Drives through Tianjin

By Matthew Baum

The Astor Hotel: A Luxury Collection Hotel, Tianjin, hosted the Tianjin leg of the China Rally of International Classic Cars 2012. Guests assembled at the Astor for an evening of drinks and appreciation of the beauty of one of Bentley's most historic classic cars: The 8-Litre model was originally driven by W. O. Bentley himself. The classic car drew many stares and a lot of attention from hotel guests and passersby. The 8-litre was the main attraction, but other attendees, such as renowned German Formula One driver Hans-Joachim Stuck and Chinese driver Rose Tan, also added to the authenticity of the event.

The attendees were visiting the Astor Hotel as part of the China Rally that took place from the 8-15 October. Guests were welcomed with a cocktail reception and then strolled through the hotels museum. The museum celebrates the 150 years of the hotels fascinating history. This not only highlighted the rich history of Tianjin, but also complemented the event's theme of cultural heritage in the midst of our modern society. After the tour through the museum, guests sat down to a four course meal in the 1863 Astor Bistro.

The rally started in Beijing and went through Jinan, Xuzhou, Hefei, Nanjing and Hangzhou before finishing in Shanghai. Whilst speaking to some of the drivers, many remarked about how they were pleasantly surprised by the conditions on the Chinese roads and they mentioned receiving a lot of waves and photos from Chinese drivers which they passed on their way to Tianjin. The rally is the second of its kind that was held across China and was held to celebrate and introduce the range of western classic cars that are available for vintage car enthusiasts to Chinese people.





MC call on guest to get involved in EU Film Festival quiz



ST.Regis Bar Manager showing how to make Dry Vodka Martini Cocktail



Astor & ST. Regis

## A Night with the Stars!

By Matthew Baum

The European Union Chamber of Commerce in China, Tianjin Chapter hosted the 7th annual European Business Gala Dinner on 12 October in ST. Regis Hotel Tianjin. The Gala Dinner started with the Red Carpet Walk and Pictures taking around 6:30pm, Guests were greeted with a cocktail reception and then sat down to an all-you-can-eat buffet. There was a range of food available from countries all over Europe, which added an authentic European flavour to the event. The event ended around 12:30pm, with over 300 guests satisfied after six hours of gourmet delights, top-class entertainment and business networking opportunities.

There was a huge selection of drinks available, with red and white Italy wines provided by the up and coming Milan Wines company. The Drei Kronen 1308 Brauhaus, Tianjin's authentic German restaurant and brewery, provided guests with their homebrewed beer. Guests stayed and enjoyed the various cocktails and a selection of European wine tasting until midnight.

The event had a movie theme that was inspired by the 5th European Union Film Festival that will be held in four cities including Tianjin with 26 movies screening during the whole month in November.

The film festival atmosphere was supplemented with a range of exciting events held throughout the night. Programs at the Gala Dinner started with an amazing 5 minutes trailers of this year EU Film Festival, followed by a movie quiz to get the group tickets for EU Film Festival, a cocktail making competition where guests made the classic drinks Sangrias and Martinis representing the characters of two famous movie star "Sean Connery (007 cocktail)" and "Penelope Cruz (Spanish Summer Concoction)", a raffle draw with a huge range of prizes and a live band that played elegant classical music; as well as other performances.

All of the above factors came together to create a memorable evening, but perhaps the most important part of the event was the chance for guests to get to know each other and network to their heart's content. The unique environment provided the over 300 guests from the very best Fortune 500 companies to meet local business people, and vice versa. The event proved a great success, and all who attended are looking forward to the 8th Gala next year.

We also would like to take this chance to thank for all the sponsors for their great support and generous sponsorship.



I am Danish. I have the correct answer this time...



Guest making her own Sangria with the help of ST.Regis Bar Manager



Wait, I know the answer!



Mr. Alex Tham from Alcan China tasted the Martini



NNIT & Siemens



Guest preparing Sangria cocktail on stage



Let me think again...



Oh, I am right!



Most Contributing Working Group Chair in 2011-2012



Family picture no matter where you are from



Most active member for Chamber events in Y2011-2012



Alstom table



Goglio table



Asia Power Systems table



Airbus table



Local Board



I won the prize and the lovely bear!



Veolia table



CBRE



Brochot



Who is the next lucky star



Key note from Local Chair



Westin



Milan Winery



GDF SUEZ



FLO couple



Cintas



IST



Turck



Alcan



Asia Power Systems Couple

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

**01**  
THU  
星期四

**China-Tianjin (Bohai-Rim) International Food Trade Fair**  
中国天津环渤海国际食品交易会  
Tianjin International Exhibition Center  
天津国际展览中心  
+86 22 2835 5079  
Nov 1-5

**03**  
SAT  
星期六

**Bugsy Malone 龙蛇小霸王**  
The Seldon Theatre  
Wellington College International Tianjin  
天津惠灵顿国际学校  
+86 22 8758 7199  
+86 187 2248 7836; 136 4200 4609  
Nov 3-6

*Editor's pick*



**04**  
SUN  
星期日

**Vin China 2012**  
中国（北京）国际葡萄酒烈酒展览会  
China National Convention Center  
国家会议中心  
+86 400 6798 796  
Nov 4-6

**06**  
TUE  
星期二

**14th China International Industry Fair**  
国际工业博览会  
Shanghai New International Expo Center  
上海新国际博览中心  
+86 21 2206 8888  
Nov 6-10



**07**  
WED  
星期三

**2012 Shanghai International Die-casting, Foundry, Forging Exhibition**  
2012上海国际压铸、铸造、锻造展览会  
Shanghai International Exhibition Center  
上海国际展览中心  
Nov 7-9



**09**  
FRI  
星期五

**Tianjin Nostalgia: Sheng Yang Vocal Recital**  
乡愁——沈洋独唱音乐会  
Tianjin Grand Theatre 天津大剧院  
19:30  
¥ 60 / 80 / 120 / 280 / 480 / 680  
+86 22 8388 2000



**09**  
FRI  
星期五

**2012 Tianjin Building Material Exhibition**  
2012天津建材展  
Tianjin Meijing Convention Center  
天津梅江会展中心  
+86 22 8961 6067  
Nov 9-12

**China World Fruit & Vegetable Trade Fair**  
中国国际果蔬、加工技术及物流展览会  
China National Convention Center  
国家会议中心  
+86 10 8810 2253; 8810 2255  
Nov 9-11

**10**  
SAT  
星期六

**Tianjin Chopin and Painting: Krzysztof Jablonski Multimedia Piano Concert**  
音画肖邦  
Tianjin Grand Theatre 天津大剧院  
19:30  
¥ 30 / 50 / 80 / 120 / 180 / 280  
+86 22 8388 2000

### Special Days

7 Nov Start of Winter (Lì Dōng)      22 Nov Thanksgiving Day, Minor Snow (Xiǎo Xuě)

**14**  
WED  
星期三

**China Beijing International Creative Design Week 2012**  
中国国际创意设计推广周  
Chinese International Exhibition Center  
中国国际展览中心老馆  
+86 10 8807 5716; 8807 5755  
+86 136 8332 1975

**15**  
THU  
星期四

**November Monthly Lunch & Mini Christmas Bazaar**  
十一月午餐&迷你圣诞集市  
"Aulare" Latin Restaurant  
(Magnetic Capital Building A4)  
艾伊莎贝西餐厅  
(天津市南开区滨水西道时代奥城A4座)  
10:30-15:00 Bazaar  
12:00 Lunch & membership  
¥ 120 (Members)/150 (Non members)

*Editor's pick*

**16**  
FRI  
星期五

**Tianjin Fashion & Dress Brand Expo**  
天津时尚名品博览会  
Tianjin Meijiang Convention Center  
天津梅江会展中心  
+86 755 8222 2201  
Nov 16-26

**18**  
SUN  
星期日

**China logistics 2012**  
中国（北京）国际物流展览会  
Beijing International Trade Exhibition Center  
北京国贸国际会展中心  
+86 10 5245 3021

**19**  
MON  
星期一

**Tianjin Valery Gergiev and Orchestra of the Mariinsky Theatre Concert**  
捷杰耶夫与马林斯基剧院交响乐团音乐会  
Tianjin Grand Theatre  
天津大剧院  
19:30  
¥ 280 / 580 / 880 / 1280 / 1680 / 1880  
+86 22 8388 2000

**21**  
WED  
星期三

**China Beijing international housing industry exposition**  
中国北京国际住宅产业博览会  
China National Convention Center  
国家会议中心  
+86 10 8808 2135  
Nov 21-23

**21**  
WED  
星期三

**Beijing People's Art Theatre Drama Wotou Compound**  
窝头会馆  
Tianjin Grand Theatre 天津大剧院  
19:30  
¥ 80 / 180 / 380 / 580 / 880 / 1280  
+86 22 8388 2000  
Nov 21-25



**23**  
FRI  
星期五

**Antique Furniture China 2012 -Autumn Season**  
上海古典家具展览会（秋季）  
Shanghai International Exhibition Center  
上海国际展览中心  
Nov 23-26

**24**  
SAT  
星期六

**China international regimen expo**  
中国国际养生美容展  
China National Convention Center  
国家会议中心  
+86 10 5979 2573  
Nov 24-26

**27**  
TUE  
星期二

**FISITA World Automotive Congress**  
世界汽车工程展览会  
China National Convention Center  
国家会议中心  
+86 10 6334 5809  
Nov 27-30

**28**  
WED  
星期三

**Shanghai International Wine & Spirits Exhibition 2012**  
2012上海国际葡萄酒及烈酒展览会  
**Shanghai International Import and Export Food & Beverages Exhibition 2012**  
2012上海进出口食品及饮料展览会  
Shanghai International Exhibition Center  
上海国际展览中心  
+86 21 6295 6677  
Nov 28-30

# 期中复习

## Mid-Term Review

### 第一课 新工作怎么样?

#### Lesson One How is your new job?

- xiǎo wáng tīng shuō nǐ tiào cáo le xīn gōng zuò zěn me yàng  
— 小王,听说你跳槽了,新工作怎么样?  
hěn hǎo ā wǒ xiàn zài shì dà jiǔ diàn de chú shī gōng zī bǐ yǐ qián de nà gè xiǎo fàn diàn gāo de duō dào nián  
— 很好啊,我现在是大酒店的厨师,工资比以前的那个小饭店高得多,到底还有奖金呢!  
dǐ hái yǒu jiǎng jīn ne  
gōng xǐ nǐ nà nǐ yīng gāi qǐng kè le ba  
— 恭喜你,那你应该请客了吧?  
méi wèn tí zhōu mò chī dà cān wǒ qǐng kè  
— 没问题,周末吃大餐,我请客!

- Mr. Wang, I heard you jumped to another company. How is your new job?  
— Very good. I am the chef in a big hotel. The salary is higher than a restaurant. And there is an annual bonus at the end of the year.  
— Congratulations. Next time we go out, it's your treat.  
— Sure thing. Let's have a biig meal this weekend, my treat.

### 第二课 我找市场部陈经理

#### Lesson Two May I talk to Mr. Chen of Marketing Department?

- nǐ hǎo wǒ shì wáng zǒng de mì shū duì bù qǐ wáng zǒng bù zài gōng sī nǐ xū yào liú yán ma  
— 你好!我是王总的秘书,对不起,王总不在公司,你需要留言吗?  
bù yòng le tā shén me shí hòu huí lái?  
— 不用了,他什么时候回来?  
jīn tiān xià wǔ  
— 今天下午。  
hǎo ba wǒ xià wǔ zài hé tā lián xì  
— 好吧,我下午再和他联系。

- Hello, I am the secretary of Mr. Wang. He is not in the office, do you want to leave a message?  
— No, thanks. When will he come back?  
— This afternoon.  
— OK, I will contact him again this afternoon.

### 第三课 文化和美食

#### Lesson Three Culture and Cuisine

- kuài 12 diǎn le nǐ è le ba  
— 快12点了,你饿了吧?  
hái kě yǐ  
— 还可以。  
zhōng wǔ yì qǐ chī fàn ba, wǒ men biān chī biān liáo zěn me yàng?  
— 中午一起吃饭吧,我们边吃边聊怎么样?  
hǎo ā  
— 好啊。  
lóu xià yǒu gè chá cān tīng, wèi dào bù cuò jīn tiān wǒ qǐng kè  
— 楼下有个茶餐厅,味道不错,今天我请客。  
nà wǒ jiù bù kè qì le  
— 那我就客气了。  
zǒu ba  
— 走吧。

- It is almost 12 o' clock. Are you hungry?  
— I'm fine.  
— Let's have lunch together. We can eat and talk, ok?  
— That's great.  
— There is a tea cafe downstairs. My treat, today.  
— All right.  
— let's go.

### 第四课 明天我要去南京开会

#### Lesson Four I will go to Nanjing for the meeting tomorrow

- xiǎo liú míng tiān wǒ hé lǎo bǎn yào qù nán jīng kāi huì nǐ bāng wǒ men dīng yī xià jī piào hé jiǔ diàn  
— 小刘,明天我和老板要去南京开会,你帮我们订一下机票和酒店。  
hǎo de nǐ men nǎ tiān huí lái?  
— 好的,你们哪天回来?  
xià xīng qī èr wǒ men yào zuò huǒ chē huí lái  
— 下星期二,我们要坐火车回来。

- Mr. Liu, I will go to Nanjing with my boss for the meeting tomorrow. Can you help us book the flight tickets and hotel?  
— Ok, when will you come back?  
— Next Tuesday. But we will come back by train.

### 第五课 今天你有空么?

#### Lesson Five Are you free today?

- xiǎo měi zhōu mò wǒ péng yǒu jiā yǒu gè shēng rì wǔ huì nǐ gēn wǒ yì qǐ qù ba  
— 小美,周末我朋友家有个生日舞会,你跟我一起去吧!  
bù hǎo yì sī nà tiān wǒ yǐ jīng yuē le péng yǒu yì qǐ chī fàn kǒng pà bù néng qù le  
— 不好意思,那天我已经约了朋友一起吃饭,恐怕不能去了。  
shì ma nà wǒ zhǐ néng yí gè rén qù le  
— 是吗?那我只能一个人去了。  
xià cì nǐ zǎo diǎn tōng zhī wǒ wǒ yí dìng gēn nǐ qù  
— 下次你早点通知我,我一定跟你去。  
hǎo de  
— 好的。

- Hi, May. My friend has a birthday party this weekend. Can you go with me?  
— I am sorry, I talked to my friend to get something to eat together. I don't think I can go with you.  
— Really, so I have to go to the party alone?  
— Next time you should tell me earlier.  
— All right.

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# Champagne

Hello. I trust you have all enjoyed some great Malbec wines this past October.

November to me is always a very exciting month. It is the time when we gear up for Thanksgiving, put our final touches for Christmas and New Year Events as well as finalizing what our Lunar New Year Specials will be. To put it plainly, November to me

begins the festive season and with that, obviously, lots of celebrations. What better way then, than to get a jump start on the season with Champagne.

Produced mainly from Pinot Noir, Chardonnay & Pinot Meunier, this wine goes through a second fermentation that allows for the carbonation to take place, in other words the wonderful bubbles that excite us all as they are being poured. Champagne has had an association with power and luxury since the 17th century as it was used during the anointment of kings. But enough history and more to modern life.

At St. Regis, Champagne is the hero of our evening ritual – a transitional experience from day to evening that is celebrated every Thursday at The St. Regis Bar in the art of ‘sabrage’ - the cutting of the bottle’s neck with a sabre.

Throughout our hotels worldwide, a tantalizing selection of Champagne is widely available in our menus; paired with the most exquisite dishes from renowned Chefs.

Here in Tianjin, we invite you this November to begin your festive season with us at The St. Regis Bar. On Thursdays, experience a delicious buffet and witness the ‘sabering’ of the bottle yourself –



Oscar Martinez, Director of Food & Beverage of The St. Regis Tianjin

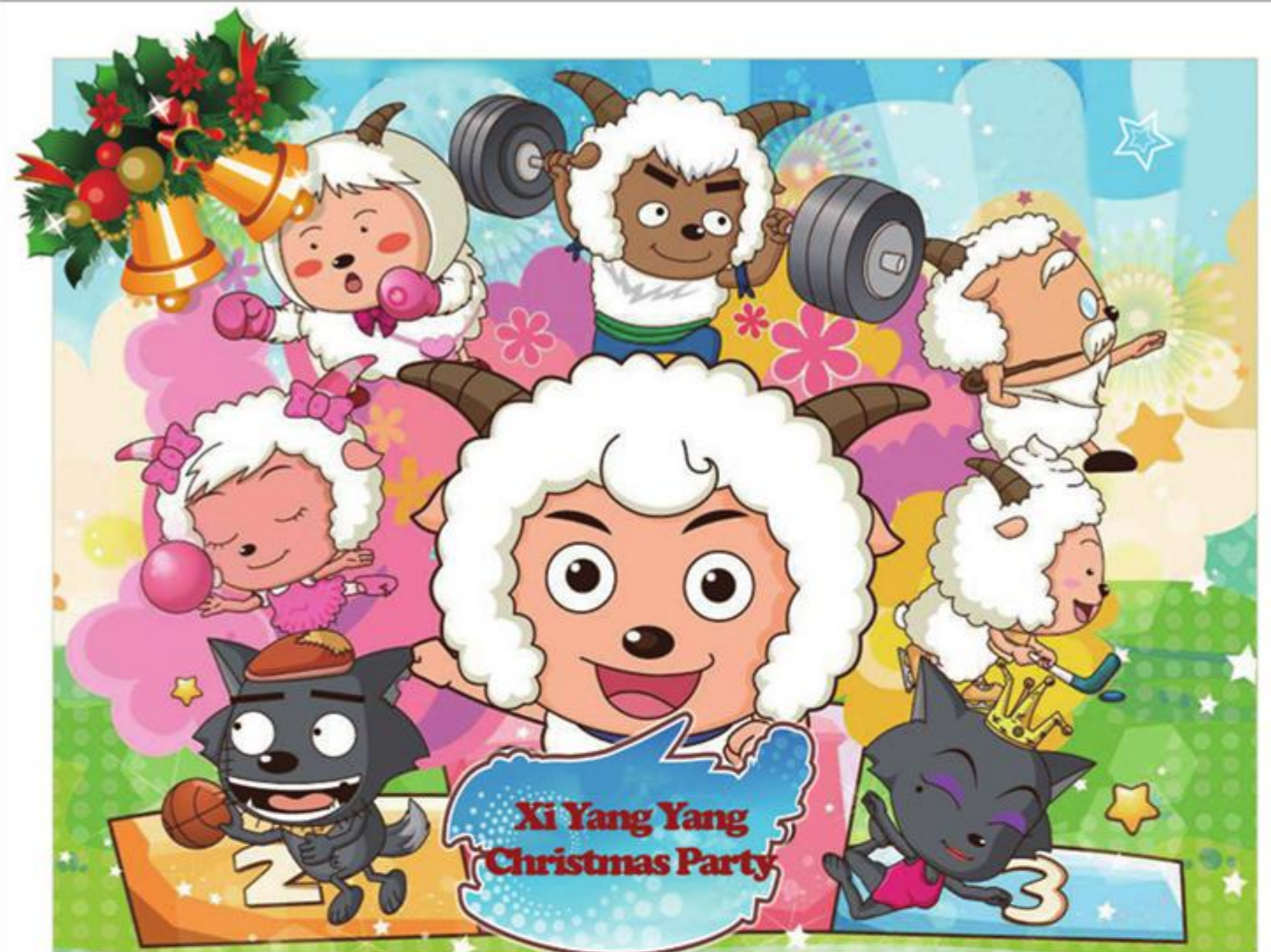
small recommendation, do not take pictures but video as it happens in a split of a second.

On any given day though, pass by and ask our team at the St. Regis Bar to teach you this Napoleonic art with any purchase of Champagne; especially so every Saturday as all our bottles of this delicious bubbly elixir are at 50% off.

I look forward then to welcoming you this month and meeting you personally over a beautiful, cold, bubbly glass of Champagne.

Salud. **B**

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Book Christmas gala tickets before December 10, 2012, half price for Children ticket. This is on a first come, first serve basis.

For reservations and enquiries, please call 6628 3388

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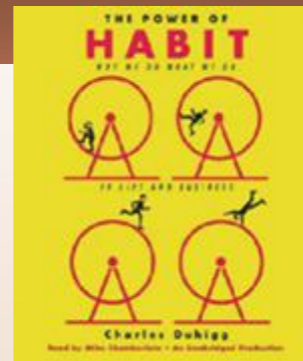


## The Power of Habit: Why we do what we do in life and business - Charles Duhigg

By Seth McFlannigan

Charles Duhigg's book about habits is a fascinating read filled with anecdotes about the power of consistency and how we can change our habits in order to change our lives. The book also draws on a wide variety of academic studies, interviews with scientists and executives in order to illustrate to what degree habits shape our lives.

It explores the neurological science behind habit formation, how to build new habits and change old ones. Duhigg exemplifies his thesis by talking about cases such as Procter and Gamble turning Febreze into a billion-dollar product by taking advantage of consumers' urges. . If we understand how habits work then we have the ability to change them. The Power of Habits is a fun and interested read for leaders, businessmen, people who want to change their lives.

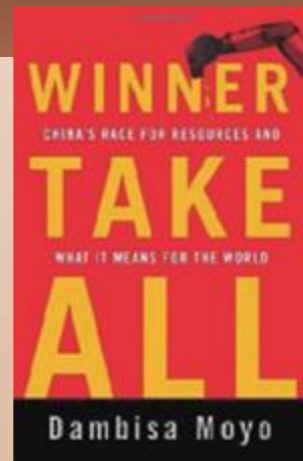


Language: English  
Hardcover: 400 pages  
Price: USD 20 + Shipping

## Winner Take All: China's Race for Resources and What It Means for the World - Dambisa Moyo

By Tracy Hall

In an era of changing economic tides, prize winning economist Dambisa Moyo has brought some of the most engaging literary works of recent years. In her most recent publication, Winner Take All: China's Race for Resources and what it means for the World, she offers an incredibly well researched insight into the future of a global economy that has to contend with increasingly scarce resources. Moyo discusses China's controversial resource dash, particularly in terms of Sino-African trade agreements, and in doing so, presents a fairly balanced and intriguing historical picture of how emerging economies affect the dynamics of global resource markets. Whilst this book is not the most flowery read, it is certainly thought provoking essential literature for anybody involved in business, economics and investment.



Language: English  
Hardcover: 227 pages  
Price: USD 18 + Shipping

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### QUOTATIONS OF THE MONTH

**Your most unhappy customers are your greatest source of learning.**

By Bill Gates

**The man who will use his skill and constructive imagination to see how much he can give for a dollar, instead of how little he can give for a dollar, is bound to succeed.**

By Henry Ford

**A business that makes nothing but money is a poor business.**

By Henry Ford

**The absolute fundamental aim is to make money out of satisfying customers.**

By John Egan

**I don't pay good wages because I have a lot of money; I have a lot of money because I pay good wages.**

By Robert Bosch

## Politics vs. Policy: A Credibility Gap

By Christopher Ribeiro



There's hardly a dull moment when following the love/hate relationship between the United States and China. This year, however, seems to have a bit more intrigue than usual.

2012 marks a significant time for the world's two largest economies. In November, Hu Jintao will be stepping down as president, likely paving the way for presumptive nominee Xi Jinping. This roughly coincides with the presidential election in the United States, where Republican Mitt Romney challenges the incumbent President, Barack Obama.

The news headlines in the months leading up to these events are a steady diet of vitriol, muscle flexing, bold proclamations and occasional diplomacy.

The three actors in this drama are playing different roles but their motivation is the same – striking the perfect balance between pleasing their party and constituents while not saying anything that will be too damaging for the long-term relationship of the two countries.

To this effect, Vice President Xi has had several high-level meetings with the Obama administration in an attempt to appear 'statesmanlike'. In doing so, however, it was noted that he should not appear to be too "soft" on America.

Meanwhile, President Obama has ramped up the rhetoric in the months leading up to the November election. His attack ads on Mitt Romney's business dealings while with Bain Capital are evidence of this – making (sometimes dubious) claims that Romney was a catalyst in driving

jobs overseas whilst running the venture capital firm. The Obama administration has also made a few eleventh-hour pleas to the WTO regarding China's trade practices, which are seen mostly as thinly veiled attempts at improving his tough on China' credentials.

Mitt Romney has offered perhaps the fieriest rhetoric of the three. He has labelled Obama as being weak on China and has tried to connect the slow economic recovery in the US to China's "unfair" trade practices. He promised to label China as a "currency manipulator" on his first day in office and to aggressively pursue violations of intellectual property rights. His statements haven't been received well in China, where some have said that these types of actions could potentially spark a trade war.

Taking a hard-line position towards China is nothing new in American politics. The two countries have a complicated history and their present-day relationship is equally knotty. Conflicting interests however, are often mitigated by mutual dependence.

Brash talk may energise people in America's manufacturing heartland, but it is not based in reality. When then Senator Obama was running for president in 2008, his tone on China was similar to Governor Romney's current stance.

His first term, however, has seen frequent use of soft-power and his recognition of China's rapid growth prompted a renewed focus on the Pacific in what was dubbed the 'Asia-pivot'.

# Last Words

The gap between campaign promises and the actions taken once in office illustrates the truth of the story - suddenly, the issues become real and the respective politicians have to deal with each other. Hence, presidential candidates rarely follow through with their tough campaign promises once elected. Most politically informed people are not surprised by this and the leaders themselves are also acutely aware of the reality.

An excerpt from Vice President Xi, in an interview with the Washington Post, demonstrates this point:

“As economic globalisation gathers momentum, China and the United States have become highly interdependent economically. Such economic relations would not enjoy sustained, rapid growth if they were not based on mutual benefit or if they failed to deliver great benefits to the United States. The Americans who know the real picture of China-U.S. economic relations, including those in the business community, will echo this point.”

Additionally, Governor Romney’s talk about labelling China as a currency manipulator underscores the point that some promises are irrelevant or counterproductive. First, the U.S. treasury has said publicly that the Chinese Yuan has made progress; hard evidence shows that it has increased 40% since 2005 and 12% since 2010 (after being adjusted for inflation).

In addition, with the Chinese economy facing problems of its own, namely fear of a housing bubble, inflation and rising unemployment, now is probably not a great time to start hammering them on their currency. Economist and Nobel laureate Paul Krugman stated, “I was very much for that... but the window for that has passed... if you were thinking you were going to get a big boost out of beating up on the Chinese now, two years ago I thought was really a good time to do that. But my god, now that is totally out of date.”

In a quote to Bloomberg Businessweek, economist Joseph Stiglitz argues that “China is the only real engine of global economic growth... I’m not sure it’s in our interest to have a major slowdown in China.”

The drum-banging about IP rights, although mostly justifiable, should be seen through the lens of history. One could make the claim that this is a natural phenomenon commonly found in developing countries.

James Fallows, a national correspondent for the Atlantic - pointed this out succinctly in a recent essay: “Talking about Chinese industrial growth, Americans are in the position of

19th-century Europeans who acted as if America’s industrial rise could be explained simply by its vast natural resources and its exploitation of immigrant and slave labour, plus its very casual attitude toward copyright and patent laws protecting foreign, mainly British, books and inventions.”

The US should be looking internally to solve its economic woes rather than looking to place the blame on China or any other country. The waning American influence will do little to influence Chinese economic policy and there is arguably more to gain from genuine diplomatic overtures than from petty, symbolic shows of strength.

The US should welcome China as an ally in aiding economic recovery and growth rather than attempting so-called ‘containment policies’ - particularly when taking into account China’s growing middle-class and its appetite for American made electronics, automobiles, clothing and entertainment. Unfortunately, appearing to be confrontational towards its second largest trading partner scores political points for US politicians.

Vice President Xi is no stranger to the US or its political mechanisms. He lived in the US for a short time whilst studying agricultural techniques in Iowa; his daughter attends Harvard and he is long-time friends with former US Treasury Secretary Henry Paulson. He has shown understanding of the diplomatic hurdles he will face after taking the reins of the PRC. In a February address to the US State Department, he said that “To build a new type of co-operative partnership

between two countries like ours is a pioneering endeavour with great and far-reaching significance. There is no precedent for us to follow and no ready experience for us to refer to. We can only do what Mr. Deng Xiaoping said, “Cross the river by feeling the stones.”

Perhaps his speech is garden-variety political decorum, but to his credit, he has shown restraint by not returning any jabs at the US or its leaders. With all that’s at stake, no one expects a perfect relationship between China and the US. But come November, Xi should find out that whoever is elected will be much more congenial than they had wished to appear during election season. **E**



## Taking a hard-line position towards China is nothing new in American politics.

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